

LAND BANK TWIN CITIES, INC.
**CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**
YEARS ENDED DECEMBER 31, 2024 AND 2023



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LAND BANK TWIN CITIES, INC.
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Land Bank Twin Cities, Inc.
Minneapolis, Minnesota

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Land Bank Twin Cities, Inc. (the Organization), which comprise the consolidated balance sheets as of December 31, 2024 and 2023, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Land Bank Twin Cities, Inc. as of December 31, 2024 and 2023, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Land Bank Twin Cities, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Land Bank Twin Cities, Inc.'s ability to continue as a going concern for one year after the date the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore, is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

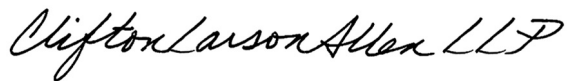
In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Land Bank Twin Cities, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Land Bank Twin Cities, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Supplementary Information

We have audited the consolidated financial statements of the Land Bank Twin Cities, Inc. (the Organization), and our report thereon dated April 8, 2025, which expressed an unmodified opinion on those consolidated financial statement, appears on pages 1 and 2. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating balance sheet and consolidating statement of activities (the supplementary information) on pages 28 and 29, which is the responsibility of management, is presented for the purposes of additional analysis and is not a required part of the consolidated financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we do not express an opinion or provide any assurance on it.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Minneapolis, Minnesota
April 8, 2025

LAND BANK TWIN CITIES, INC.
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2024 AND 2023

	2024			2023		
	Without Donor Restriction	With Donor Restriction	Total	Without Donor Restriction	With Donor Restriction	Total
ASSETS						
CURRENT ASSETS						
Cash and Cash Equivalents	\$ 3,243,911	\$ 1,797,500	\$ 5,041,411	\$ 899,574	\$ 4,243,750	\$ 5,143,324
Accounts Receivable, Net	249,109	-	249,109	305,428	-	305,428
Prepaid and Other Receivables	104,405	-	104,405	91,831	-	91,831
Contributions Receivable, Net	-	-	-	-	102,000	102,000
Receivable from Property Managers	5	-	5	17,761	-	17,761
Loans Receivable, Net	829,029	-	829,029	2,896,590	-	2,896,590
Total Current Assets	4,426,459	1,797,500	6,223,959	4,211,184	4,345,750	8,556,934
LONG-TERM ASSETS						
Loans Receivable, Net	2,097,154	-	2,097,154	69,473	-	69,473
Right-of-Use Asset - Operating Leases, Net	337,905	-	337,905	249,352	-	249,352
Property Available for Sale, Net	19,680,064	1,202,500	20,882,564	23,650,655	-	23,650,655
Property and Equipment, Net	846,926	-	846,926	224,629	-	224,629
Total Long-Term Assets	22,962,049	1,202,500	24,164,549	24,194,109	-	24,194,109
OTHER ASSETS						
Equity Investment	1,750,000	-	1,750,000	-	-	-
Total Other Assets	1,750,000	-	1,750,000	-	-	-
Total Assets	<u>\$ 29,138,508</u>	<u>\$ 3,000,000</u>	<u>\$ 32,138,508</u>	<u>\$ 28,405,293</u>	<u>\$ 4,345,750</u>	<u>\$ 32,751,043</u>

See accompanying Notes to Consolidated Financial Statements.

LAND BANK TWIN CITIES, INC.
CONSOLIDATED BALANCE SHEETS (CONTINUED)
DECEMBER 31, 2024 AND 2023

	2024			2023		
	Without Donor Restriction	With Donor Restriction	Total	Without Donor Restriction	With Donor Restriction	Total
LIABILITIES AND NET ASSETS						
CURRENT LIABILITIES						
Accounts Payable	\$ 231,880	\$ -	\$ 231,880	\$ 184,157	\$ -	\$ 184,157
Accrued Expenses and Other Liabilities	330,489	-	330,489	386,175	-	386,175
Deferred Revenue	79,526	192,425	271,951	80,632	484,995	565,627
Lease Liability	55,595	-	55,595	34,555	-	34,555
Notes Payable	9,427,792	-	9,427,792	10,129,969	-	10,129,969
Total Current Liabilities	10,125,282	192,425	10,317,707	10,815,488	484,995	11,300,483
LONG-TERM LIABILITIES						
Lease Liability	381,668	-	381,668	267,684	-	267,684
Deposits Held	93,669	-	93,669	117,174	-	117,174
Holding Costs due to Resale Partner/LLC	22,935	-	22,935	763,739	-	763,739
Notes Payable	14,253,422	-	14,253,422	12,068,080	-	12,068,080
Total Long-Term Liabilities	14,751,694	-	14,751,694	13,216,677	-	13,216,677
Total Liabilities	24,876,976	192,425	25,069,401	24,032,165	484,995	24,517,160
NET ASSETS						
Without Donor Restrictions:						
Undesignated	1,661,532	-	1,661,532	1,773,128	-	1,773,128
Board Designated - Housing Portfolio Reserve	2,600,000	-	2,600,000	2,600,000	-	2,600,000
With Donor Restrictions	-	2,807,575	2,807,575	-	3,860,755	3,860,755
Total Net Assets	4,261,532	2,807,575	7,069,107	4,373,128	3,860,755	8,233,883
Total Liabilities and Net Assets	\$ 29,138,508	\$ 3,000,000	\$ 32,138,508	\$ 28,405,293	\$ 4,345,750	\$ 32,751,043

See accompanying Notes to Consolidated Financial Statements.

