

Madison Area CLT Corporation

**Independent Auditor's Report
And
Financial Statements
December 31, 2025**

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Independent Auditor's Report

To the Board of Directors

Madison Area CLT Corporation

Opinion

We have audited the accompanying consolidated financial statements of Madison Area CLT Corporation (the Organization), which comprise the consolidated statement of financial position as of December 31, 2025 and the related consolidated statements of activities, functional expenses, and cash flows for the year 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 the Organization as of December 31, 2025 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization 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 Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, which raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 generally accepted auditing standards 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, including omissions, 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 financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 financial statements.
- Obtain an understanding of internal control relevant to the audit to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, which raise substantial doubt about the Organization'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.

Metwally CPA PLLC

Metwally CPA PLLC
Flower Mound, Texas
September 09, 2026

Madison Area CLT Corporation
Consolidated Statement of Financial Position
December 31, 2025

	2025
ASSETS	
Current Assets	
Cash and cash equivalents	\$ 476,297
Accounts receivable	35,471
Grants receivable	181,178
Other assets	5,291
Total Current Assets	698,237
Non-Current Assets	
Notes receivable	47,750
Long-term grants receivable	100,000
Operating lease right-of-use assets	11,619
Land held in trust	2,527,897
Total Non-Current Assets	2,687,266
Total Assets	\$ 3,385,503
LIABILITIES AND NET ASSETS	
Current Liabilities	
Accounts payable	\$ 2,234
Operating lease liabilities - current portion	8,402
Total Current Liabilities	10,636
Non-Current Liabilities	
Operating lease liabilities - net current portion	3,572
Deferred loans	2,837,798
Total Non-Current Liabilities	2,841,370
Total Liabilities	2,852,006
Net Assets	
With donor restrictions	339,872
Without donor restrictions	193,625
Total Net Assets	533,497
Total Liabilities and Net Assets	\$ 3,385,503

The accompanying notes are an integral part of the financial statements.

Madison Area CLT Corporation
Consolidated Statement of Activities
Year Ended December 31, 2025

	Without Donor Restrictions	With Donor Restrictions	2025
Revenue and Other Support			
Grants and contributions	\$ 528,546	\$ 338,750	\$ 867,296
Gain on sale of property	85,288	-	85,288
Conference registrations	58,960	-	58,960
Rental income	51,767	-	51,767
Administration fees	31,000	-	31,000
Other income	11,857	-	11,857
Government contracts	403	-	403
Net assets released from donor restrictions	87,973	(87,973)	-
Total Revenue and Other Support	855,794	250,777	1,106,571
Functional Expenses			
Program - Housing and stewardship	584,017	-	584,017
Supporting activities:			
Management and general	129,522	-	129,522
Fundraising	37,444	-	37,444
Total Functional Expenses	750,984	-	750,984
Change in Net Assets	104,810	250,777	355,587
Net assets, beginning of year	88,815	89,095	177,910
Net Assets, End of Year	\$ 193,625	\$ 339,872	\$ 533,497

The accompanying notes are an integral part of the financial statements.

Madison Area CLT Corporation
Consolidated Statement of Functional Expenses
Year Ended December 31, 2025

	Housing and Stewardship	Management and General	Fundraising	2025
Personnel	\$ 293,809	\$ 74,248	\$ 29,780	\$ 397,837
Property development and maintenance	116,008	-	-	116,008
Non-cash land expense	82,276	-	-	82,276
Midwest CLT conference expenses	48,488	-	-	48,488
Executive search	-	33,627	-	33,627
Legal and professional fees	23,553	6,372	436	30,361
Insurance	7,262	3,719	-	10,981
Marketing and advertising	2,422	137	5,995	8,554
Office rent	5,422	1,937	387	7,746
Office expense	3,612	981	640	5,234
Consulting expenses	150	3,225	-	3,375
Staff development	-	3,308	-	3,308
Miscellaneous expenses	1,015	1,968	206	3,189
Total	\$ 584,017	\$ 129,522	\$ 37,444	\$ 750,984

The accompanying notes are an integral part of the financial statements.

