



CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTAL SCHEDULES

Years Ended December 31, 2021 and 2020

TABLE OF CONTENTS

INDEPENDENT AUDITORS' REPORT	1-2
CONSOLIDATED FINANCIAL STATEMENTS	
Consolidated Statements of Financial Position	3
Consolidated Statements of Activities.....	4-5
Consolidated Statements of Functional Expenses	6-7
Consolidated Statements of Cash Flows	8
Notes to Consolidated Financial Statements	9-15
SUPPLEMENTARY INFORMATION	
Consolidating Schedules of Financial Position	16-17
Consolidating Schedules of Activities	18-19



Independent Auditors' Report

Members of the Board of Directors
Anchorage Community Land Trust
Anchorage, Alaska

Opinion

We have audited the accompanying consolidated financial statements of Anchorage Community Land Trust (a nonprofit organization) and subsidiaries, which comprise the consolidated statements of financial position as of December 31, 2021 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 Anchorage Community Land Trust and subsidiaries as of December 31, 2021 and 2022, and the changes in their net assets and their 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 audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Anchorage 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 Anchorage 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.

Auditors' 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. 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 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 Anchorage 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 Anchorage 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.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary consolidating schedules on pages 16-19 are presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Hutchings & Associates CPAs

Anchorage, Alaska

July 7, 2022

ANCHORAGE COMMUNITY LAND TRUST
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

December 31, 2021 and 2020

	2021	2020
ASSETS		
Current assets		
Cash and cash equivalents		
Unrestricted	\$ 2,050,076	\$ 2,039,173
Restricted	889,489	153,753
Held by agent	227,855	95,727
Accounts receivable, net	23,363	48,289
Prepaid expenses and deposits	28,884	23,675
Notes receivable, current portion	5,833	40,281
Total current assets	3,225,500	2,400,898
Noncurrent assets		
Property and equipment, net	6,681,026	7,096,620
Investment in MK Partners LLC	700,000	700,000
Note receivable, long-term portion	250,000	288,739
Total noncurrent assets	7,631,026	8,085,359
Total assets	\$ 10,856,526	\$ 10,486,257
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 71,757	\$ 38,425
Accrued expenses	52,236	56,230
Prepaid rents and deposits	46,516	85,675
Refundable advances	41,091	68,078
Equity option agreement, current portion	35,000	34,957
Current portion, long-term debt	-	3,317
Total current liabilities	246,600	286,682
Long-term liabilities		
Equity option agreement, long-term portion	163,333	198,376
Long-term debt	977,000	1,037,570
Total long-term liabilities	1,140,333	1,235,946
Total liabilities	1,386,933	1,522,628
Net assets		
Without donor restrictions	8,667,710	8,963,629
With donor restrictions	801,883	-
Total net assets	9,469,593	8,963,629
Total liabilities and net assets	\$ 10,856,526	\$ 10,486,257

See accompanying notes and independent auditors' report.

ANCHORAGE COMMUNITY LAND TRUST
CONSOLIDATED STATEMENT OF ACTIVITIES

Years Ended December 31, 2021

	<u>Without Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Operating support and revenues			
Contributions			
Grants	\$ 41,166	\$ 1,179,619	\$ 1,220,785
Corporate	27,750	-	27,750
Individual	11,477	-	11,477
	<u>80,393</u>	<u>1,179,619</u>	<u>1,260,012</u>
Property rental income	1,035,773	-	1,035,773
Contract revenue	5,700	-	5,700
Other	1,593	-	1,593
Release from restrictions	377,736	(377,736)	-
Total operating support and revenues	<u>1,501,195</u>	<u>801,883</u>	<u>2,303,078</u>
Operating expenses			
Real estate	923,216	-	923,216
Economic development	453,839	-	453,839
Community development	34,588	-	34,588
General and administrative	280,116	-	280,116
Fundraising	101,082	-	101,082
Total operating expenses	<u>1,792,841</u>	<u>-</u>	<u>1,792,841</u>
Non-operating income (expense)			
Interest income	4,202	-	4,202
Interest expense	(10,394)	-	(10,394)
Gain on asset disposal	1,919	-	1,919
Total non-operating income (expense), net	<u>(4,273)</u>	<u>-</u>	<u>(4,273)</u>
Changes in net assets	(295,919)	801,883	505,964
Net assets, beginning of year	<u>8,963,629</u>	<u>-</u>	<u>8,963,629</u>
Net assets, end of year	<u>\$ 8,667,710</u>	<u>\$ 801,883</u>	<u>\$ 9,469,593</u>

See accompanying notes and independent auditors' report.

