



Columbia Community Land Trust

**Financial Statements with Accompanying Information
& Independent Accountant's Audit Report**

Year Ended December 31, 2020

Columbia Community Land Trust
Financial Statements with Accompanying Information
Year Ended December 31, 2020

Table of Contents

	<u>Page</u>
Independent Auditor's Report on Financial Statements	1-2
Financial Statements	
Statement of Financial Position	3
Statement of Activities and Change in Net Assets	4
Statement of Cash Flows	5
Supplementary Information	6-7
Notes to the Financial Statements	8-11



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Columbia Community Land Trust

Opinion

We have audited the accompanying financial statements of Columbia Community Land Trust (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Columbia Community Land Trust as of December 31, 2020, 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 Columbia Community Land Trust and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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, that raise substantial doubt about Columbia Community Land Trust'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 as a whole 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.

The accompanying notes are an integral part of the financial statements

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 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 Columbia Community Land Trust'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, that raise substantial doubt about Columbia Community Land Trust'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.

*Hauk Kruse & Associates, Inc.
Certified Public Accountants
Saint Louis, Missouri
January 25, 2022*

The accompanying notes are an integral part of the financial statements

Columbia Community Land Trust
Statement of Financial Position
December 31, 2020

	2020
Assets:	
Current assets	
Cash and cash equivalents	\$ 122,846
Account receivable	320
Prepaid expenses	1,885
Total current assets	125,051
Non current assets	
Land	264,998
Total non current assets	264,998
Other assets	
Construction in progress	42,134
Total other assets	42,134
Total assets	\$ 432,183
Liabilities and net assets:	
Liabilities:	
Current liabilities	
Accounts payable	\$ 69
Total current liabilities	69
Total liabilities	69
Net assets:	
Without donor restrictions	167,116
With donor restriction	264,998
Total net assets	432,113
Total liabilities and net assets	\$ 432,183

The accompanying notes are an integral part of the financial statements

Columbia Community Land Trust

Statement of Activities

Year Ended December 31, 2020

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, gains, and other support:			
Contributions of cash and other financial support	\$ 124,297	\$ -	\$ 124,297
Contributions of nonfinancial assets	58,195	100,250	158,445
Government grants	42,134	-	42,134
Ground lease fees	4,510	-	4,510
Other	2,870	-	2,870
Home sales proceeds	249,328	-	249,328
Less: Cost of homes sold	(264,058)	-	(264,058)
Lease subsidy	(27,000)	-	(27,000)
Settlement and commission charges	(13,442)	-	(13,442)
Net home sales proceeds (Loss)	(55,172)	-	(55,172)
Net assets released from restrictions:			
Satisfaction of program restrictions	-	-	-
Expiration of time restrictions	-	-	-
Total revenues, gains, and other support	176,834	100,250	277,084
Expenses:			
Advertising	2,138	-	2,138
Bank charges & fees	290	-	290
Insurance	7,664	-	7,664
Interest expense	594	-	594
Membership dues & subscriptions	400	-	400
Office supplies & software	812	-	812
Repairs and maintenance	5,907	-	5,907
Salaries - inkind	54,583	-	54,583
Taxes & licenses	20	-	20
Professional services			
Accounting fees	2,300	-	2,300
Legal fees	2,432	-	2,432
Other professional fees	5,800	-	5,800
	86,552	-	86,552
Change in net assets	90,282	100,250	190,532
Net assets at beginning of year	76,833	164,748	241,581
Net assets at end of year	\$ 167,116	264,998	\$ 432,113

The accompanying notes are an integral part of the financial statements

Columbia Community Land Trust
Statement of Cash Flows
For Year Ending December 31, 2020

	2020
Change in Net Assets	\$ 190,532
Adjustments to reconcile increase (decrease) in net assets to cash provided by operating activities :	
In-Kind donations	(100,250)
Change in assets and liabilities:	
(AIncrease) decrease in Accounts Receivable	(80)
(AIncrease) decrease in Prepaid Expenses	(1,885)
(AIncrease) decrease in Construction in process	185,588
Increase (decrease) in Accounts Payable	(61)
Net Cash Provided (used) by operating Activities	273,844
Cash flows from Investing activities	-
Net Cash Used by Investing Activities	-
Cash flows from Financing activities	
Loan proceeds	23,084
Loan Payments	(200,859)
Net cash provided (used) by Financing activities	(177,775)
Change in Cash and Cash Equivalents	96,069
Cash at Beginning of Period	26,777
Cash at End of Period	\$ 122,846

Supplemental Disclosure of Cash Flow Information

Cash Paid During the Year for Interest Expense	594
Loan acquired to purchase home	108,307

The accompanying notes are an integral part of the financial statements

Supplementary Information

The accompanying notes are an integral part of the financial statements

Columbia Community Land Trust

Statement of Activities

Year Ended December 31, 2020

	Total	Program	Admin	Fundraising
Advertising & Marketing	\$ 2,138	\$ 0	\$ 398	\$ 1,740
Bank Charges & Fees	290	287	3	
Insurance	7,664	7,268	330	66
Interest Expense	594	594	-	-
Membership Dues & subscriptions	400	-	400	
Office Rent	3,612	3,395	181	36
Office Supplies & Software	785	30	755	
Professional Services				
Accounting fees	2,300	-	2,300	-
Legal Fees	2,432	949	1,054	430
Professional Fees	5,800	800	5,000	-
QuickBooks Payments Fees	27	27	-	-
Repairs & Maintenance	5,907	5,907	-	-
Salaries - In-kind	54,583	51,308	2,729	546
Taxes & Licenses	20	-	20	-
Total Expenditures	<hr/> \$ 86,552	<hr/> \$ 70,565	<hr/> \$ 13,169	<hr/> \$ 2,818

The accompanying notes are an integral part of the financial statements

Note 1: Summary of Significant Accounting Policies

Nature of Organization

The Columbia Community Land Trust (the “Trust”) is a Missouri nonprofit, community-based corporation created on November 3, 2016. The Columbia Community Land Trust was established as a community land trust in Columbia Missouri to create and preserve a permanent supply of affordable homes for low-income households otherwise unable to afford homeownership.