Madison Area CLT Corporation
Consolidated Statement of Cash Flows
Year Ended December 31, 2025

	2025
Operating Activities	
Change in net assets	\$ 355,587
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Gain on sale of property	(85,288)
Non-cash land expense	82,276
Amortization of operating lease ROU assets	7,746
Change in assets and liabilities	
Accounts receivable	(20,929)
Grants receivable	(226,248)
Notes receivable	(20,000)
Other assets	1,369
Accounts payable	(2,491)
Operating lease liability	(7,525)
Net Cash Flows Provided by (Used in) Operating Activities	84,497
Investing Activities	
Purchase land held in trust	(533,445)
Sale of property held for sale	377,856
Net Cash Flows Provided by (Used in) Investing Activities	(155,589)
Financing Activities	
Proceeds from loans	583,678
Payment of loans	(342,800)
Net Cash Flows Provided by (Used in) Financing Activities	240,878
Net Change in Cash and Cash Equivalent During The Year	169,787
Cash and cash equivalent - beginning of the year	306,510
Cash and Cash Equivalent - End of The Year	\$ 476,297

The accompanying notes are an integral part of the financial statements.

Madison Area CLT Corporation
Notes To Financial Statements
December 31, 2025

1. OPERATIONS AND NONPROFIT STATUS

Madison Area CLT Corporation (the Organization) is a Wisconsin not-for-profit entity that was established in 1991. The Organization is a community land trust that provides affordable homeownership opportunities to low and moderate income and disadvantaged people in Dane County, Wisconsin. Troy Gardens Residential Parcel, LLC operates the Troy Gardens housing development project. Troy Gardens Conservancy Parcel, LLC holds 26 acres of land that is leased to Rooted WI, Inc. The Organization's primary sources of revenues are contributions, grants and land leases.

2. PRINCIPLE OF CONSOLIDATION

The consolidated financial statements include the accounts of the Organization and its wholly owned subsidiaries, Troy Gardens Residential Parcel, LLC, and Troy Gardens Conservancy Parcel, LLC. No intra-entity transactions occurred during the year 2025.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies is presented to assist the reader in understanding and evaluating the Organization's financial statements. The financial statements and notes are representations of the Organization's management, which is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of financial statements.

A. Basis of Accounting

The Organization's financial statements have been prepared using accrual basis accounting in accordance with generally accepted accounting principles (US GAAP), which requires the reporting of financial information regarding its activities and financial position according to separate classes of net assets based on the existence or absence of donor restrictions.

B. Financial Statement Presentation

As required by the FASB Accounting Standards Codification, the Organization classifies its net assets based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes in net assets therein are classified and reported as follows:

Net Assets Without Donor Restrictions - consists of assets, public support, and program revenues that are available and used for activities and programs. Net assets without donor restrictions represent the portion of net assets of the Organization that are not restricted by donor-imposed stipulations. Contributions are considered without restriction unless specifically restricted by the donor. In addition, net assets without donor restrictions may include funds that represent unrestricted resources designated by the Board of Directors for specific purposes.

Net Assets with Donor Restrictions - includes funds with donor-imposed restrictions which permit the donor to expend the assets as specified and are satisfied either by the passage of time or by actions of the Organization. Resources of this nature originate from gifts, grants, bequests, and contracts, and may include investment income earned on restricted funds.

These may also include resources which have a permanent donor-imposed restriction which stipulates that the assets are to be maintained permanently but permits the Organization to expend part or all of the income derived from the donated assets.

C. Cash and Cash Equivalents

Cash and Cash Equivalents consist of cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes. The Organization's cash balance consists of deposit accounts held at an FDIC-insured bank and a money-market mutual fund held at a large asset manager.

D. Accounts Receivable

Accounts receivable consists of land leases from homeowners and services to other not-for-profit organizations. Accounts receivable are reported at the amount management expects to collect from outstanding balances.