LAND BANK TWIN CITIES, INC.
CONSOLIDATED STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES						
Support:						
Contributions and Grants, Cash	\$ 90,245	\$ 292,570	\$ 382,815	\$ 675,724	\$ 1,665,005	\$ 2,340,729
Contributions and Grants, Noncash	1,000,000	-	1,000,000	-	-	-
Net Assets Released from Restrictions	<u>1,345,750</u>	<u>(1,345,750)</u>	<u>-</u>	<u>1,547,250</u>	<u>(1,547,250)</u>	<u>-</u>
Total Support	2,435,995	(1,053,180)	1,382,815	2,222,974	117,755	2,340,729
Revenue:						
Interest Income	672,812	-	672,812	613,046	-	613,046
Acquisition and Lending Fees	196,066	-	196,066	87,520	-	87,520
Brokerage and Property Management	105,000	-	105,000	109,500	-	109,500
Rental Income	2,109,964	-	2,109,964	2,129,854	-	2,129,854
Reimbursement Income	342,721	-	342,721	219,596	-	219,596
Other Income	611,410	-	611,410	230,741	-	230,741
Gain on Sale of Property	<u>43,775</u>	<u>-</u>	<u>43,775</u>	<u>137,586</u>	<u>-</u>	<u>137,586</u>
Total Revenue	<u>4,081,748</u>	<u>-</u>	<u>4,081,748</u>	<u>3,527,843</u>	<u>-</u>	<u>3,527,843</u>
Total Support and Revenue	6,517,743	(1,053,180)	5,464,563	5,750,817	117,755	5,868,572
EXPENSES						
Program Services	5,452,345	-	5,452,345	5,119,569	-	5,119,569
Support Services:						
Management and General	1,107,953	-	1,107,953	846,664	-	846,664
Fundraising	<u>69,041</u>	<u>-</u>	<u>69,041</u>	<u>97,184</u>	<u>-</u>	<u>97,184</u>
Total Support Services	<u>1,176,994</u>	<u>-</u>	<u>1,176,994</u>	<u>943,848</u>	<u>-</u>	<u>943,848</u>
Total Expenses	<u>6,629,339</u>	<u>-</u>	<u>6,629,339</u>	<u>6,063,417</u>	<u>-</u>	<u>6,063,417</u>
CHANGE IN NET ASSETS	(111,596)	(1,053,180)	(1,164,776)	(312,600)	117,755	(194,845)
Net Assets - Beginning of Year	<u>4,373,128</u>	<u>3,860,755</u>	<u>8,233,883</u>	<u>4,685,728</u>	<u>3,743,000</u>	<u>8,428,728</u>
NET ASSETS - END OF YEAR	<u>\$ 4,261,532</u>	<u>\$ 2,807,575</u>	<u>\$ 7,069,107</u>	<u>\$ 4,373,128</u>	<u>\$ 3,860,755</u>	<u>\$ 8,233,883</u>

See accompanying Notes to Consolidated Financial Statements.

LAND BANK TWIN CITIES, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2024

		Support Services				
	Program Services	Management and General	Fundraising	Total Support Services	Total All Services	Total 2023
Personnel	\$ 646,366	\$ 366,736	\$ 12,927	\$ 379,663	\$ 1,026,029	\$ 771,776
Contracted Services	306,624	640,813	53,492	694,305	1,000,929	706,175
Occupancy	78,440	36,001	904	36,905	115,345	35,437
Equipment and Technology	76,533	45,723	830	46,553	123,086	122,739
Conferences and Meetings	4,077	657	489	1,146	5,223	2,461
Travel and Transportation	1,662	121	3	124	1,786	1,102
Other Operating Expense	34,462	17,902	396	18,298	52,760	81,151
Provision (Recovery) for Loan Losses	-	-	-	-	-	24,179
Bad Debt Expense	(67,138)	-	-	-	(67,138)	9,213
Interest Expense	837,440	-	-	-	837,440	856,440
Property Expense - LLCs	2,742,573	-	-	-	2,742,573	2,539,456
Total Operating Expenses	4,661,039	1,107,953	69,041	1,176,994	5,838,033	5,150,129
Depreciation - LLCs	791,306	-	-	-	791,306	740,984
Resale Partner Offset	-	-	-	-	-	172,304
Total Expense	<u>\$ 5,452,345</u>	<u>\$ 1,107,953</u>	<u>\$ 69,041</u>	<u>\$ 1,176,994</u>	<u>\$ 6,629,339</u>	<u>\$ 6,063,417</u>

See accompanying Notes to Consolidated Financial Statements.

LAND BANK TWIN CITIES, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2023

		Support Services			
	Program Services	Management and General	Fundraising	Total Support Services	Total All Services
Personnel	\$ 419,390	\$ 349,490	\$ 2,896	\$ 352,386	\$ 771,776
Contracted Services	206,238	407,124	92,813	499,937	706,175
Occupancy	20,865	14,377	195	14,572	35,437
Equipment and Technology	81,420	40,469	850	41,319	122,739
Conferences and Meetings	1,592	869	-	869	2,461
Travel and Transportation	1,069	33	-	33	1,102
Other Operating Expense	46,419	34,302	430	34,732	81,151
Provision for Loan Losses	24,179	-	-	-	24,179
Bad Debt Expense	9,213	-	-	-	9,213
Interest Expense	856,440	-	-	-	856,440
Property Expense - LLCs	2,539,456	-	-	-	2,539,456
Total Operating Expenses	4,206,281	846,664	97,184	943,848	5,150,129
Depreciation - LLCs	740,984	-	-	-	740,984
Resale Partner Offset	172,304	-	-	-	172,304
Total Expense	<u>\$ 5,119,569</u>	<u>\$ 846,664</u>	<u>\$ 97,184</u>	<u>\$ 943,848</u>	<u>\$ 6,063,417</u>

See accompanying Notes to Consolidated Financial Statements.

LAND BANK TWIN CITIES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (1,164,776)	\$ (194,845)
Adjustments to Reconcile Change in Net Assets to Net		
Cash Provided by Operating Activities:		
Depreciation - LLCs	791,306	740,984
Depreciation*	32,434	33,181
Provision (Recovery) for Loan and Property Losses	-	24,179
Lease Expense	92,492	11,207
Tenant Allowance	-	53,000
Gain on Sale of Property Held for Sale	(43,775)	(137,586)
Amortization	15,731	-
Amortization of Debt Issuance Costs	(4,117)	15,002
Issuance of Debt Issuance Costs	-	(20,304)
Recoverable Subordinated Grant Forgiveness	-	(1,000,000)
Bad Debts Expense	(67,138)	9,213
(Increase) Decrease in Assets:		
Prepaid Expenses	(12,574)	51,181
Accounts Receivable	56,319	(249,965)
Receivable from Property Managers	17,756	195,790
Contributions Receivable	102,000	421,000
Increase (Decrease) in Liabilities:		
Accounts Payable	47,723	62,460
Accrued Expenses	(55,686)	97,419
Lease Liability	(46,021)	(11,320)
Deposits Held	(23,505)	41,481
Holding Costs Due to Resale	(740,804)	(10,005)
Deferred Revenue	(293,676)	(1,106,678)
Net Cash Used by Operating Activities	<u>(1,296,311)</u>	<u>(974,606)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(654,731)	(225,054)
Properties Acquired	(1,841,265)	(8,459,285)
Properties Sold	3,861,825	2,914,291
Loans Receivable Issued	(1,375,505)	(3,446,559)
Loans Receivable Repayments	1,482,523	1,913,011
Purchase of Investments	(1,750,000)	-
Net Cash Used by Investing Activities	<u>(277,153)</u>	<u>(7,303,596)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Long-Term Debt	5,578,246	2,848,918
Payments on Long-Term Debt	(4,106,695)	(1,334,133)
Net Cash Provided by Financing Activities	<u>1,471,551</u>	<u>1,514,785</u>

See accompanying Notes to Consolidated Financial Statements.

