

LAND BANK TWIN CITIES, INC.
CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
YEARS ENDED DECEMBER 31, 2023 AND 2022



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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, 2023 and 2022, 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, 2023 and 2022, 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.

Adjustments to Prior Year Consolidated Financial Statements

As described in Note 1 to the consolidated financial statements we determined that a restatement to the December 31, 2022 consolidated financial statements was necessary to properly adjust property available for sale, notes payable, and net assets. The impact of this restatement was to increase property available for sale, notes payable and increase net assets. If uncorrected, the consolidated financial statements would not be in accordance with the accounting principles generally accepted in the United States of America. This adjustment was necessary in ensuring that the consolidated financial statements are fairly stated. Our opinion is not modified with respect to that matter.

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.

Board of Directors
Land Bank Twin Cities, Inc.

Supplementary Information

We have audited the consolidated financial statements of the Land Bank Twin Cities, Inc. (the Organization), and our report thereon dated June 7, 2024, 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 cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Minneapolis, Minnesota
June 7, 2024

**LAND BANK TWIN CITIES, INC.
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2023 AND 2022**

	2023			2022 (Restated)		
	Without Donor Restriction	With Donor Restriction	Total	Without Donor Restriction	With Donor Restriction	Total
ASSETS						
CURRENT ASSETS						
Cash and Cash Equivalents	\$ 899,574	\$ 4,243,750	\$ 5,143,324	\$ 7,026,741	\$ 4,880,000	\$ 11,906,741
Accounts Receivable, Net	305,428	-	305,428	64,676	-	64,676
Prepaid and Other Receivables	91,831	-	91,831	143,012	-	143,012
Contributions Receivable, Net	-	102,000	102,000	-	523,000	523,000
Receivable from Property Managers	17,761	-	17,761	213,551	-	213,551
Loans Receivable, Net	2,896,590	-	2,896,590	1,298,921	-	1,298,921
Total Current Assets	4,211,184	4,345,750	8,556,934	8,746,901	5,403,000	14,149,901
LONG-TERM ASSETS						
Loans Receivable, Net	69,473	-	69,473	157,773	-	157,773
Right-of-Use Asset - Operating Leases, Net	249,352	-	249,352	-	-	-
Property Available for Sale, Net	23,650,655	-	23,650,655	18,709,059	-	18,709,059
Property and Equipment, Net	224,629	-	224,629	32,756	-	32,756
Total Long-Term Assets	24,194,109	-	24,194,109	18,899,588	-	18,899,588
Total Assets	\$ 28,405,293	\$ 4,345,750	\$ 32,751,043	\$ 27,646,489	\$ 5,403,000	\$ 33,049,489

See accompanying Notes to Consolidated Financial Statements.

LAND BANK TWIN CITIES, INC.
CONSOLIDATED BALANCE SHEETS (CONTINUED)
DECEMBER 31, 2023 AND 2022

	2023			2022 (Restated)		
	Without Donor Restriction	With Donor Restriction	Total	Without Donor Restriction	With Donor Restriction	Total
LIABILITIES AND NET ASSETS						
CURRENT LIABILITIES						
Accounts Payable	\$ 184,157	\$ -	\$ 184,157	\$ 121,697	\$ -	\$ 121,697
Accrued Expenses and Other Liabilities	386,175	-	386,175	288,756	-	288,756
Deferred Revenue	80,632	484,995	565,627	12,305	1,660,000	1,672,305
Lease Liability	34,555	-	34,555	-	-	-
Notes Payable	10,129,969	-	10,129,969	13,524,739	-	13,524,739
Recoverable Subordinated Grant, Net	-	-	-	1,000,000	-	1,000,000
Total Current Liabilities	10,815,488	484,995	11,300,483	14,947,497	1,660,000	16,607,497
LONG-TERM LIABILITIES						
Lease Liability	267,684	-	267,684	-	-	-
Deposits Held	117,174	-	117,174	75,693	-	75,693
Holding Costs due to Resale Partner/LLC	763,739	-	763,739	773,744	-	773,744
Notes Payable	12,068,080	-	12,068,080	7,163,827	-	7,163,827
Total Long-Term Liabilities	13,216,677	-	13,216,677	8,013,264	-	8,013,264
Total Liabilities	24,032,165	484,995	24,517,160	22,960,761	1,660,000	24,620,761
NET ASSETS						
Without Donor Restrictions:						
Undesignated	1,773,128	-	1,773,128	2,085,728	-	2,085,728
Board Designated - Housing Portfolio Reserve	2,600,000	-	2,600,000	2,600,000	-	2,600,000
With Donor Restrictions	-	3,860,755	3,860,755	-	3,743,000	3,743,000
Total Net Assets	4,373,128	3,860,755	8,233,883	4,685,728	3,743,000	8,428,728
Total Liabilities and Net Assets	\$ 28,405,293	\$ 4,345,750	\$ 32,751,043	\$ 27,646,489	\$ 5,403,000	\$ 33,049,489