Measurement and recognition of credit losses require the use of judgment. Management's assessment of expected credit losses considers both current and anticipated economic conditions, as well as sector-specific and donor-related factors that may impact the collectability of contributions, grants, or other receivables. This includes the financial condition of contributors or grantors, the aging of outstanding balances, historical loss experience, and the creditworthiness and concentration of counterparties. Historical loss rates are applied to financial assets with similar risk characteristics and may be adjusted to reflect changes in donor behavior, economic trends, or other relevant conditions. Management may also establish a specific allowance for credit losses when it is determined that collection of a particular receivable is not probable, and the loss can be reasonably estimated. Amounts deemed uncollectible are written off against the allowance, and recoveries of previously reserved amounts are recognized if actual collections exceed prior estimates.

As of December 31, 2025, the allowance for credit losses was deemed immaterial; therefore, no allowance has been recorded in the financial statements.

E. Promises to Give

Unconditional promises to give are recognized as revenues in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. On December 31, 2025, all promises to give are receivable in less than one year with the exception of a third-year installment of a three-year funder commitment payable in 2027.

F. Notes Receivable

Notes receivable consist of non-interest-bearing notes due from individuals. The notes are not payable until the individuals sell the land trust homes that they currently own or certain other contingencies occur. The notes are secured by the land trust homes occupied by the individuals. Since repayment of the notes is not certain, the notes have not been discounted.

G. Land Held in Trust

Purchases of land are recorded at cost, or at the assessed value determined by the City Assessor at the time of acquisition or donation. Such donations are reported as support without restriction unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use, and contributions of cash that must be used to acquire property, are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expiration of donor restrictions when the assets are placed in service and reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

H. Property Held for Sale

Property held for sale is recorded at the lower of cost or estimated net realizable value and offered for sale. All architectural costs, construction costs, and other development and improvements costs made in preparation for the sale of the property are capitalized. Acquisitions are generally financed by short-term debt from financial institutions and the City of Madison and deferred loan debt from the City of Madison. Property held for sale consists of land trust homes expected to be sold within one year of acquisition. During the year ended December 31, 2025, the Organization sold two rehabilitated homes.

I. Leases

Effective January 1, 2023, the Organization adopted, with modified retrospective application, Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-02, "Leases (Topic 842)" (ASC 842). The amended guidance requires lessees, at the commencement date, to recognize a lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis, and to record a right-of-use ("ROU") asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term. In July 2018, the FASB issued ASU 2018-11, Leases, Targeted Improvements, which gave entities the option of applying the new standard at the adoption date, rather than retrospectively to the earliest period presented in the financial statements. The Organization elected the package of practical expedients permitted under the new standard, which among other things, allowed the Organization to carry forward the historical lease classification. The Organization also elected the practical expedient to not recognize a lease liability and ROU asset for short-term leases less than 12 months. The Organization chose the option to apply the new standard at the adoption date, and therefore we are not required to restate the financial statements for prior periods, nor is the Organization required to provide the disclosures required by the new standard for prior periods. Upon adoption, the Organization recognized an approximate \$16,403 ROU asset, and an approximate \$16,403 lease liability. The adoption of the new standard did not impact on the Organization's cash flows or have a material impact on its results of operations. The Organization has expanded their financial statements disclosures to comply with the requirements of the new standard.

J. Income Tax

The Organization is exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code.

K. Revenue Recognition

During 2021, the Organization adopted Accounting Standards Update ("ASU") 2014-09, Revenue from Contracts with Customers (Topic 606). This standard requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods and services to customers. ASU 2014-09 replaces most existing revenue recognition guidance in US GAAP. The standard also requires expanded disclosures related to the nature, amount, and timing of revenue and cash flows from contracts with customers. The Organization adopted the new standard effective for the year ended December 31, 2021, using the modified retrospective method. Based on the Organization's review of its contracts with customers, the timing and amount of revenue recognized previously is consistent with how revenue is recognized under this new standard. The adoption of this standard had no impact on the consolidated financial statements.

The Organization evaluates whether a transfer of assets is (1) an exchange transaction in which a resource provider is receiving commensurate value in return for the resources transferred or (2) a contribution. If the transfer of assets is determined to be an exchange transaction, the Organization applies guidance for exchange transactions. If the transfer of assets is determined to be a contribution, the Organization evaluates whether the contribution is conditional based upon whether the agreement includes both (1) one or more barriers that must be overcome before the Organization is entitled to the assets transferred and promised and (2) a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets.