ANCHORAGE COMMUNITY LAND TRUST
CONSOLIDATED STATEMENT OF ACTIVITIES

Years Ended December 31, 2020

	<u>Without Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Operating support and revenues			
Contributions			
Grants	\$ 312,006	\$ -	\$ 312,006
Corporate	77,703	-	77,703
Individual	40,300	-	40,300
	<u>430,009</u>	<u>-</u>	<u>430,009</u>
Property rental income	1,024,054	-	1,024,054
Contract revenue	14,000	-	14,000
Other	3,706	-	3,706
Total operating support and revenues	<u>1,471,769</u>	<u>-</u>	<u>1,471,769</u>
Operating expenses			
Real estate	968,814	-	968,814
Economic development	319,033	-	319,033
Community development	142,247	-	142,247
General and administrative	104,093	-	104,093
Fundraising	119,637	-	119,637
Total operating expenses	<u>1,653,824</u>	<u>-</u>	<u>1,653,824</u>
Non-operating income (expense)			
Interest income	6,157	-	6,157
Interest expense	(11,886)	-	(11,886)
Total non-operating income (expense), net	<u>(5,729)</u>	<u>-</u>	<u>(5,729)</u>
Changes in net assets	(187,784)	-	(187,784)
Net assets, beginning of year	<u>9,151,413</u>	<u>-</u>	<u>9,151,413</u>
Net assets, end of year	<u>\$ 8,963,629</u>	<u>\$ -</u>	<u>\$ 8,963,629</u>

See accompanying notes and independent auditors' report.

ANCHORAGE COMMUNITY LAND TRUST
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
Years Ended December 31, 2021

	Program Services				Supporting Services			Total Program and Supporting Services
	Real Estate	Economic Development	Community Development	Total Program Services	General and Administrative	Fundraising	Total Supporting Services	
Salaries and benefits	\$ 87,625	\$ 336,460	\$ 32,419	\$ 456,504	\$ 123,171	\$ 81,048	\$ 204,219	\$ 660,723
Depreciation	414,980	-	-	414,980	9,081	-	9,081	424,061
Repairs and maintenance	189,411	-	-	189,411	973	-	973	190,384
Telephone and utilities	168,544	-	-	168,544	10,256	-	10,256	178,800
Professional fees	-	77,306	-	77,306	86,488	6,521	93,009	170,315
Postage and supplies	-	15,198	500	15,698	11,696	2,149	13,845	29,543
Insurance	18,382	5,727	614	24,723	1,739	1,534	3,273	27,996
Property management	26,800	-	-	26,800	-	-	-	26,800
Dues and subscriptions	-	727	-	727	19,045	1,680	20,725	21,452
Technical assistance	-	13,225	-	13,225	-	-	-	13,225
Bad debt	11,230	-	-	11,230	-	-	-	11,230
Meals and entertainment	-	1,563	-	1,563	7,634	20	7,654	9,217
Advertising and events	-	280	1,055	1,335	20	7,461	7,481	8,816
Staff development	286	256	-	542	6,869	615	7,484	8,026
Property taxes	5,958	-	-	5,958	-	-	-	5,958
Bank and investment fees	-	22	-	22	5,004	54	5,058	5,080
Miscellaneous	-	3,075	-	3,075	(2,047)	-	(2,047)	1,028
Travel and training	-	-	-	-	136	-	136	136
Board meetings	-	-	-	-	51	-	51	51
	<u>\$ 923,216</u>	<u>\$ 453,839</u>	<u>\$ 34,588</u>	<u>\$ 1,411,643</u>	<u>\$ 280,116</u>	<u>\$ 101,082</u>	<u>\$ 381,198</u>	<u>\$ 1,792,841</u>

See accompanying notes and independent auditors' report.

ANCHORAGE COMMUNITY LAND TRUST
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Years Ended December 31, 2020