See accompanying Notes to Consolidated Financial Statements.

**LAND BANK TWIN CITIES, INC.
CONSOLIDATED STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2023 AND 2022**

	2023			2022 (Restated)		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES						
Support:						
Contributions and Grants	\$ 675,724	\$ 1,665,005	\$ 2,340,729	\$ 530,200	\$ 3,310,000	\$ 3,840,200
Net Assets Released from Restrictions	1,547,250	(1,547,250)	-	523,000	(523,000)	-
Total Support	<u>2,222,974</u>	<u>117,755</u>	<u>2,340,729</u>	<u>1,053,200</u>	<u>2,787,000</u>	<u>3,840,200</u>
Revenue:						
Interest Income	613,046	-	613,046	265,325	-	265,325
Acquisition and Lending Fees	87,520	-	87,520	43,466	-	43,466
Brokerage and Property Management	109,500	-	109,500	66,000	-	66,000
Rental Income	2,129,854	-	2,129,854	1,813,739	-	1,813,739
Reimbursement Income	219,596	-	219,596	-	-	-
Other Income	230,741	-	230,741	95,865	-	95,865
Gain on Sale of Property	137,586	-	137,586	1,459,218	-	1,459,218
Total Revenue	<u>3,527,843</u>	<u>-</u>	<u>3,527,843</u>	<u>3,743,613</u>	<u>-</u>	<u>3,743,613</u>
Total Support and Revenue	5,750,817	117,755	5,868,572	4,796,813	2,787,000	7,583,813
EXPENSES						
Program Services	5,119,569	-	5,119,569	3,745,851	-	3,745,851
Support Services:						
Management and General	846,664	-	846,664	652,562	-	652,562
Fundraising	97,184	-	97,184	140,577	-	140,577
Total Support Services	<u>943,848</u>	<u>-</u>	<u>943,848</u>	<u>793,139</u>	<u>-</u>	<u>793,139</u>
Total Expenses	<u>6,063,417</u>	<u>-</u>	<u>6,063,417</u>	<u>4,538,990</u>	<u>-</u>	<u>4,538,990</u>
CHANGE IN NET ASSETS						
Net Assets - Beginning of Year as Restated	(312,600)	117,755	(194,845)	257,823	2,787,000	3,044,823
	4,685,728	3,743,000	8,428,728	4,427,905	956,000	5,383,905
NET ASSETS - END 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>

See accompanying Notes to Consolidated Financial Statements.