Grants

The Organization has contracts and grants from federal and state agencies that are contingent upon meeting donor requirements which include carrying out certain activities and/or incurring qualified expenditures stipulated by the contracts and grants. The Organization receives grants from government agencies and others that are conditioned upon the Organization incurring qualifying expenses. Revenue from these grants is generally recognized on a reimbursement basis, that is, when qualifying expenses are incurred by the Organization, both a receivable from the grantor agency and revenue are recorded. Grants are also generally restricted by the grantor for a specified purpose. Grants whose conditions and restrictions are met in the same reporting period that the revenue is recognized are reported as increases in net assets without grantor restrictions.

Contributions and Donations

Contributions and Donations that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions.

Rental Income

The Organization's rental revenue consists of land leases to homeowners. The Organization recognizes revenue from land lease contracts ratably over the applicable contract period and when earned at a point of time.

Other Income

The Organization's other revenue consists of administration fees, conference registrations and other income. The Organization recognizes other revenue from easement compensation based on applicable contract and when earned at a point of time.

Gain on sale of property

The Organization recognizes gain on sale of property at the time of sale.

L. Use of Estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates based on assumptions that affect specific reported amounts and disclosures. Actual results could differ from those estimates.

M. Functional Expenses

The consolidated financial statements report certain categories of expenses that are attributable to more than one program service or supporting activity. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include personnel, office, professional fees and miscellaneous expense, which are allocated on the basis of estimates of time and effort.

Housing and Stewardship: The Organization provides ongoing stewardship of homes and the land underneath them that are kept permanently affordable under the terms of the lease with the land trust. The Organization also stewards the land under market-rate homes as well as conservation and agricultural land.

As a Community Land Trust, the Organization works with not-for-profit and for-profit housing developers on new construction and/or rehabilitation of housing in Dane County. The affordability subsidy that often accompanies affordable home ownership development is preserved by the Community Land Trust model where the Organization will own title to the land underlying the house and the homeowner will mortgage title to the physical housing structure. The Organization receives government grants which are used to subsidize the cost of homeownership by decreasing the homebuyer's purchase price (acquisition subsidies).

The Organization leases the land back to the homeowner for \$40 to \$75 per month. When the homeowner sells the house, the homeowner receives the invested equity plus a percentage of any increase in property value. The increase in value rolls back into the affordability of the house allowing it to be sold to an income qualified low- to moderate-income household approved by the Organization.

Stewardship services include post-purchase support and education of low-income homeowners, services related to resale of homes in the land trust, enforcement of ground leases, development of policies to support homeowners in the program and maintenance of homes, and distribution of funds to the Organization's homeowners from the City of Madison and Dane County. Other activities include homebuyer education and outreach, developing partnership opportunities with housing developers, housing rehabilitation, and general community outreach and education regarding the Community Land Trust model.

Management and general—Activities that relate to the overall direction of the Organization and include the functions necessary to ensure proper administrative functioning of the board of directors, manage the financial and budgetary responsibilities of The Organization, and perform other administrative functions.

Fundraising—Activities related to soliciting contributions from individuals, foundations, governments, and others, and other activities that involve inducing potential donors to contribute assets, services, or time to the Organization.

N. Marketing and Advertising

Advertising and marketing costs are charged to operations in the year incurred.

O. Concentration of Credit Risk

Financial instruments that represent concentrations of credit risk consist principally of cash and cash equivalents. The Organization maintains its cash and cash equivalents in various bank accounts that, at times, might exceed federally insured limits of \$250,000. As of December 31, 2025, the Organization's cash balances exceeded the FDIC insurance limits by \$25,484. The Organization's cash and cash equivalent accounts have been placed with high credit quality financial institutions. The Organization has not experienced, nor does it anticipate, any losses with respect to such accounts.