Funding for the Trust is primarily derived through grants, public donations, and home sale proceeds. Funds received are used for construction of affordable housing for future resale to low-income families.

Basis of Accounting

The accompanying financial statements have been prepared on an accrual basis and in conformity with the standards promulgated by the American Institute of Certified Public Accountants. Revenues are recognized when earned and expenses when incurred.

Cash and Cash Equivalents

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash on hand and cash held in checking accounts. The Trust considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. Cash and cash equivalents are comprised of two non-interest bearing checking accounts at December 31, 2020.

Income Tax Status

The Trust qualifies as a tax exempt corporation under Section 501(c)(3) of the U.S. Internal Revenue Code, and is not a private foundation pursuant to section 509(a) of the code. The trust is not required to file an annual Form 990, Return of Organization Exempt from Income Tax.

Contributions

All contributions are considered to be available for the general program of the Organization unless specifically restricted by the donor. The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Contributions that are restricted by the donors are reported as an increase in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are received.

Contributed Goods and Services

The Trust reports amounts in the financial statements for voluntary donations of goods and services when those goods or services create or enhance non-financial assets or require specialized skills provided by individuals possessing those skills. These goods and services would be typically purchased if not provided by donation and the amounts involved can be objectively measured.

Functional Expenses

The costs of providing the program and activities have been summarized on a functional basis in the Note #10. Accordingly, certain costs have been allocated among the program and supporting services benefited.

Net Assets

The Trust reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors; net assets without donor restrictions and net assets with donor restrictions.

Use of Estimates

The preparation of 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, liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from estimated amounts.

Note 1: Restrictions on Cash

Land Trust shall retain \$2,500 per home under construction for a total of \$12,500 of funding for the sole purpose of providing interim interest payments to the bank. The required reserve at December 31, 2020 was \$2,500.

Note 2: Accounts Receivable

Accounts receivable consist of ground lease fees from home owners and is considered fully collectable at December 31, 2020. No allowance for uncollectable accounts has been recorded.

Note 3: Land

Land consists entirely of real estate donated by the City of Columbia for the use of building and providing affordable homeownership within the City of Columbia.

Note 4: Net Assets with Donor Restrictions

Net Assets with donor restrictions consists of the following at December 31, 2020: Permanent restriction of Land Donations from the City of Columbia \$264,998.

The City of Columbia has donated land to the Land Trust for the purpose of building homes that can be sold as affordable to low-income households. The Land Trust maintains ownership of the land when the homes are sold. Should the Land Trust cease to exist or fail to be able to build and provide affordable housing options to low-income households, the land will be conveyed back to the City of Columbia.

The organization chooses to report donor-imposed contributions whose restrictions are met in the same reporting period as support without donor-restrictions.

Note 5: Construction in Progress and home inventory

Construction in progress consists of home building costs that have been capitalized as part of the cost of building homes. At December 31, 2019 and 2020 construction in progress consists of one home in the process of being built and sold to an eligible applicant. When the home is completed it will be added to the home inventory assets until it is sold. The homes in inventory at the end of each year end were completed and sold in the following year.

Note 6: Fair Value of Financial Instruments

Due to their short-term nature, the carrying value of cash, short-term receivables, accounts payable, and other liabilities, approximates their fair value at December 31, 2020.

Note 7: Contributed Nonfinancial Assets

All contributed nonfinancial assets are received from the City of Columbia. In an effort by the City to expand affordable housing in the City of Columbia, the City provides the Trust with support at no charge to the Trust. For the years ended December 31, 2020 contributed nonfinancial assets recognized within the statement of activities included:

2020	
Land	\$ 100,250
Services	54,583
Free use of office space	<u>3,612</u>
	<u><u>\$ 158,445</u></u>

The land is valued at what the City paid for the land. Services are valued based on the time the City spends for covering the salaries, taxes, and benefits of the employees. Office space is based on amount of office space the City has provided for exclusive use and is based on fair value of office rent in the area the office is in.

Note 8: Leasing Activities

As part of the agreement of the sale of the home, the Trust maintains ownership of the land in the form of a ground lease for 99 years. The homeowner is required to pay the trust a \$30 Ground lease fee for the right to possess, occupy and use the land. Additionally, the homeowner pays a Repair Reserve fee of \$10 per month to the Trust for the purpose of preserving the physical quality of the home for the long term. A total of \$4,510 was received for the land lease and repair fund for the year ended December 31, 2020.

Note 9: Concentration of Revenues

The City of Columbia provides contributed goods and services to the Trust for Salaries and office space rental along with operations grants. For the year ended December 31, 2020 the City of Columbia provided approximately 90% of the Trust's Revenues.

Note 10: Functional Classification of Expenses

A breakdown of Columbia Community Land Trust's classification of functional expenses can be seen on page 7 of the financials.

Note 11: Related Parties

The city of Columbia is considered a related party due to the nature of the relationship along with the amount of support provided by the city. The nature of the transactions that occurred between the two entities has been described in note 7 above.

Note 12: Subsequent Events

In accordance with ASC 855, the Columbia Community Land Trust evaluated subsequent events through December 14, 2021, the date these financial statements were issued. There were no material subsequent events that required recognition or additional disclosure in these financial statements.