	Support Services				
	Program Services	Management and General	Fundraising	Total Support Services	
				Total All Services	
				Total 2022	
Personnel	\$ 419,390	\$ 349,490	\$ 2,896	\$ 771,776	\$ 841,011
Contracted Services	206,238	407,124	92,813	499,937	279,147
Occupancy	20,865	14,377	195	14,572	47,810
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	\$ 5,119,569	\$ 846,664	\$ 97,184	\$ 943,848	\$ 4,538,990

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LAND BANK TWIN CITIES, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2022

	Support Services			(Restated)
	Program Services	Management and General	Fundraising	Total Support Services
Personnel	\$ 388,004	\$ 385,833	\$ 67,174	\$ 841,011
Contracted Services	30,032	185,865	63,250	279,147
Occupancy	23,477	21,524	2,809	47,810
Equipment and Technology	89,050	30,697	4,303	124,050
Conferences and Travel	4,596	436	-	5,032
Other Operating Expense	31,672	28,207	3,041	62,920
Bad Debt Expense	12,037	-	-	12,037
Interest Expense	606,237	-	-	606,237
Property Expense - LLCs	2,016,811	-	-	2,016,811
Total Operating Expenses	3,201,916	652,562	140,577	3,995,055
Depreciation - LLCs	543,935	-	-	543,935
Total Expense	\$ 3,745,851	\$ 652,562	\$ 140,577	\$ 4,538,990

See accompanying Notes to Consolidated Financial Statements.

LAND BANK TWIN CITIES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	(Restated) 2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (194,845)	\$ 3,044,823
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation - LLCs	740,984	543,935
Depreciation*	33,181	94,004
Provision for Loan and Property Losses	24,179	-
Property Acquired through Debt Assumption	-	(1,770,038)
Debt Assumption	-	1,770,038
Lease Expense	11,207	-
Tenant Allowance	53,000	-
Gain on Sale of Property Held for Sale	(137,586)	(1,459,218)
Amortization of Debt Issuance Costs	15,002	16,527
Issuance of Debt Issuance Costs	(20,304)	-
Recoverable Subordinated Grant Forgiveness	(1,000,000)	-
Bad Debts Expense	9,213	12,037
(Increase) Decrease in Assets:		
Prepaid Expenses	51,181	(85,840)
Accounts Receivable	(249,965)	96,208
Receivable from Property Managers	195,790	(213,551)
Contributions Receivable	421,000	393,000
Increase (Decrease) in Liabilities:		
Accounts Payable	62,460	32,604
Accrued Expenses	97,419	(392,398)
Lease Liability	(11,320)	-
Deposits Held	41,481	9,953
Holding Costs Due to Resale	(10,005)	589,014
Interest Payable	-	(100,623)
Deferred Revenue	(1,106,678)	1,422,305
Net Cash Provided (Used) by Operating Activities	<u>(974,606)</u>	<u>4,002,780</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(225,054)	(43,439)
Property Acquired	(8,459,285)	(2,904,705)
Property Sold	2,914,291	3,213,567
Loans Receivable Issued	(3,446,559)	(2,132,435)
Loans Receivable Repayments	1,913,011	3,405,379
Net Cash Provided (Used) by Investing Activities	<u>(7,303,596)</u>	<u>1,538,367</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Long-Term Debt	2,848,918	3,518,104
Payments on Long-Term Debt	(1,334,133)	(3,385,870)
Net Cash Provided by Financing Activities	<u>1,514,785</u>	<u>132,234</u>

See accompanying Notes to Consolidated Financial Statements.

LAND BANK TWIN CITIES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	(Restated) 2022
CHANGE IN CASH AND CASH EQUIVALENTS	\$ (6,763,417)	\$ 5,673,381
Cash and Cash Equivalents - Beginning of Year	<u>11,906,741</u>	<u>6,233,360</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 5,143,324</u></u>	<u><u>\$ 11,906,741</u></u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid for Interest	<u><u>\$ 856,440</u></u>	<u><u>\$ 606,237</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, 2023 AND 2022

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 land banking, 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 remaining properties are held for future resale development. The LLC sold phase one of the properties in 2021 and another phase in 2022.

LB HOPE ADDITION LLC was formed in 2017, and amended to LB LO CAL LLC in 2018, for the purpose of purchasing properties for resale development in the city of Minneapolis. The LLC acquired the properties in 2018. The LLC sold its property 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 entered into a resale purchase agreement with a nonprofit corporation that it is working on renegotiating to close in 2024.