	Program Services				Supporting Services			Total Program and Supporting Services
	Real Estate	Economic Development	Community Development	Total Program Services	General and Administrative	Fundraising	Total Supporting Services	
Salaries and benefits	\$ 133,062	\$ 232,066	\$ 97,742	\$ 462,870	\$ 48,872	\$ 86,882	\$ 135,754	\$ 598,624
Depreciation	412,531	-	-	412,531	14,282	-	14,282	426,813
Telephone and utilities	171,283	3,158	1,354	175,795	1,231	1,203	2,434	178,229
Repairs and maintenance	172,980	-	-	172,980	-	-	-	172,980
Professional fees	5,717	16,009	6,861	28,587	25,650	6,099	31,749	60,336
Property management	41,688	-	-	41,688	-	-	-	41,688
Technical assistance	-	37,041	-	37,041	-	-	-	37,041
Community development workplan	-	-	28,643	28,643	-	-	-	28,643
Insurance	15,940	4,287	1,837	22,064	919	1,633	2,552	24,616
Postage and supplies	2,740	7,676	3,290	13,706	2,101	2,924	5,025	18,731
Development and community workplan	-	-	-	-	-	18,656	18,656	18,656
Set-up shop operations	-	12,790	-	12,790	-	-	-	12,790
Staff development	1,168	3,268	1,401	5,837	700	1,245	1,945	7,782
Dues and subscriptions	932	2,611	1,119	4,662	1,441	995	2,436	7,098
Property taxes	5,913	-	-	5,913	-	-	-	5,913
Bank and investment fees	514	-	-	514	5,124	-	5,124	5,638
Meals and entertainment	-	-	-	-	3,027	-	3,027	3,027
Bad debt	3,000	-	-	3,000	-	-	-	3,000
Site improvements	1,346	-	-	1,346	-	-	-	1,346
Board meetings	-	-	-	-	746	-	746	746
Travel and training	-	127	-	127	-	-	-	127
	<u>\$ 968,814</u>	<u>\$ 319,033</u>	<u>\$ 142,247</u>	<u>\$ 1,430,094</u>	<u>\$ 104,093</u>	<u>\$ 119,637</u>	<u>\$ 223,730</u>	<u>\$ 1,653,824</u>

See accompanying notes and independent auditors' report.

ANCHORAGE COMMUNITY LAND TRUST
CONSOLIDATED STATEMENTS OF CASH FLOWS

Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Operating activities		
Changes in net assets	\$ 505,964	\$ (187,784)
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Depreciation	424,061	426,813
Bad debt	11,230	3,000
Changes in assets and liabilities		
Accounts receivable	22,996	(31,134)
Prepaid expenses and deposits	(5,209)	(7,101)
Accounts payable	33,332	(31,187)
Accrued expenses	(3,994)	18,684
Prepaid rents and deposits	(39,159)	(11,433)
Refundable advances	(26,987)	(23,885)
Equity option agreement	(35,000)	(35,000)
Net cash provided (used) by operating activities	<u>887,234</u>	<u>120,973</u>
Investing activities		
Issuance of notes receivable	-	(40,327)
Purchase of property and equipment	(36,967)	(64,106)
Net cash provided (used) in investing activities	<u>(36,967)</u>	<u>(104,433)</u>
Financing activities		
Proceeds from asset sale	28,500	-
Net cash provided (used) in financing activities	<u>28,500</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	878,767	16,540
Cash and cash equivalents, beginning of year	<u>2,288,653</u>	<u>2,272,113</u>
Cash and cash equivalents, end of year	<u>\$ 3,167,420</u>	<u>\$ 2,288,653</u>
Cash and cash equivalents are comprised of		
Unrestricted	\$ 2,050,076	\$ 2,039,173
Restricted	889,489	153,753
Held by agent	227,855	95,727
	<u>\$ 3,167,420</u>	<u>\$ 2,288,653</u>
Supplemental cash flow disclosures		
Interest paid	<u>\$ 10,394</u>	<u>\$ 11,886</u>

See accompanying notes and independent auditors' report.

ANCHORAGE COMMUNITY LAND TRUST
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2021 and 2020

1. Nature of Activities and Accounting Policies

Organization

Anchorage Community Land Trust is a private, nonprofit corporation formed in November 2003, to promote educational, social, and cultural opportunities for the citizens of the State of Alaska and to minimize community deterioration in Anchorage neighborhoods by promoting the development, rehabilitation, and maintenance of available land in distressed areas of Anchorage.

The Organization's overall objectives are fundamental to the following revitalization initiatives:

- Promote infrastructure projects that will improve the quality of life within the Mountain View neighborhood.
- Invest in long-term economic and social development strategies which will create opportunities for the community, thus attracting people to visit, live, work, and play in the area.
- Actively involve the community in the revitalization effort and develop a strong community through resident leadership.
- To systematically motivate a vibrant arts and cultural district that reflects the cultural richness of the people who live and serve as an artistic center for the community at large.

Principles of Consolidation

Consolidation decisions are based on Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 810, Consolidation. The equity method is used to account for investments in subsidiaries in which the Organization exerts significant influence. All significant intercompany transactions and balances have been eliminated in consolidation.

