Madison Area CLT Corporation

Independent Accountant's Review Report
And
Financial Statements
December 31, 2024 and 2023

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Independent Accountant's Review Report

To the Board of Directors
Madison Area CLT Corporation

Opinion

We have reviewed the accompanying financial statements of Madison Area CLT Corporation (the Organization), which comprise the statement of financial position as of December 31, 2024 and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management’s financial data and making inquiries of Organization’s management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility 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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We’re required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States.

The December 31, 2023 financial statements were audited by us and we expressed an unmodified opinion on them in our report dated November 11, 2024, but we have not performed any auditing procedures since that date.

Metwally CPA PLLC

Metwally CPA PLLC
Flower Mound, Texas
September 29, 2025

Madison Area CLT Corporation
Consolidated Statements of Financial Position
December 31, 2024 and 2023

	2024 Reviewed	2023 Audited
ASSETS		
Current Assets		
Cash and cash equivalents	$ 306,510	$ 381,140
Accounts receivable	14,542	6,625
Grants receivable	54,930	87,029
Other assets	6,660	7,179
Total Current Assets	**382,643**	**481,973**
Non-Current Assets		
Notes receivable	27,750	27,750
Operating lease right-of-use assets	2,961	10,069
Land held in trust	2,369,297	2,369,297
Total Non-Current Assets	**2,400,008**	**2,407,116**
Total Assets	**$ 2,782,650**	**$ 2,889,089**
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	$ 4,725	$ 33,439
Operating lease liabilities - current portion	3,096	7,281
Total Current Liabilities	**7,821**	**40,720**
Non-Current Liabilities		
Operating lease liabilities - net current portion	-	3,095
Deferred loans	2,596,919	2,596,919
Total Non-Current Liabilities	**2,596,919**	**2,600,014**
Total Liabilities	**2,604,740**	**2,640,734**
Net Assets		
With donor restrictions	89,095	145,294
Without donor restrictions	88,815	103,061
Total Net Assets	**177,910**	**248,355**
Total Liabilities and Net Assets	**$ 2,782,650**	**$ 2,889,089**

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

Madison Area CLT Corporation
Consolidated Statements of Activities
Years Ended December 31, 2024 and 2023

	Without Donor Restrictions	With Donor Restrictions	2024 Reviewed	2023 Audited
Revenue and Other Support				
Grants	$ 104,000	$ 135,000	$ 239,000	$ 229,586
Contributions	30,351	-	30,351	65,746
Government contracts	-	143,066	143,066	691,004
Rental income	51,970	-	51,970	50,817
Other income	22,657	-	22,657	154,680
Gain on sale of property	-	-	-	80,577
Net assets released from donor restrictions	334,265	(334,265)	-	-
Total Revenue and Other Support	**543,243**	**(56,199)**	**487,044**	**1,272,410**
Functional Expenses				
Program - Housing and stewardship	429,360	-	429,360	935,812
Supporting activities:				
Management and general	74,956	-	74,956	74,124
Fundraising	53,172	-	53,172	8,979
Total Functional Expenses	**557,489**	**-**	**557,489**	**1,018,916**
Change in Net Assets	**(14,246)**	**(56,199)**	**(70,445)**	**253,494**
Net assets, beginning of year	103,061	145,294	248,355	(5,139)
Net Assets, End of Year	**$ 88,815**	**$ 89,095**	**$ 177,910**	**$ 248,355**

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

Madison Area CLT Corporation
Consolidated Statement of Functional Expenses
Year Ended December 31, 2024

	Housing and Stewardship	Management and General	Fundraising	2024 Reviewed
Personnel	238,573	49,909	38,969	$ 327,451
Property development and maintenance	144,883	-	-	144,883
Legal and professional fees	18,922	9,968	1,234	30,123
Insurance	8,470	3,945	-	12,415
Consulting expenses	3,488	-	7,350	10,838
Marketing and advertising	5,392	-	4,790	10,182
Office rent	4,976	1,777	355	7,108
Staff development	-	6,375	-	6,375
Office expense	3,606	1,179	268	5,053
Miscellaneous expenses	1,052	1,803	206	3,061
Total	**$ 429,360**	**$ 74,956**	**$ 53,172**	**$ 557,489**