LB PLAYWRIGHTS 710 LLC was formed in 2020 for the purpose of purchasing a property for resale development in the city of St. Paul. The LLC acquired the property in 2020. The LLC sold its property in 2023.

LAND BANK TWIN CITIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

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

Subsidiaries (Continued)

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 has a 2024 closing date.

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 one of its properties which has a 2024 closing date. The LLC sold phase one of the properties in 2022.

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.

LB 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. The LLC has entered into a resale purchase agreement with a corporation which has a 2024 closing date.

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.

LB MPLS 143 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 2022. The LLC has entered into a resale purchase agreements with a corporation which has a 2026 closing date.

LB SELBY COMMONS LLC was formed in 2022 for the purpose of purchasing properties for resale development in the city of St. Paul. The LLC acquired the properties in 2022. The LLC sold its property in 2023.

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 has a 2024 closing date.

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.

LAND BANK TWIN CITIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

**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, 2023 and 2022 is an allowance of \$-0- and \$2,362, respectively.

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, 2023 AND 2022

**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.

Fair Value Measurements

The Organization follows Statement of Financial Accounting Standard on Fair Value Measurements. The Organization currently does not measure any of its assets or liabilities at fair value and, therefore, there is no impact on the adoption of this standard.

The Organization also follows Statement of Financial Accounting Standard relating to the Fair Value Option for Financial Assets and Liabilities. The Organization has not elected to measure any existing financial instruments at fair value, as permitted under this standard. However, the Organization may elect to measure newly acquired financial instruments at fair value in the future.

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.

LAND BANK TWIN CITIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

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

Recoverable Subordinated Grant

The Organization received a \$1,000,000 recoverable subordinated grant during 2016. The terms of the grant agreement require potential repayment of any net grant funds remaining at the end of the five-year term of the agreement. The Organization has treated the grant as debt with a below-market interest rate. On March 1, 2021, the Organization entered into a deferral agreement to its \$1,000,000 recoverable subordinated grant deferring potential repayment of any net grant funds to December 31, 2023.

The Metropolitan Council approved forgiveness of the loan at its March 22, 2023 meeting, based on a recommendation from the Community Development Committee. This was recognized as contribution revenue on the consolidated statement of activities in the year ended December 31, 2023.

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.

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.

LAND BANK TWIN CITIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

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

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.

Adoption of New Accounting Standards

At the beginning of 2023, the Organization adopted FASB ASU 2013-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments (CECL)*, as amended, which modified the measurement of expected credit losses. The adoption of this Standard did not have a material impact on the Organization's consolidated financial statements.

LAND BANK TWIN CITIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

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

Prior Period Adjustment

The prior period adjustment shown on the consolidated balance sheets and statements of activities is a result of assumed notes payable and a property that were not properly recorded in the prior year. Opening net assets have been restated to increase without donor-restricted net assets on the consolidated financial statements. The restatement is shown below:

	<u>As Previously Reported</u>	<u>Prior Period Adjustment</u>	<u>As Restated</u>
Assets:			
Property Available for Sale, Net	\$ 16,852,244	\$ 1,856,815	\$ 18,709,059
Liabilities:			
Notes Payable	\$ 18,918,508	\$ 1,770,058	\$ 20,688,566
Accrued Expenses and Other Liabilities	274,406	14,350	288,756
Expenses:			
Interest Expense	\$ 591,887	\$ 14,350	\$ 606,237
Property Expense - LLCs	2,134,408	(117,597)	2,016,811
Depreciation - LLCs	513,095	30,840	543,935

Subsequent Events

In preparing these consolidated financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through June 7, 2024, the date the consolidated financial statements were available to be issued.

Reclassifications

Certain reclassifications have been made to the prior year consolidated financial statements to conform to the current year presentation. The reclassifications had no effect on the change in net assets or total net assets as previously reported.