The consolidated financial statements include the activities of Anchorage Community Land Trust and its subsidiaries, ACLT Properties 1, LLC; P1, Inc.; P2, Inc.; and P3, Inc. (collectively, the Organization).

- ACLT Properties 1, LLC is an Alaska Limited Liability Company and was established on October 10, 2005 to acquire, construct, own, renovate, improve, finance, lease, manage, and operate project property so as to qualify for new market tax credits in order to qualify for active low-income community investments.
- During 2019 the Organization restructured and formed three new companies P1, Inc., and P2, Inc. both 501(c)(2) non-profits, and P3, Inc. an Alaska Limited Liability Company organized under AS 10.50. Assets and operations were transferred to these companies respectively according to each company's function.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with the accounting principles generally accepted in the United States of America. Under the accrual method, revenues are recognized when earned and expenses and liabilities are recognized when incurred.

See independent auditors' report.

ANCHORAGE COMMUNITY LAND TRUST

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2021 and 2020

1. Nature of Activities and Accounting Policies Continued

Basis of Presentation

The presentation of the Organization's financial statements follows Generally Accepted Accounting Principles (GAAP). The financial statements include assets, liabilities, net assets, and financial activities for those programs for which the Organization exercises fiscal and operational control. The Organization is required to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

Net assets with donor restrictions - Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique.

The estimated fair values of the Organization's short-term financial instruments, including cash, cash equivalents, accounts receivables, and accounts payables arising in the ordinary course of business, approximate their individual carrying amounts due to the relatively short period of time between their origination and expected realization.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and judgements that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from these estimates, particularly given the significant social and economic disruptions and uncertainties associated with the ongoing COVID-19 pandemic and the COVID-19 control responses, and such differences may be material.

Cash and Cash Equivalents

For purposes of statements of cash flows, the Organization considers unrestricted cash and all short-term investments with an initial maturity of three months or less to be cash equivalents.

Accounts, Notes and Grants Receivable

Management estimates the collectability of accounts receivable and establishes an allowance account accordingly. Receivables are written off when all collection efforts have been exhausted and are deemed uncollectible on a case-by-case basis by management. The allowance for doubtful accounts was \$0 and \$13,000 at December 31, 2021 and 2020, respectively.

Prepaid Expenses and Deposits

Payments made to vendors for services that will benefit periods beyond the December 31 year end are recorded as prepaid expenses and deposits.

See independent auditors' report.

ANCHORAGE COMMUNITY LAND TRUST
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2021 and 2020

1. Nature of Activities and Accounting Policies Continued

Property and Equipment

Property and equipment are recorded at cost. The Organization follows the practice of capitalizing all expenditures for land, buildings and equipment in excess of \$5,000 with a useful life greater than one year. Depreciation is computed on straight line method based upon the estimated useful lives of the assets: Buildings (10 to 30 years) and Furniture and Equipment (3 to 10 years). Land and work in progress is not depreciated. Maintenance and repairs are expensed when incurred.

Investments in Related Companies and Non-profits

Investments in entities where the Organization has significant influence are accounted for using the equity method of accounting, whereby the Organization's pro rata share of the earnings or losses of each investment is included in the consolidated statements of operations and the undistributed earnings or losses are reported as an increase or decrease in the investment balance. Distributions are reported as a decrease in investment balance when received.

In 2019 the Organization invested \$700,000 in MK Partners, LLC to obtain 20% of a .01% interest in the company.

Support and Revenues

Property rent income - P1, Inc., P2, Inc., and P3, Inc. generate a significant source of operating revenues through rental income which is recognized when earned in accordance with the terms of the rental agreements and accounting principles generally accepted in the United States of America.

Contributions - Much of the Organization's support is derived from grants from government, foundation and corporate funders requested to fund projects or program efforts as proposed by the Organization. Each grant is evaluated to identify donor restrictions and conditions on award. Donor-imposed conditions impose or imply both a right of return and a barrier to meet before the Organization is entitled to the funding. If conditions are applied to a grant, the Organization records any funds received prior to conditions being met as refundable advances and recognizes revenue as conditions are met. Grants that require the Organization to spend funds as proposed in an application or budget and impose a right of return but define no deliverables or outcomes on which funding is contingent are not considered conditional and are recognized as restricted contributions in the period received. Revenue from reimbursable grants is recognized when eligible expenses are incurred.