P. Recent Accounting Guidance

FASB ASU No. 2016-02 – Leases (Topic 842) is effective for the calendar year 2022. The standard requires lessees to recognize right-of-use assets and liabilities for most leases with terms longer than twelve months. The Organization has evaluated the impact of this standard on its financial statements. See Note 10.

In June 2016, the FASB issued ASU No. 2016-13, Financial Instruments – Credit Losses (Topic 326): Measurements of Credit Losses on Financial Instruments. ASU No. 2016-13, along with subsequent clarifications and improvements (collectively, ASC 326), replaces the incurred loss impairment methodology in prior U.S. GAAP with a methodology that instead reflects a current estimate of all expected credit losses on financial assets, including receivables. ASC 326 requires that the Organization measure and recognize expected credit losses at the time the asset is recorded, while considering a broader range of information to estimate credit losses including country specific macroeconomic conditions that correlate with historical loss experience, delinquency trends and aging behavior of receivables, among others. ASC 326 is effective for the Organization beginning January 1, 2023. There was no impact on the Organization's financial statements as a result of the implementation of this standard.

4. AVAILABILITY AND LIQUIDITY OF FINANCIAL ASSETS

The following financial assets are available over the subsequent fiscal year reduced by amounts not available for general expenditure as of December 31:

	<u>2025</u>
Cash	\$ 476,297
Accounts and grants receivable	316,649
Total financial assets	<u>792,946</u>
Less amounts unavailable for general use:	
Net assets subject to donor restrictions	(339,872)
Financial assets available to cover cash needs for general expenditure over the next 12 months	<u>\$ 453,074</u>

The Organization maintains a policy of structuring its financial assets to be available as its general expenditure, liabilities, and other obligations come due. Their goal is to maintain financial assets on hand to meet 60 days of normal operating expenses. These assets are structured to be available as its general expenditures, liabilities, and other obligations come due.

5. ACCOUNTS RECEIVABLE

Accounts receivable consist of land lease fees from homeowners, a one-time \$20,680 fee for services rendered to a housing developer, and a one-time \$4,998 fee for services rendered to another non-profit as of December 31, 2025, as follows:

	<u>2025</u>
Accounts receivable	\$ 35,471
Total Accounts Receivable	<u>\$ 35,471</u>

6. GRANTS RECEIVABLE

As of December 31, 2025, the Organization's grants receivable consists of unconditional promises to give from local governmental agencies and nonprofit organizations.

	<u>2025</u>
Collectable within one year	\$ 181,178
Collectable within one to five years	100,000
Total Grants Receivable	<u>\$ 281,178</u>

7. NOTES RECEIVABLE

Notes receivable consists of non-interest-bearing notes due from individuals as of December 31, 2025, as follows:

	<u>2025</u>
Notes receivable	\$ 47,750

8. LAND HELD IN TRUST

Purchases of land are recorded at cost, or at the assessed value determined by the City Assessor at the time of acquisition or donation. The Organization retains ownership of the land as land held in trust. As of December 31, 2025, the Organization has land held in trust in the amount of \$2,527,897.

9. DEFERRED LOANS

The Organization received deferred loans from the City of Madison's Community Development Division. Housing land loans were issued as subsidies by the City of Madison to purchase and construct or rehabilitate homes to sell the improvements to eligible homebuyers at or below 80% of the County Median Income, while the Organization retains ownership of the land as land held in trust. Repayment is unlikely under the current arrangement of ground leases between the Organization and the homeowner, and Land Use Restriction Agreements held by the City of Madison.

These loans are payable upon the sale or change of use of the respective property purchased with the loan proceeds. Upon the sale or change of use of a property, the note amount due will be a percentage of the fair market value of the property as outlined in each note agreement. Each note is secured by real estate in the City of Madison. Deferred loans at December 31, 2025 had the following balances:

	<u>2025</u>
Troy Gardens Housing Land	\$ 748,350
Troy Gardens Conservancy	153,429
Other housing land loans	<u>1,936,019</u>
Total Deferred Loans	<u>\$ 2,837,798</u>

10. LEASES

The Organization leases approximately 2,955 square feet of space known as Suite No. 105 which is part of a larger apartment building community known as Pinney Lane Apartments (the "Building"). The lease term is 2 years from June, 2025 to May, 2027.