NOTE 2 CONTRIBUTIONS RECEIVABLE

Contributions receivable at December 31, 2023 and 2022 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>2023</u>	<u>2022</u>
2023	\$ -	\$ 523,000
2024	102,000	-
Total	<u>\$ 102,000</u>	<u>\$ 523,000</u>

LAND BANK TWIN CITIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

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, 2023 and 2022, the Organization recorded \$704,984 and \$543,935, respectively, of such depreciation.

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

	Property Available	Accumulated Depreciation	Total
With Resale Agreement:			
no resale agreement LB CORCORAN 5 LLC	\$ 8,274,039	\$ (973,145)	\$ 7,300,894
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
s/b LB 1 to 4 LLC ~~LB MPLS 143 LLC~~	912,500	(16,659)	895,841
Without Resale Agreement:			
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>

Properties available for sale as of December 31, 2022 are as follows:

	Property Available	Accumulated Depreciation	Total
With Resale Agreement:			
LB CORCORAN 5 LLC	\$ 8,274,039	\$ (671,140)	\$ 7,602,899
LB PLAYWRIGHTS 710 LLC	1,200,000	(67,949)	1,132,051
LB 1351 ARCADE LLC	441,754	(11,787)	429,967
LB LAND TRUST NORTH 1 LLC	649,415	(22,145)	627,270
LB GIRARD LLC	315,000	(7,159)	307,841
Without Resale Agreement:			
TCCLB	1,628,589	(370,919)	1,257,670
TCC HIAWATHA LLC	2,430,975	(244,178)	2,186,797
LB SMMF 2 LLC	1,220,000	(61,261)	1,158,739
LB SELBY LLC	1,640,000	(1,752)	1,638,248
LB MPLS 143 LLC	262,500	(280)	262,220
LB NEW TOWN LLC	2,140,010	(34,653)	2,105,357
Total	<u>\$ 20,202,282</u>	<u>\$ (1,493,223)</u>	<u>\$ 18,709,059</u>

LAND BANK TWIN CITIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

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

At December 31, 2022, 63% of loans receivable were rated Level 2, 17% were rated Level 3, and 19% were rated Level 4.

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

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 selectively engages with 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. The Organization generally establishes a line of credit with the development partner that has the flexibility to fund multiple projects. Loans made under the line of credit 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.

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 selectively engages with for-profit and nonprofit development partners to provide market rate 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. Loans are generally for three years or less. New construction projects require adherence by the development partners to Minnesota Green Community standards.

LAND BANK TWIN CITIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 4 LOANS RECEIVABLE (CONTINUED)

Multi-Family Affordable Housing Preservation and New Construction (Continued)

Loans receivable by program are as follows:

	2023	2022
Single Family Loan Program	\$ 2,877,868	\$ 1,344,320
Multi-Family Loan Program	285,000	285,000
Loan Receivables, Gross	3,162,868	1,629,320
Less: Allowance for Loan Losses	(196,805)	(172,626)
Total	<u>\$ 2,966,063</u>	<u>\$ 1,456,694</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 - 2022	\$ 123,426	\$ 43,950	\$ 5,250	\$ 172,626
Provision for Loan Losses and Other Adjustments	29,250	(24,000)	(5,250)	-
End of Year - 2022	<u>\$ 152,676</u>	<u>\$ 19,950</u>	<u>\$ -</u>	<u>\$ 172,626</u>
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>

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, 2023 and 2022, \$2,803,163 and \$1,298,921, respectively, of the outstanding loan receivables are considered current.

As of December 31, 2023 and 2022, the Organization had total loan commitments to borrowers of \$4,712,200 and \$3,463,100, respectively, with loans outstanding of \$3,162,868 and \$1,629,320, respectively, associated with these commitments.

LAND BANK TWIN CITIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 5 PROPERTY AND EQUIPMENT

Property and equipment are as follows at December 31:

	2023	2022
Furniture and Equipment	\$ 52,231	\$ 12,256
Leasehold Improvements	163,321	20,426
Software	144,599	113,493
Total	360,151	146,175
Less: Accumulated Depreciation	(135,522)	(113,419)
Total, Net of Depreciation	<u>\$ 224,629</u>	<u>\$ 32,756</u>

NOTE 6 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, 2023 and 2022, there was \$838,823 and \$862,167 outstanding under this agreement, respectively.