LAND BANK TWIN CITIES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
CHANGE IN CASH AND CASH EQUIVALENTS	\$ (101,913)	\$ (6,763,417)
Cash and Cash Equivalents - Beginning of Year	<u>5,143,324</u>	<u>11,906,741</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 5,041,411</u></u>	<u><u>\$ 5,143,324</u></u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid for Interest	<u><u>\$ 837,440</u></u>	<u><u>\$ 856,440</u></u>

* Depreciation of leasehold improvements, equipment, and furniture is rolled up under line items for Occupancy; Equipment & Technology included on the Consolidated Statement of Functional Expenses.

See accompanying Notes to Consolidated Financial Statements.

LAND BANK TWIN CITIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Land Bank Twin Cities, Inc. (the Organization) is a nonprofit Minnesota corporation. The vision of the Organization is that all people in the seven-county metropolitan region of the Twin Cities have the opportunity to live and prosper in a community of their choice. The mission of the Organization is to capture strategic real estate opportunities to benefit people with low to moderate incomes, prioritizing people of color and populations facing barriers. We advance our mission by serving developers, nonprofit service providers, and governments through our various programs including strategic acquisition, land banking, community lending, brokering, property management, and technical assistance.

Subsidiaries

Twin Cities Community Land Bank LLC (TCCLB) is a subsidiary of the Organization that was formed as a subsidiary of the Family Housing Fund in 2009 during the peak of the mortgage foreclosure crisis. TCCLB was a subsidiary of Family Housing Fund before its membership interests were transferred to the Organization by mutual agreement on December 31, 2015, thereby establishing the Organization as a fully independent entity.

Prior to January 1, 2017, TCCLB functioned as the primary entity involved in programming, fundraising, governance, and financial matters for the Organization. These functions were transferred to Land Bank Twin Cities, Inc. during 2016. TCCLB now primarily provides ownership of properties for the Organization.

TCC Property Services LLC is a subsidiary formed in 2010 and provides real estate brokerage and property management services.

TCC HIAWATHA LLC was formed in 2016 for the purpose of purchasing properties for investment and resale development in the city of Minneapolis. The LLC purchased the properties in 2016. The Hiawatha Business Center provides income for the Land Bank's operations while the other properties were held for resale development. The LLC sold phase one of the properties in 2021 and another phase in 2022.

LB CORCORAN 5 LLC was formed in 2020 for the purpose of purchasing properties for resale development in the city of Minneapolis. The LLC acquired the properties in 2020. The LLC has a resale partnership with a nonprofit corporation that it is working to close in 2025 and 2026.

LB 1351 ARCADE LLC was formed in 2021 for the purpose of purchasing a property for resale development in the city of St. Paul. The LLC acquired the property in 2021. The LLC has entered into a resale purchase agreement with a corporation which closed in 2024.

LB LAND TRUST NORTH 1 LLC was formed in 2021 for the purpose of purchasing property for resale development in the city of Minneapolis. The LLC acquired the properties in 2021. The LLC has entered into a resale purchase agreement with a nonprofit corporation for the properties and closed in February 2025. The LLC sold phase one of the properties in 2022 and phase two of the properties in 2025.

LAND BANK TWIN CITIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Subsidiaries (Continued)

LB SMMF 2 LLC was formed in 2021 for the purpose of purchasing a property for resale development in the city of Minneapolis. The LLC acquired the property in 2021 and sold to a resale partner in 2024.

LB 2015 GIRARD LLC was formed in 2022 for the purpose of purchasing property for resale development in the city of Minneapolis. The LLC acquired the properties in 2021.

LB NEW TOWN LLC was formed in 2022 for the purpose of purchasing properties for resale development in the city of Minneapolis. The LLC acquired the properties in 2022 with plans to stabilize the properties and reinstate the cooperative structure.

LB 1 TO 4 LLC was formed in 2022 for the purpose of purchasing single-family properties for resale development in the seven-county metro area. The LLC has continued to acquire and sell properties since its inception in 2022.

LB 1041 SELBY LLC was formed in 2023 for the purpose of purchasing properties for resale development in the city of St. Paul. The LLC acquired the properties in 2023. The LLC has entered into resale purchase agreements with a corporation which has 2025 and 2026 closing dates.

LB 700 S 10 LLC was formed in 2023 for the purpose of purchasing property for resale development in the city of Minneapolis. The LLC acquired the property in 2023. The LLC has entered into a resale purchase agreement with a corporation which closed in 2024.

LB 2515 WABASH LLC was formed in 2023 for the purpose of purchasing property for resale development in the city of St. Paul. The LLC acquired the property in 2023.

LB EAST 7 ASSEMBLY LLC was formed in 2023 for the purpose of purchasing property for resale development in the city of St. Paul. The LLC acquired the properties in 2024. The LLC has entered into a resale purchase agreement with a nonprofit corporation that is working to close in 2025.

LAND BANK TWIN CITIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Consolidated Financial Statement Presentation

Net assets and revenues are classified based on donor-imposed restrictions as applicable. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Without Donor Restrictions – Resources over which the board of directors has discretionary control. Designated amounts, if any, represent those revenues which the board has set aside for a particular purpose.

With Donor Restrictions – Those resources subject to donor-imposed restrictions which will be satisfied by actions of the Organization or passage of time.

The Organization has elected to present with donor-restricted contributions, the restrictions of which are met in the same year as the gift is made, within the without donor restrictions net assets.

Principles of Consolidation

The consolidated financial statements herein include the consolidated operations of the Organization and the related LLCs. Intercompany transactions have been eliminated in the preparation of the accompanying consolidated financial statements.

Cash and Cash Equivalents

Cash and cash equivalents include all cash balances and highly liquid investments with a maturity of three months or less. The Organization places its temporary cash investments with stable financial institutions. At times, such deposits may be in excess of Federal Deposit Insurance Corporation (FDIC) insurance limits.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. A receivable is written off when management determines the amount is uncollectible. Included in the consolidated financial statements as of December 31, 2024 and 2023 is an allowance for credit losses of \$-0-.