Right-of-use lease assets and lease liabilities are recognized as of the commencement date based on the present value of the remaining lease payments over the lease term reasonably certain to be exercised. The organization's leases do not contain any material residual value guarantees or material restrictive covenants.

Operating lease expense included within cost of sales and selling, general and administrative expense was as follows:

	<u>2025</u>
Operating lease expenses under ASC 842, Leases	
Office rent	\$ 7,746
	<u>2025</u>
Assets	
ROU Assets	\$ 11,619
Liabilities	
Lease liabilities, current portion	8,402
Lease liabilities, net of current portion	<u>3,572</u>
	<u>\$ 11,974</u>

	2025
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	\$ 8,500
ROU assets obtained in exchange for lease liabilities in non-cash transactions:	
Operating lease assets obtained in exchange for operating lease liabilities	\$ 7,746
Remaining lease term	17 Months
Discount rate (1)	5%

- The discount rate used for existing operating leases upon adoption of Topic 842 was established based on the risk-free rates treasury note 2 years term as of January 1, 2022, as the lease didn't provide an implicit rate, the Organization uses its risk-free rate.

Future lease obligations for lease that have commenced were as follows as of December 31, 2025:

	Lease
FY 2026	\$ 9,000
FY 2027	3,750
Total lease payments	12,750
Less: Interest	(776)
Present value of lease liabilities	\$ 11,974

As of December 31, 2025 the term and discount rate for the Organization's lease were 5% and 17 months.

11. DESCRIPTION OF LEASING ARRANGEMENTS

The Organization leases its land held in trust to various individuals and organizations to further its mission of providing low cost housing and access to open space for low-income individuals. Ground lease income as of December 31, 2025 is \$51,767. Future minimum rentals are \$51,767 per year indefinitely.

12. REVENUES RECOGNITION IN ACCORDANCE WITH FASB ASC 606

Disaggregated revenues

The Organization's revenues under FASB ASC 606 consist primarily of ground lease fees and easement compensation that are usually collected each month and after completion of contract; and therefore, are generally collected as earned. Under ASC 606, ground lease and administrative service fees are recognized over time as performance obligations are satisfied, rather than on a cash/point-of-sale basis.

The economic risks of the Organization's revenues are dependent on the strength of the economy in the United States. The fees are initiated by a contract which is considered a distinct performance obligation. The Organization's sales are spread over numerous customers, reducing the risk of loss.

For the year ended December 31, 2025, the Organization's total income from ground lease fees, easement compensation, administrative fees, conference registrations were \$141,727, which was recognized as performance obligations were satisfied.

13. RELATED PARTY TRANSACTIONS

In accordance with the Organization's bylaws and governance model as a Community Land Trust, the Board of Directors includes representation from community members and land trust leaseholders.

As of December 31, 2025, two members of the Board of Directors held long-term ground leases with the Organization for properties within the land trust and one member was part of a condominium association that held such a ground lease. These ground lease agreements were executed under the Organization's standard programmatic terms, conditions, and fee structures applicable to all eligible community land trust participants.

During the year ended December 31, 2025, ground lease fees collected from these board members, including the condominium association, totaled approximately \$19,800. There were no outstanding receivables or payables due from or to these related parties as of December 31, 2025.

14. MARKETING AND ADVERTISING

Advertising and promotion costs for the year ending December 31, 2025 were \$8,554. These costs were expensed as incurred.

15. DESIGNATION AND RESTRICTIONS OF NET ASSETS

As of December 31, 2025 net assets consisted of the following balances:

	<u>2025</u>
Subject to the Passage of Time	\$ 185,000
Subject to Expenditure for Specified Purpose	154,872
Net assets with donor restrictions	<u>\$ 339,872</u>
 Net assets without donor restrictions	 193,625
	<u>\$ 533,497</u>

16. SUBSEQUENT EVENTS

Management has evaluated subsequent events through September 09, 2026, which is the date the financial statements were available to be issued. The Organization did not have any material recognizable subsequent events that would require adjustment to, or disclosure in, the financial statements.