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, 2023 and 2022, there was \$206,672 and \$215,484 outstanding under this agreement, respectively.

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, 2023 and 2022, there was \$209,303 and \$218,114 outstanding under this agreement, respectively.

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, 2023 and 2022, there was \$1,058,124 and \$1,151,291, respectively, outstanding under this agreement.

**LAND BANK TWIN CITIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 6 NOTES PAYABLE (CONTINUED)

Sunrise Banks (Continued)

In 2020, LB PLAYWRIGHTS 710 LLC signed a \$900,000 loan agreement, mortgage, and promissory note at 4.00% interest with Sunrise Banks. The agreement was amended in 2021, and the maturity date with the unpaid principal balance due is now November 18, 2022. In 2022, this agreement was extended through February 18, 2023. As of December 31, 2023 and 2022, there was \$0- and \$900,000 outstanding under this agreement, respectively. On February 18, 2023, the agreement was amended to mature on August 18, 2023. On November 3, 2023, the loan was paid in full due to the sale of the LB PLAYWRIGHTS 710 LLC property.

In 2023, LC 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, 2023 there was \$2,339,974 outstanding under this 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, 2023 and 2022, there was \$8,305,322 outstanding under the agreement.

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, 2023 and 2022, there was \$359,801 and \$350,857 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, 2023 and 2022, there was \$1,338,044 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, 2023 and 2022, there was \$100,000 outstanding under this agreement.

LAND BANK TWIN CITIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 6 NOTES PAYABLE (CONTINUED)

U.S. Bank

In 2017, the Organization received 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, 2023 and 2022, \$2,000,000 was outstanding under this 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 the unpaid principal balance due and payable on December 31, 2032. As of December 31, 2023, there was \$2,000,000 outstanding under this agreement.

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. As of December 31, 2023 and 2022, there was \$1,209,000 and \$1,209,000 outstanding on the loan, respectively.

Selby Commons Limited Partnership

In 2022, LB SELBY LLC assumed the mortgage of the property it acquired. The mortgage is for \$300,000 at 0% interest with the maturity at sale of the property. The mortgage was fully paid off in 2023 with the sale of the property.

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, 2023 and 2022, 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, 2023 and 2022, there was \$500,000 and \$-0- outstanding on the loan, respectively.

LAND BANK TWIN CITIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 6 NOTES PAYABLE (CONTINUED)

Otto Bremer Trust (Continued)

Total notes payable as of December 31 are as follows.

	<u>2023</u>	<u>2022</u>
Woodlands National Bank	\$ 838,823	\$ 862,167
Woodlands National Bank	206,672	215,484
Woodlands National Bank	209,303	218,114
Sunrise Bank	1,058,124	1,151,291
Sunrise Bank	-	900,000
Sunrise Bank	2,339,974	-
LISC	8,305,322	8,305,322
LISC	359,801	350,857
LISC	1,338,044	1,338,044
Mortenson Family Foundation	100,000	100,000
U.S. Bank	2,000,000	2,000,000
Bush Foundation	2,000,000	2,000,000
Saint Paul and Minnesota Foundation	1,209,000	1,209,000
Selby Commons Limited Partnership	-	300,000
City of Minneapolis	1,770,058	1,770,058
Otto Bremer Trust	500,000	-
Subtotal	<u>22,235,121</u>	<u>20,720,337</u>
Unamortized Debt Issuance Costs	<u>(37,072)</u>	<u>(31,771)</u>
Total	<u><u>\$ 22,198,049</u></u>	<u><u>\$ 20,688,566</u></u>

Maturity for notes payable is as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2024	\$ 10,129,969
2025	1,920,976
2026	2,233,436
2027	244,251
2028	973,686
Thereafter	<u>6,732,803</u>
Total	22,235,121
Unamortized Debt Issuance Costs	<u>(37,072)</u>
Total	<u><u>\$ 22,198,049</u></u>

LAND BANK TWIN CITIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 7 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, 2023 and 2022, there was \$-0- outstanding under this agreement.