Contributions Receivable

Contributions receivable are recorded at their net realizable value. Management believes that all current contributions pledged are fully collectible and, therefore, no allowance for credit losses is required.

Loans Receivable

The Organization makes loans primarily for the purpose of increasing affordable housing and commercial development for low-to-moderate income persons. The loans are typically due within 36 months or less from the date of closing. The Organization uses risk ratings for developers who have loans outstanding and records an allowance for credit losses based on the allowance percentage established for each risk-rating category.

LAND BANK TWIN CITIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Loans Receivable (Continued)

The allowance for credit losses (allowance) is an estimate of potential loan losses in the Organization's loan portfolio. The allowance is established through a provision for loan losses which is charged to expense. Additions to the allowance are expected to maintain the adequacy of the total allowance after actual loan losses experienced, if any, and for loan growth. Reductions in the allowance are expected during periods of decline in loans outstanding. Realized loan losses are charged-off against the allowance pursuant to the Organization's policies and procedures, including foreclosure status and recoverability of proceeds in relation to outstanding loan balances.

Property Available for Sale

Property held for sale consists of properties the Organization has purchased, but not yet sold to a developer. The Organization may enter into resale purchase agreements with developers, who intend to purchase properties from the Organization, specifying among other things the future purchase price, funding arrangements for holding costs, and compensation for the Organization to be paid by the developer. These properties are held at the lower of cost or market.

Property holding costs incurred by the Organization during its period of ownership are either expensed presently and paid from available funds or recorded as a receivable from the developer to the extent that a purchase agreement provides for such reimbursement. Property holding income earned by the Organization is either collected presently from available funds or recorded as a receivable from the developer.

Property and Equipment

The Organization's property and equipment is comprised of computers, internally developed software costs, general office furniture, and equipment, as well as improvements to the leased office space. Property and equipment are stated at cost at the date of acquisition. All assets are depreciated on a straight-line basis over estimated useful lives of the assets.

Investments

Investments are recorded at fair value. Investment income, including gains and losses on investments, is recorded as increases or decreases in net assets without donor restrictions unless uses limited by donor-imposed restrictions or law.

Fair Value Measurements

As required by the Financial Accounting Standards Board, the Organization's investments are reported using a framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

LAND BANK TWIN CITIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Fair Value Measurements (Continued)

The three levels of the fair value hierarchy are described below:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 – Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The assets or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used must maximize the use of observable inputs and minimize the use of unobservable inputs.

Government Grants and Contracts

The Organization recognizes certain government grants and contract revenue when earned as an exchange transaction. Revenue is earned when eligible expenditures, as defined in each contract, are made. Grants received, but not yet earned, are shown as Deferred Revenue on the consolidated balance sheets.

Other government grants and contract revenue is recognized as a contribution transaction and revenue is recognized when the grant or contract is made.

Functional Allocation of Expense

The consolidated financial statements report certain categories of expenses that are attributable to program services and support service functions. Therefore, these expenses are allocated on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and benefits, occupancy, office expenses, information technology, telephone, conferences, and meals. These expenses are allocated based on estimates of time and effort. Other expenses are allocated based on direct identification or management's best estimate of the reason for incurring the cost.

LAND BANK TWIN CITIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Income Taxes

The Organization is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code (IRC) and is subject to federal income tax only on net unrelated business income. The Organization currently has no unrelated business income and is not considered a private foundation within the meaning of Section 509(a) of the IRC and all charitable contributions are considered tax deductible.

The Organization follows the accounting standard that clarifies the accounting for uncertainty in income taxes. The policy prescribes a recognition threshold and measurement principles for the consolidated financial statement recognition and measurement of tax positions taken or expected to be taken on a tax return that are not certain to be realized. The implementation of this policy had no impact on Organization's consolidated financial statements.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements. Estimates also affect the reported amounts of revenue and expense during the reporting period. Actual results could differ from those estimates.

Leases

The Organization determines if an arrangement is a lease at inception. Leases are reported on the consolidated balance sheets as a right-of-use (ROU) asset and lease liability. ROU assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term. The Organization has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right of use assets on the consolidated balance sheets.

Noncash Contribution

A community resale partner paid a portion of outstanding debt on a land banked property in the interest of acquiring the properties at a future date.

Subsequent Events

In preparing these consolidated financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through April 8, 2025, the date the consolidated financial statements were available to be issued.

LAND BANK TWIN CITIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 2 CONTRIBUTIONS RECEIVABLE

Contributions receivable at December 31, 2024 and 2023 consist of future grant commitments. There is no allowance for credit losses, as management believes all contributions receivable are collectible. Future receipts for the years ended December 31 are as follows:

<u>Year Ending December 31,</u>	<u>2024</u>	<u>2023</u>
2024	\$ -	\$ 102,000
2025	-	-
Total	<u>\$ -</u>	<u>\$ 102,000</u>

NOTE 3 PROPERTY AVAILABLE FOR SALE

Property available for sale consists of property that was acquired by the Organization that is intended for resale. Properties held for sale that are available for interim lease and generating rental income are depreciated based on the proportion of the purchase price allocated to the buildings and improvements on a straight-line basis over their estimated useful lives. For the years ended December 31, 2024 and 2023, the Organization recorded \$791,306 and \$704,984, respectively, of such depreciation.

Properties available for sale as of December 31, 2024 are as follows:

	<u>Property Available</u>	<u>Accumulated Depreciation</u>	<u>Total</u>
With Resale Agreement:			
LB GIRARD LLC	\$ 315,000	\$ (30,068)	\$ 284,932
LB LAND TRUST NORTH 1 LLC	669,241	(56,309)	612,932
LB 1041 SELBY LLC	1,639,002	(68,683)	1,570,319
LB EAST 7 ASSEMBLY LLC	1,068,256	(23,967)	1,044,289
LB 1 to 4 LLC	942,500	(31,788)	910,712
Without Resale Agreement:			
LB 1 to 4 LLC	262,500	(19,371)	243,129
LB CORCORAN 5 LLC	8,274,040	(1,275,186)	6,998,854
TCCLB	1,726,318	(478,231)	1,248,087
TCC HIAWATHA LLC	2,673,994	(343,346)	2,330,648
LB NEW TOWN LLC	2,658,695	(208,674)	2,450,021
LB 2515 WABASH LLC	3,343,514	(154,873)	3,188,641
Total	<u>\$ 23,573,060</u>	<u>\$ (2,690,496)</u>	<u>\$ 20,882,564</u>