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

Madison Area CLT Corporation
Consolidated Statement of Functional Expenses
Year Ended December 31, 2023

	Housing and Stewardship	Management and General	Fundraising	2023 Audited
Property development and maintenance	$ 752,688	$ -	$ -	$ 752,688
Personnel	149,176	21,949	7,315	178,440
Legal and professional fees	14,010	17,613	674	32,297
Consulting expenses	-	19,601	-	19,601
Insurance	1,435	7,577	-	9,012
Marketing and advertising	7,978	-	901	8,879
Office rent	5,580	1,436	47	7,063
Office expense	4,946	1,273	42	6,261
Miscellaneous expenses	-	2,463	-	2,463
Staff development	-	2,212	-	2,212
Total	**$ 935,812**	**$ 74,124**	**$ 8,979**	**$ 1,018,916**

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

Madison Area CLT Corporation

Consolidated Statements of Cash Flows

Years Ended December 31, 2024 and 2023

	2024 Reviewed	2023 Audited
Operating Activities		
Change in net assets	$ (70,445)	$ 253,494
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Loan forgiveness	-	(53,823)
Gain on sale of property	-	(80,577)
ROU Amortization	7,108	7,063
Change in assets and liabilities		
Accounts receivable	(7,917)	(4,726)
Grants receivable	32,099	(87,029)
Other assets	519	(2,427)
Accounts payable	(28,714)	21,162
Operating lease liability	(7,280)	(6,756)
Net Cash Flows Provided by (Used in) Operating Activities	**(74,630)**	**46,381**
Investing Activities		
Sale of property held for sale	-	565,804
Net Cash Flows Provided by (Used in) Investing Activities	**-**	**565,804**
Financing Activities		
Payment of notes payable	-	(483,900)
Net Cash Flows Provided by (Used in) Financing Activities	**-**	**(483,900)**
Net Change in Cash and Cash Equivalent During The Year	**(74,630)**	**128,285**
Cash and cash equivalent - beginning of the year	381,140	252,855
Cash and Cash Equivalent - End of The Year	**$ 306,510**	**$ 381,140**
Supplemental Cash Flow Disclosure - non-cash items:		
Interest paid	$ -	$ 12,406

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

Madison Area CLT Corporation
Notes To Financial Statements
December 31, 2024 and 2023

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 2024.

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 is 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.

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 requires 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, 2024 and 2023, 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. At December 31, 2024 and 2023, all promises to give are receivable in less than one year.

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 homes expected to be sold within one year of acquisition. During the year ended December 31, 2023, the Organization sold two properties. At December 31, 2024 and 2023, the Organization didn't hold any properties for sale.

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 $14,216 ROU asset, and an approximate $14,216 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 easement compensations 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. Valuation of In-Kind Donations

Entities receiving contributions are to recognize them at the estimated fair value of the assets received. The estimated fair value of donations is based on the average wholesale value per item of donated product type as determined by an independent Organization or market value.

M. 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.

N. 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.

O. Advertising and Marketing

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

P. Reclassifications

Certain reclassifications have been made to the 2023 financial statements in order to conform to the 2024 presentation. There were no changes to previously reported Change in Net Assets as a result of the reclassifications.

Q. 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, 2024 and 2023, the Organization's cash balances exceeded the FDIC insurance limits by $18,378 and $131,140, respectively. 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.

R. Reclassification

Certain reclassifications have been made to the 2023 financial statements in order to conform to the 2024 presentation. There were no changes to previously issued financial statements as a result of the reclassifications.

S. Recent Accounting Guidance

The Organization has adopted ASU No. 2018-08, Not-For-Profit Entities (Topic 958) Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made. The new guidance helps distinguish if grants and contracts with resource providers are exchange transactions or contributions. Once a transaction is deemed to be a contribution, the ASU also provides guidance to help determine when a contribution is conditional and evaluates the possibility that a condition will not be met is remote. Unconditional contributions are recognized immediately and classified as either net assets with or without donor restrictions, while conditional contributions received are accounted for as a liability until the barriers to entitlement are overcome, at which point the transaction is recognized as unconditional and classified as either net assets with or without restrictions. The adoption of this standard for the year ended June 30, 2022 did not result in a change to the accounting for the Organization's revenue. Management believes the standard improves the usefulness and understandability of the Organization's financial reporting.