NOTE 8 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at December 31, 2023 and 2022 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:

	2023	2022
FHF - Staffing Grant	\$ -	\$ 160,000
LISC - CAT Funding	102,000	240,000
Affordable Housing - Lending	3,025,000	3,100,000
St. Paul and Minnesota Foundation	-	70,000
Family Housing Fund - Permanently Restricted	602,505	-
Timing	131,250	173,000
Total	<u>\$ 3,860,755</u>	<u>\$ 3,743,000</u>

NOTE 9 CONCENTRATIONS

For the year ended December 31, 2023, contribution revenue from two donors comprised 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 comprises 77% of the total loans receivable outstanding.

For the year ended December 31, 2022, contribution revenue from three donors comprised approximately 94% of total contribution revenue. For the year ended December 31, 2022, contributions receivable was comprised of two donors which was 96% of total contributions receivable. For the year ended December 31, 2022, loans receivable includes loans outstanding to three developers which comprises 99% of the total loans receivable outstanding.

LAND BANK TWIN CITIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

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, 2023 and 2022 were \$19,723 and \$26,623, 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.

The following table provides quantitative information concerning the Organization's right of use assets and lease liabilities for the year ended December 31, 2023:

Operating Lease Cost	\$ 11,207
Operating Cash Flows from Operating Leases	\$ 11,320
Right-of-Use Assets Obtained in Exchange for New	
Operating Lease Liabilities	\$ 257,803
Weighted-Average Remaining Lease Term - Operating	9.4 years
Weighted-Average Discount Rate - Operating	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>
2024	\$ 34,555
2025	35,589
2026	36,654
2027	37,755
2028	38,885
Thereafter	184,564
Total	368,002
Less: Imputed Interest	(65,763)
Total	<u>\$ 302,239</u>

LAND BANK TWIN CITIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

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.

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:

	2023	2022
Cash and Cash Equivalents	\$ 899,574	\$ 7,026,741
Accounts Receivable	305,428	64,676
Receivable from Property Managers	17,761	213,551
Loans Receivable Due Within One Year	2,896,590	1,298,921
Financial Assets Available to Meet General Expenditures Within One Year	<u>\$ 4,119,353</u>	<u>\$ 8,603,889</u>