LAND BANK TWIN CITIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 3 PROPERTY AVAILABLE FOR SALE (CONTINUED)

Properties available for sale as of December 31, 2023 are as follows:

	Property Available	Accumulated Depreciation	Total
With Resale Agreement:			
LB 1351 ARCADE LLC	\$ 441,754	\$ (23,114)	\$ 418,640
LB LAND TRUST NORTH 1 LLC	669,241	(39,148)	630,093
LB GIRARD LLC	315,000	(18,614)	296,386
LB 1041 SELBY LLC	1,639,002	(26,572)	1,612,430
LB 700 S 10 LLC	2,390,000	(28,088)	2,361,912
LB 1 to 4 LLC	912,500	(16,659)	895,841
Without Resale Agreement:			
LB CORCORAN 5 LLC	8,274,039	(973,145)	7,300,894
TCCLB	1,680,956	(419,486)	1,261,470
TCC HIAWATHA LLC	2,542,155	(290,953)	2,251,202
LB SMMF 2 LLC	1,220,000	(105,625)	1,114,375
LB NEW TOWN LLC	2,483,888	(117,769)	2,366,119
LB 2515 WABASH LLC	3,212,163	(70,870)	3,141,293
Total	<u>\$ 25,780,698</u>	<u>\$ (2,130,043)</u>	<u>\$ 23,650,655</u>

NOTE 4 LOANS RECEIVABLE

The Organization has established several loan programs. Loans are typically secured by a first mortgage lien. The Organization follows its Loan and Acquisition Policies and Procedures manual and risk rates each developer in order to establish an allowance for credit losses. The Risk Rating System assesses the potential for loss of principal and/or interest on a specific borrower or loan program. The risk ratings take into account the borrower's organizational and financial strength, program and project factors, payment history, and collateral value among other criteria. The five rating categories range from one (Low Risk – allowance of 2%) to five (Problem Loans – allowance of 50%).

At December 31, 2024, 3% of loans were rated at level 0, 28% of loans were rated Level 1, 26% were rated Level 2, and 43% were rated Level 3.

At December 31, 2023, 26% of loans receivable were rated Level 2, 74% were rated Level 3.

The various loan agreements with borrowers provide for, among other things, the following terms and conditions:

LAND BANK TWIN CITIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 4 LOANS RECEIVABLE (CONTINUED)

Single Family Affordable Housing Preservation and New Construction

The Organization's financing program supports efforts to stabilize and strengthen neighborhoods and communities in the seven-county area of the Twin Cities. It engages with qualified for-profit and nonprofit development partners to provide short-term market rate debt that can be partnered with other capital sources or public subsidies for acquisition, preservation or new construction of 1 to 4 units of single-family affordable housing. Loans made are short term and require completed properties to be sold to homebuyers who typically meet income qualifications of 115% area median income or less. Development partners agree to build or rehab properties to the Organization's community standards and adherence by the development partners to Minnesota Green Community standards.

Commercial & Multi-Family Affordable Housing Preservation and New Construction

The Organization's financing program supports efforts to stabilize and strengthen neighborhoods and communities in the seven-county area of the Twin Cities. It engages with qualified for-profit and nonprofit development partners to provide flexible debt that can be partnered with other capital sources or public subsidies for predevelopment, acquisition, preservation or new construction of multi-family affordable housing or mixed-use projects. Multi-family properties typically require renters at 80% area median income or less. New construction projects require adherence by the development partners to Minnesota Green Community standards.

Loans receivable by program are as follows:

	2024	2023
Single Family Loan Program	\$ 2,013,650	\$ 2,877,868
Multi-Family Loan Program	1,042,200	285,000
Loan Receivables, Gross	3,055,850	3,162,868
Less: Allowance for Loan Losses	(129,667)	(196,805)
Total	<u>\$ 2,926,183</u>	<u>\$ 2,966,063</u>

Detail for the allowance for credit losses are as follows:

	Single Family Recovery Loan Program	Multi-Family Loan Program	Commercial Loan Program	Total
Beginning of Year - 2023	\$ 152,676	\$ 19,950	\$ -	\$ 172,626
Provision for Loan Losses and Other Adjustments	24,179	-	-	24,179
End of Year - 2023	<u>\$ 176,855</u>	<u>\$ 19,950</u>	<u>\$ -</u>	<u>\$ 196,805</u>
Beginning of Year - 2024	\$ 176,855	\$ 19,950	\$ -	\$ 196,805
Provision for Loan Losses and Other Adjustments	(67,138)	-	-	(67,138)
End of Year - 2024	<u>\$ 109,717</u>	<u>\$ 19,950</u>	<u>\$ -</u>	<u>\$ 129,667</u>

LAND BANK TWIN CITIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 4 LOANS RECEIVABLE (CONTINUED)

The Organization has not experienced any loan charge-offs since inception. The structure of the loan programs, the underwriting criteria, and the nature of the required collateral is designed to limit the Organization's exposure to such loan losses.

As of December 31, 2024 and 2023, \$884,273 and \$2,803,163, respectively, of the outstanding loan receivables are considered current.

As of December 31, 2024 and 2023, the Organization had total loan commitments to borrowers of \$10,394,290 and \$4,712,200, respectively, with loans outstanding of \$3,055,850 and \$3,162,868, respectively, associated with these commitments.

NOTE 5 PROPERTY AND EQUIPMENT

Property and equipment are as follows at December 31:

	2024	2023
Furniture and Equipment	\$ 99,509	\$ 52,231
Leasehold Improvements	796,240	163,321
Software	144,599	144,599
Total	1,040,348	360,151
Less: Accumulated Depreciation	(193,422)	(135,522)
Total, Net of Depreciation	<u>\$ 846,926</u>	<u>\$ 224,629</u>

NOTE 6 FAIR VALUE MEASUREMENT

Fair values of assets measured on a recurring basis at December 31 are as follows:

	Level 1	Level 2	Level 3	NAV	Total
Equity Investment - December 31, 2023	\$ -	\$ -	\$ -	\$ -	\$ -
Purchases of Investments	-	-	-	1,750,000	1,750,000
Equity Investment - December 31, 2024	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,750,000</u>	<u>\$ 1,750,000</u>

The Equity Investment of the Organization is in a Company organized for the purpose of acquiring, owning, improving, maintaining, operating, managing, leasing, financing, refinancing, selling, disposing of and otherwise dealing with property in order to expand affordable housing opportunities, stabilize neighborhoods, combat community deterioration and undertake other related activities. Fair value for the investment is estimated by management using valuation information provided by the Company and reflect management's own assumptions about the return expected.