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 9.

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 years reduced by amounts not available for general expenditure as of December 31:

	2024 Reviewed	2023 Audited
Financial Assets		
Cash	$ 306,510	$ 381,140
Accounts and grants receivable	69,472	93,654
Total financial assets	**375,983**	**474,794**
Less amounts unavailable for general use:		
Net assets subject to donor restrictions	(89,095)	(145,294)
Financial assets available to cover cash needs for general expenditure over the next 12 months	**$ 286,888**	**$ 329,500**

The Organization maintains a policy of structuring its financial assets to be available as its general expenditures, 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 leases fees from homeowners and a one-time $4,998 fee for services rendered to another non-profit as of December 31, 2024, and 2023, as follows:

	2024 Reviewed	2023 Audited
Accounts receivable	$ 14,542	$ 6,625
Total Accounts Receivable	**$ 14,542**	**$ 6,625**

6. GRANTS RECEIVABLE

Grants receivable as of December 31, 2024 and 2023 were as follows:

	2024 Reviewed	2023 Audited
Grants receivable - grants	$ 35,000	$ 79,586
Grants receivable – Government grant	19,930	7,443
Total Grants Receivable	**$ 54,930**	**$ 87,029**

7. NOTES RECEIVABLE

Notes receivable consist of non-interest-bearing notes due from individuals as of December 31, 2024, and 2023 as follows:

	2024 Reviewed	2023 Audited
Notes receivables	$ 27,750	$ 27,750

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, 2024 and 2023, the Organization has land held in trust in the amount of $2,369,297 and $2,369,297, respectively.

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, 2024 and 2023 had the following balances:

	2024 Reviewed	2023 Audited
Troy Gardens Housing Land	$ 748,350	$ 748,350
Troy Gardens Conservancy	153,429	153,429
Other housing land loans	1,695,140	1,695,140
Total Deferred Loans	**$ 2,596,919**	**$ 2,596,919**

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 May, 2023 to May, 2025.

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:

	2024 Reviewed	2023 Audited
Operating lease expenses under ASC 842, Leases		
Office rent	$ 7,108	$ 7,063

	2024 Reviewed	2023 Audited
Assets		
ROU Assets	$ 2,961	$ 10,069
Liabilities		
Lease liabilities, current portion	3,096	7,281
Lease liabilities, net of current portion	-	3,095
	$ 3,096	**$ 10,376**

	2024 Reviewed	2023 Audited
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	$ 7,800	$ 4,550
ROU assets obtained in exchange for lease liabilities in non-cash transactions:		
Operating lease assets obtained in exchange for operating lease liabilities	$ 7,108	$ 7,063
Remaining lease term	5 months	17 months
Discount rate (1)	5%	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, 2024:

	Lease
FY 2025	$ 3,250
Total lease payments	**3,250**
Less: Interest	(155)
Present value of lease liabilities	**$ 3,096**

As of December 31, 2024 the term and discount rate for the Organization's lease were 5% and (5 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, 2024 and 2023 is $51,970 and $50,817, respectively. Future minimum rentals are $50,817 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. The revenue is recognized once the funds are received.

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 years ended December 31, 2024 and 2023, the Organization's total income from ground lease fees and easement compensation was $51,970 and $138,017, respectively, which was recognized at point of sale.

13. DESIGNATION AND RESTRICTIONS OF NET ASSETS

As of December 31, 2024 and 2023 net assets consisted of the following balances:

	2024 Reviewed	2023 Audited
Subject to the Passage of Time	25,000	50,000
Subject to Expenditure for Specified Purpose	64,095	95,294
Net assets with donor restrictions	$ 89,095	$ 145,294
Net assets without donor restrictions	88,815	103,061
	$ 177,910	**$ 248,355**

14. ADVERTISING

Advertising and promotion costs for the years ending December 31, 2024 and 2023 were $10,182 and $8,879 respectively. These costs were expensed as incurred.

15. SUBSEQUENT EVENTS

Management has evaluated subsequent events through September 29, 2025, 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.