LAND BANK TWIN CITIES, INC.
CONSOLIDATING BALANCE SHEET
DECEMBER 31, 2023
(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	\$ 2,923,819	\$ 290,626	\$ 224,776	\$ 1,704,103	\$ -	\$ 5,143,324
Accounts Receivable, Net	92,744	4,695	-	207,989	-	305,428
Prepaid and Other Receivables	52,530	809	-	38,492	-	91,831
Contributions Receivable, Net	102,000	-	-	-	-	102,000
Receivable from Property Managers	-	56,316	-	(38,555)	-	17,761
Intercompany Receivable	363,988	7,380	60,000	163,774	(595,142)	-
Loans Receivable, Net	2,966,063	-	-	-	-	2,966,063
Property Available for Sale, Net	-	1,261,446	-	22,389,209	-	23,650,655
Right-of-Use Lease Asset	249,352	-	-	-	-	249,352
Property and Equipment, Net	162,319	-	-	62,310	-	224,629
Intercompany Notes Receivable	8,979,367	-	-	-	(8,979,367)	-
Total Assets	<u>\$ 15,892,182</u>	<u>\$ 1,621,272</u>	<u>\$ 284,776</u>	<u>\$ 24,527,322</u>	<u>\$ (9,574,509)</u>	<u>\$ 32,751,043</u>
LIABILITIES AND NET ASSETS						
LIABILITIES						
Accounts Payable	\$ 4,662	\$ 52,279	\$ -	\$ 127,216	\$ -	\$ 184,157
Accrued Expenses and Other Liabilities	34,042	13,759	-	338,374	-	386,175
Intercompany Payables	236,385	-	-	358,757	(595,142)	-
Notes Payable	5,797,125	838,823	-	15,562,101	-	22,198,049
Intercompany Notes Payable	-	357,950	-	8,621,417	(8,979,367)	-
Lease Liability	302,239	-	-	-	-	302,239
Deposits Held	-	4,450	-	112,724	-	117,174
Holding Costs Due to Resale Partner/LLC	5,000	-	-	758,739	-	763,739
Deferred Revenue	484,995	3,996	-	76,636	-	565,627
Recoverable Subordinated Grant, Net	-	-	-	-	-	-
Total Liabilities	<u>\$ 6,864,448</u>	<u>\$ 1,271,257</u>	<u>\$ -</u>	<u>\$ 25,955,964</u>	<u>\$ (9,574,509)</u>	<u>\$ 24,517,160</u>
NET ASSETS						
Without Donor Restrictions:						
Undesignated	2,566,979	350,015	284,776	(1,428,642)	-	1,773,128
Board Designated - Housing Portfolio Reserve	2,600,000	-	-	-	-	2,600,000
With Donor Restrictions	3,860,755	-	-	-	-	3,860,755
Total Net Assets	<u>\$ 9,027,734</u>	<u>\$ 350,015</u>	<u>\$ 284,776</u>	<u>\$ (1,428,642)</u>	<u>\$ -</u>	<u>\$ 8,233,883</u>
Total Liabilities and Net Assets	<u>\$ 15,892,182</u>	<u>\$ 1,621,272</u>	<u>\$ 284,776</u>	<u>\$ 24,527,322</u>	<u>\$ (9,574,509)</u>	<u>\$ 32,751,043</u>

LAND BANK TWIN CITIES, INC.
CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023
(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	\$ 2,340,729	\$ -	\$ -	\$ -	\$ -	\$ 2,340,729
Interest Income	293,291	1,100	867	317,788	-	613,046
Acquisition and Lending Fees	38,390	-	-	49,130	-	87,520
Brokerage and Property Management	-	-	109,500	-	-	109,500
Intercompany Interest	245,888	-	-	-	(245,888)	-
Rental Income	-	132,617	-	1,997,237	-	2,129,854
Reimbursement Income	-	9,259	-	210,337	-	219,596
Other Income	232	168,291	-	62,218	-	230,741
Gain on Sale of Property	-	7,162	-	130,424	-	137,586
Total Revenues	2,918,530	318,429	110,367	2,767,134	(245,888)	5,868,572
EXPENSES						
Personnel	771,776	-	-	-	-	771,776
Contracted Services	674,171	2,148	-	29,856	-	706,175
Occupancy	35,437	-	-	-	-	35,437
Equipment and Technology	122,739	-	-	-	-	122,739
Conference and Meetings	2,461	-	-	-	-	2,461
Travel and Transportation	1,061	-	-	41	-	1,102
Other Operating Expense	80,048	131	-	972	-	81,151
Provision for Loan Losses	24,178	-	-	-	-	24,178
Bad Debt Expense	-	-	-	-	-	-
Interest Expense	132,902	-	-	9,213	-	9,213
Property Expenses - LLCs	100	45,473	-	923,953	(245,888)	856,440
Depreciation - LLCs	-	135,265	-	2,404,092	-	2,539,457
Resale Partner Offsets	-	56,130	-	684,854	-	740,984
Total Expense	1,844,873	239,147	-	172,304	(245,888)	172,304
CHANGE IN NET ASSETS						
Net Assets - Beginning of Year As Restated	1,073,657	79,282	110,367	(1,458,151)	-	(194,845)
Net Asset Transfer - Distribution	(148,211)	265,348	174,409	(113,317)	-	8,428,728
NET ASSETS - END OF YEAR	\$ 9,027,734	\$ 350,015	\$ 284,776	\$ (1,428,642)	\$ -	\$ 8,233,883

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