LAND BANK TWIN CITIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 7 NOTES PAYABLE

Woodlands National Bank

In 2018, TWIN CITIES COMMUNITY LAND BANK LLC signed a \$972,500 loan agreement, mortgage, and promissory note at 4.75% interest with Woodlands National Bank providing funding to support the LLC's property acquisition. The agreement requires monthly principal and interest payments with the unpaid principal balance due and payable on September 28, 2028. As of December 31, 2024 and 2023, there was \$818,023 and \$838,823, respectively, outstanding under the agreement.

In 2021, LB LAND TRUST NORTH 1 LLC signed a \$227,500 loan agreement at a 2.95% interest rate with Woodlands National Bank providing funding to support the LLC's property acquisition. The agreement requires monthly principal and interest payments with the unpaid principal balance due and payable on July 22, 2024. As of December 31, 2024 and 2023, there was \$198,847 and \$206,672, respectively, outstanding under the agreement.

In 2021, LB LAND TRUST NORTH 1 LLC signed a \$228,750 loan agreement at a 2.95% interest rate with Woodlands National Bank providing funding to support the LLC's property acquisition. The agreement requires monthly principal and interest payments with the unpaid principal balance due and payable on September 30, 2024. As of December 31, 2024 and 2023, there was \$200,492 and \$209,303, respectively, outstanding under the agreement.

Sunrise Banks

In 2016, TCC HIAWATHA LLC signed a \$2,880,000 loan agreement, mortgage, and promissory note at 3.75% interest with Sunrise Banks providing funding to support the LLC's property acquisition. The agreement was refinanced in 2021, and the new agreement requires monthly principal and interest payments with the unpaid principal balance due and payable on December 1, 2031. As of December 31, 2024 and 2023, there was \$961,968 and \$1,058,124, respectively, outstanding under the agreement.

In 2023, LB 2515 WABASH LLC signed a \$2,800,000 loan agreement at 5.15% interest with Sunrise Banks. The agreement requires monthly interest payments with the unpaid principal balance due and payable on February 22, 2033. As of December 31, 2024 and 2023, there was \$2,833,544 and \$2,339,974, respectively, outstanding under the agreement.

In 2024, LB EAST 7 ASSEMBLY LLC signed a \$575,000 loan agreement at 7.04% interest with Sunrise Banks. The agreement requires monthly interest payments with the unpaid principal balance due and payable on February 15, 2026. As of December 31, 2024 and 2023, there was \$575,000 and \$-0-, respectively, outstanding under the agreement.

Local Initiatives Support Corporation

In 2020, LB CORCORAN 5 LLC signed a loan up to an aggregate principal amount of \$8,430,000 with Local Initiatives Support Corporation. The agreement requires monthly interest payments with the unpaid principal balance due and payable on June 1, 2023. The Organization exercised its option to extend the loan for one additional year. The loan is now due June 1, 2024. As of December 31, 2024 and 2023, there was \$7,305,322 and \$8,305,322, respectively, outstanding under this agreement.

LAND BANK TWIN CITIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 7 NOTES PAYABLE (CONTINUED)

Local Initiatives Support Corporation (Continued)

In 2021, LB 1351 ARCADE LLC signed a loan up to an aggregate principal amount of \$369,704 at 2.52% interest with Local Initiatives Support Corporation. The agreement requires monthly interest payments with the unpaid principal balance due and payable on January 1, 2025. December 31, 2024 and 2023, there was \$-0- and \$359,801 outstanding under the agreement, respectively.

In 2021, LB SMMF 2 LLC signed a loan up to an aggregate principal amount of \$1,382,000 at 3.5% interest with Local Initiatives Support Corporation. The agreement requires monthly interest payments with the unpaid principal balance due and payable on February 1, 2023. In 2023, the loan was extended to February 1, 2025. As of December 31, 2024 and 2023, there was \$-0- and \$1,338,044, respectively, outstanding under the agreement.

Mortenson Family Foundation

In 2021, LB 1351 ARCADE LLC signed a \$100,000 loan agreement at 1% interest with the Mortenson Family Foundation providing funding to support the LLC's property acquisition. The agreement requires the unpaid principal balance due and payable on December 15, 2028. As of December 31, 2024 and 2023, there was \$100,000 outstanding under this agreement.

U.S. Bank

In 2017, the Organization received a loan from U.S. Bank in the amount of \$2,000,000 at 3% interest to support its loan programs. The unsecured loan requires quarterly interest payments with principal due and payable on September 4, 2023. In 2023, the loan was amended and is now due on September 4, 2026. As of December 31, 2024 and 2023, there was \$2,000,000 outstanding under the agreement.

In 2024, the Organization received a loan from U.S. Bank in the amount of \$2,000,000 at 3.3% interest to support its loan programs. The unsecured loan requires quarterly interest payments with principal due and payable on January 23, 2030. As of December 31, 2024 and 2023, there was \$2,000,000 and \$-0-, respectively, outstanding under the agreement.

Bush Foundation

In 2022, the Organization received a loan from the Bush Foundation in the amount of \$2,000,000 at 1% interest to support its loan programs. The unsecured loan requires annual interest payments with the principal balance due and payable on December 31, 2032. As of December 31, 2024 and 2023, there was \$2,000,000 outstanding under this agreement.

LAND BANK TWIN CITIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 7 NOTES PAYABLE (CONTINUED)

Saint Paul and Minnesota Foundation

On December 29, 2021, the Organization entered into a loan agreement with the Saint Paul and Minnesota Foundation for up to \$1,209,000 advanced, at 1.5% interest that matures on December 31, 2024. December 31, 2024 and 2023, there was \$-0- and \$1,209,000, respectively, outstanding on the agreement.

City of Minneapolis

In 2022, LB NEW TOWN LLC assumed the mortgages of the property it acquired. The mortgages are with the City of Minneapolis and have an interest rate of 3% and are due on August 17, 2029. Interest and principal are due upon maturity. As of December 31, 2024 and 2023, there was \$1,770,058 outstanding on the mortgages.

Otto Bremer Trust

In 2022, the Organization entered into a loan agreement with the Otto Bremer Trust for up to \$500,000, at 3.5% interest that matures on December 23, 2029. As of December 31, 2024 and 2023, there was \$500,000 outstanding on the loan.

Rooted Philanthropic

In 2024, the Organization entered into a loan agreement with Rooted Philanthropic in the amount of \$1,000,000 at 1% interest to create a revolving land acquisition fund to strengthen and uplift Saint Paul's East Side. The unsecured loan requires the unpaid principal and accrued interest due and payable on December 31, 2031. As of December 31, 2024, there was \$1,000,000 outstanding under the agreement.

Line of Credit

In 2016, the Organization signed a \$5,000,000 revolving credit agreement with Bridgewater Bank secured by various single family loan receivables. This agreement matured on June 2, 2018. The agreement was amended on June 2, 2018 for one year, extending the maturity date to June 2, 2019. The agreement was extended to June 2, 2020 and was reduced to a \$2,000,000 revolving credit agreement. On June 2, 2020, the agreement was extended to June 2, 2022 and increased to a \$3,000,000 revolving credit agreement and extended until June 2, 2025. Interest is payable monthly. As of December 31, 2024 and 2023, there was \$1,500,000 and \$-0- outstanding under this agreement, respectively.

LAND BANK TWIN CITIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 7 NOTES PAYABLE (CONTINUED)

Total notes payable as of December 31 are as follows.

	2024	2023
Woodlands National Bank	\$ 818,023	\$ 838,823
Woodlands National Bank	198,847	206,672
Woodlands National Bank	200,492	209,303
Sunrise Bank	961,968	1,058,124
Sunrise Bank	2,833,544	2,339,974
Sunrise Bank	575,000	-
LISC	7,305,322	8,305,322
LISC	-	359,801
LISC	-	1,338,044
Mortenson Family Foundation	100,000	100,000
U.S. Bank	2,000,000	2,000,000
U.S. Bank	2,000,000	-
Bush Foundation	2,000,000	2,000,000
Saint Paul and Minnesota Foundation	-	1,209,000
City of Minneapolis	1,770,058	1,770,058
Otto Bremer Trust	500,000	500,000
Bridgewater Bank Revolver Line of Credit	1,500,000	-
Rooted Philanthropic	1,000,000	-
Subtotal	23,763,254	22,235,121
Unamortized Debt Issuance Costs	(82,040)	(37,072)
Total	<u>\$ 23,681,214</u>	<u>\$ 22,198,049</u>

Maturity for notes payable is as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2025	\$ 9,427,792
2026	2,808,435
2027	244,250
2028	1,073,740
2029	737,806
Thereafter	9,471,231
Total	23,763,254
Unamortized Debt Issuance Costs	(82,040)
Total	<u>\$ 23,681,214</u>

During the year ended December 31, 2024, the Organization obtained a waiver for defaulting on one of their debt covenants. The Organization believes it is probable that future covenants will be met subsequent to year end.

LAND BANK TWIN CITIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 8 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at December 31, 2024 and 2023 consisted of donor-restricted contributions to be used in the Organization's core programs as well as those that are time restricted. Net assets with donor restrictions consist of the following:

	2024	2023
LISC - CAT Funding	\$ -	\$ 102,000
Affordable Housing - Lending	1,000,000	3,025,000
Family Housing Fund - Permanently Restricted	1,807,575	602,505
Timing	-	131,250
Total	<u>\$ 2,807,575</u>	<u>\$ 3,860,755</u>

NOTE 9 CONCENTRATIONS

For the year ended December 31, 2024, contribution revenue from one donor comprised approximately 76% of total contribution revenue. For the year ended December 31, 2024, contributions receivable was comprised of one donor which was 100% of total contributions receivable. For the year ended December 31, 2024, loans receivable includes loans outstanding to three developers which comprise 60% of the total loans receivable outstanding.

For the year ended December 31, 2023, contribution revenue from two donors comprised approximately 92% of total contribution revenue. For the year ended December 31, 2023, contributions receivable was comprised of one donor which was 100% of total contributions receivable. For the year ended December 31, 2023, loans receivable includes loans outstanding to two developers which comprise 77% of the total loans receivable outstanding.

NOTE 10 PENSION PLAN

The Organization has a defined contribution plan which covers all personnel employed by the Organization. The plan is effective the first of the following month of hire. The Organization provides a 4% match. The Organization's contributions for the years ended December 31, 2024 and 2023 were \$23,932 and \$19,723, respectively.

NOTE 11 LEASES

The Organization leases office space under a lease that ends May 31, 2033. Lease payments range from \$2,830 to \$3,692 per month. In the year ended December 31, 2022, the Organization leased its office space under a month-to-month operating lease; therefore, there were no future commitments recorded.

LAND BANK TWIN CITIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 11 LEASES (CONTINUED)

The following table provides quantitative information concerning the Organization's right of use assets and lease liabilities for the year ended December 31:

	2024	2023
Operating Lease Cost	\$ 50,006	\$ 11,207
Operating Cash Flows from Operating Leases	\$ 46,021	\$ 11,320
Right-of-Use Assets Obtained in Exchange for New		
Operating Lease Liabilities	\$ -	\$ 257,803
Weighted-Average Remaining Lease Term - Operating	8.4 years	9.4 years
Weighted-Average Discount Rate - Operating	4.15%	4.15%

A maturity analysis of annual undiscounted cash flows for lease liabilities as of December 31, 2023, is as follows:

<u>Year Ending December 31,</u>	<u>Operating Leases</u>
2025	\$ 55,595
2026	57,267
2027	58,980
2028	60,750
2029	62,571
Thereafter	228,050
Total	523,213
Less: Imputed Interest	(85,950)
Total	<u>\$ 437,263</u>

NOTE 12 RELATED PARTY TRANSACTIONS

Due to the many partnerships created by the Organization in its work and its desire to coordinate efforts by all those involved in this work, representatives of other organizations working in the affordable housing and community development arena hold positions on the board of the Organization. Some of these organizations have received grants and/or loans from the Organization or made grants and/or loans to the Organization. Additionally, some of these organizations can be involved in the purchase or sale of properties by the Organization. Strict conflict of interest policies apply to all these transactions, and all transactions are made based on market rates, and terms of the respective parties.

LAND BANK TWIN CITIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 13 LIQUIDITY

The Organization regularly monitors liquidity required to meet its operating needs and debt payments, while also striving to maximize the investment of its available funds. The Organization has various sources of liquidity at its disposal, including cash and cash equivalents and a line of credit. See Note 7 for information about the Organization's line of credit facility.

The table below presents financial assets available for general expenditures and debt payments within one year as of December 31:

	2024	2023
Cash and Cash Equivalents	\$ 3,243,911	\$ 899,574
Accounts Receivable	249,109	305,428
Receivable from Property Managers	5	17,761
Loans Receivable Due Within One Year	829,029	2,896,590
Financial Assets Available to Meet General Expenditures Within One Year	<u>\$ 4,322,054</u>	<u>\$ 4,119,353</u>

LAND BANK TWIN CITIES, INC.
CONSOLIDATING BALANCE SHEET
DECEMBER 31, 2024
(SEE INDEPENDENT AUDITORS' REPORT)

	Land Bank Twin Cities, Inc.	TCC Land Bank LLC	TCC Property Services LLC	Property LLCs	Eliminations	Consolidated
ASSETS						
Cash and Cash Equivalents	\$ 2,816,673	\$ 206,980	\$ 90,849	\$ 1,926,909	\$ -	\$ 5,041,411
Accounts Receivable, Net	53,182	4,695	-	191,232	-	249,109
Prepaid and Other Receivables	43,550	3,088	-	57,767	-	104,405
Receivable from Property Managers	-	5	-	-	-	5
Intercompany Receivable	1,008,604	-	-	49,615	(1,058,219)	-
Loans Receivable, Net	2,926,183	-	-	-	-	2,926,183
Property Available for Sale, Net	471,803	1,248,087	-	19,162,674	-	20,882,564
Right-of-Use Lease Asset	337,905	-	-	-	-	337,905
Property and Equipment, Net	-	-	-	846,926	-	846,926
Equity Investments	1,750,000	-	-	-	-	1,750,000
Intercompany Notes Receivable	8,864,964	-	-	-	(8,864,964)	-
Total Assets	<u>\$ 18,272,864</u>	<u>\$ 1,462,855</u>	<u>\$ 90,849</u>	<u>\$ 22,235,123</u>	<u>\$ (9,923,183)</u>	<u>\$ 32,138,508</u>
LIABILITIES AND NET ASSETS						
LIABILITIES						
Accounts Payable	\$ 180,445	\$ 38	\$ -	\$ 51,397	\$ -	\$ 231,880
Accrued Expenses and Other Liabilities	4,203	9,240	-	317,046	-	330,489
Intercompany Payables	54,846	26	-	1,003,347	(1,058,219)	-
Notes Payable	9,095,625	818,022	-	13,767,567	-	23,681,214
Intercompany Notes Payable	-	357,950	-	8,507,014	(8,864,964)	-
Lease Liability	437,263	-	-	-	-	437,263
Deposits Held	-	4,450	-	89,219	-	93,669
Holding Costs Due to Resale Partner/LLC	5,000	-	-	17,935	-	22,935
Deferred Revenue	192,425	3,996	-	75,530	-	271,951
Total Liabilities	<u>9,969,807</u>	<u>1,193,722</u>	<u>-</u>	<u>23,829,055</u>	<u>(9,923,183)</u>	<u>25,069,401</u>
NET ASSETS						
Without Donor Restrictions:						
Undesignated	2,895,482	269,133	90,849	(1,593,932)	-	1,661,532
Board Designated - Housing Portfolio Reserve	2,600,000	-	-	-	-	2,600,000
With Donor Restrictions	<u>2,807,575</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,807,575</u>
Total Net Assets	<u>8,303,057</u>	<u>269,133</u>	<u>90,849</u>	<u>(1,593,932)</u>	<u>-</u>	<u>7,069,107</u>
Total Liabilities and Net Assets	<u>\$ 18,272,864</u>	<u>\$ 1,462,855</u>	<u>\$ 90,849</u>	<u>\$ 22,235,123</u>	<u>\$ (9,923,183)</u>	<u>\$ 32,138,508</u>

LAND BANK TWIN CITIES, INC.
CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2024
(SEE INDEPENDENT AUDITORS' REPORT)

	Land Bank Twin Cities, Inc.	TCC Land Bank LLC	TCC Property Services LLC	Property LLCs	Eliminations	Total
REVENUES						
Contributions and Grants, Cash	\$ 382,815	\$ -	\$ -	\$ -	\$ -	\$ 382,815
Contributions and Grants, Noncash	-	-	-	1,000,000	-	1,000,000
Interest Income	256,699	1,025	1,094	413,994	-	672,812
Acquisition and Lending Fees	95,265	-	-	100,801	-	196,066
Brokerage and Property Management	-	-	105,000	-	-	105,000
Intercompany Interest	338,736	-	-	-	(338,736)	-
Rental Income	-	140,531	-	1,969,433	-	2,109,964
Reimbursement Income	-	8,392	-	334,329	-	342,721
Other Income	4,705	1,513	-	605,192	-	611,410
Gain on Sale of Property	-	-	-	43,775	-	43,775
Total Revenues	1,078,220	151,461	106,094	4,467,524	(338,736)	5,464,563
EXPENSES						
Personnel	1,026,029	-	-	-	-	1,026,029
Contracted Services	960,313	-	-	40,616	-	1,000,929
Occupancy	115,232	-	-	113	-	115,345
Equipment and Technology	123,086	-	-	-	-	123,086
Conference and Meetings	5,223	-	-	-	-	5,223
Travel and Transportation	1,786	-	-	-	-	1,786
Other Operating Expense	50,843	258	21	1,638	-	52,760
Provision for Loan Losses	-	-	-	-	-	-
Bad Debt Expense	(67,138)	-	-	-	-	(67,138)
Interest Expense	190,267	58,929	-	926,980	(338,736)	837,440
Property Expenses - LLCs	-	114,814	-	2,627,759	-	2,742,573
Depreciation - LLCs	-	58,344	-	732,962	-	791,306
Total Expense	2,405,641	232,345	21	4,330,068	(338,736)	6,629,339
CHANGE IN NET ASSETS	(1,327,421)	(80,884)	106,073	137,456	-	(1,164,776)
Net Assets - Beginning of Year	9,027,734	350,015	284,776	(1,428,642)	-	8,233,883
Net Asset Transfer - Distribution	602,744	2	(300,000)	(302,746)	-	-
NET ASSETS - END OF YEAR	<u>\$ 8,303,057</u>	<u>\$ 269,133</u>	<u>\$ 90,849</u>	<u>\$ (1,593,932)</u>	<u>\$ -</u>	<u>\$ 7,069,107</u>



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