Contributed Services - Donated services are recognized as contributions in accordance with *FASB ASC 958, Accounting for Contributions Received and Contributions Made*, if the services (1) create or enhance nonfinancial assets or (2) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. In-kind contributions for space, supplies, and professional services are recorded in the statement of activities at market value and recognized as revenue and expenses in the period they are received, except for donated equipment, which is recorded as revenue in the period received and the asset is depreciated over its estimated useful life.

Program and Supporting Services

Real Estate includes all projects and costs associated with the various real estate projects of the Organization.

Economic Development includes all projects intended to promote and improve quality of life through the development of jobs and economic prospects within Anchorage.

Community Development includes all projects intended to promote and improve quality of life through the development of arts and culture within Anchorage.

See independent auditors' report.

ANCHORAGE COMMUNITY LAND TRUST
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2021 and 2020

1. Nature of Activities and Accounting Policies Continued

General and administrative includes the functions necessary to perform administrative tasks and other general operations not specifically related to a specific program or related to fundraising.

Fundraising provides the structure necessary to encourage and secure financial support from individuals, foundations, and corporations.

Income Taxes

Anchorage Community Land Trust is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. P1, Inc., and P2, Inc., are exempt from federal income taxes under Section 501(c)(2) of the Internal Revenue Code. ACLT Properties 1, LLC, and P3, LLC, are for-profit limited liability companies which may generate some unrelated business income tax from LLC operation that do not meet the exempt purpose of Anchorage Community Land Trust.

Management and those charged with governance do not believe there have been any unrelated business activities in 2021 and 2020, therefore no provision for income taxes has been included in the accompanying financial statements.

The Organization applies the provisions of Topic 740 of the FASB Accounting Standards Codification relating to accounting for uncertainty in income taxes and annually reviews its tax positions taken in accordance with the recognition standards. ACLT classifies all interest and penalties related to tax contingencies as income tax expense. As of December 31, 2021 and 2020, there were no accrued interest or penalties related to tax contingencies. As of December 31, 2021 and 2020 there were no uncertain tax positions or unrecognized tax benefits for which management believes it is reasonably possible that the total amounts of tax contingencies will significantly increase or decrease within 12 months of the reporting date. Anchorage Community Land Trust, ACLT Properties 1, LLC; P1 Inc.; P2 Inc.; and P3, LLC file tax returns in the U.S. Federal Jurisdiction and the State of Alaska. As of 2021, the tax years that remain subject to examination begins with 2019.

Advertising

Advertising costs totaled \$8,816 and \$0 as of December 31, 2021 and 2020, respectively, and consists of non-direct response advertising which is expensed as incurred.

Functional Expense Allocations

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities. The Consolidated Statements of Functional Expenses presents the natural classification of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated include occupancy and depreciation, which are allocated on a square footage basis, as well as personnel costs, professional services, office expenses, information technology, insurance, and other, which are allocated on the basis of estimates of time and effort.

Reclassifications

Certain amounts in the prior year consolidated financial statements have been reclassified to conform to the current period financial statement presentation. These reclassifications have no effect on previously reported change in net assets.

See independent auditors' report.

ANCHORAGE COMMUNITY LAND TRUST
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2021 and 2020

2. Availability and Liquidity

The following represents the Organization's financial assets at December 31:

	2021	2020
Cash and cash equivalents	\$ 3,167,420	\$ 2,288,653
Accounts receivables, net	23,363	48,289
	3,190,783	2,336,942
Less: Donor restricted amounts	(801,882)	-
	\$ 2,388,901	\$ 2,336,942

As part of the liquidity management plan, the Organization maintains sufficient cash balances to meet short term debt obligations, and operation needs. The Organization monitors accounts receivable aging balances periodically to determine if balances are still considered collectable in the short term.

3. Cash and Cash Equivalents

Cash and cash equivalent activity of the Organization is transacted in various accounts maintained in local financial institutions. Cash held by agent consists of security deposits and operating cash from lessees that are remitted to a management company and had a balance of \$227,855 and \$95,727 at December 31, 2021 and 2020, respectively. Accounts per financial institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The Organization had an uninsured balance of \$2,374,967 and \$1,651,590 as of December 31, 2021 and 2020, respectively.

4. Property and Equipment

Property and equipment are comprised of the following as of December 31:

	2021	2020
Buildings	\$ 10,653,884	\$ 10,653,769
Land	2,122,907	2,117,157
Furniture and equipment	496,555	496,554
	13,273,346	13,267,480
Less: Accumulated depreciation	(6,592,320)	(6,170,860)
Property and equipment, net	\$ 6,681,026	\$ 7,096,620

Depreciation expense totaled \$424,061 and \$426,813 for the years ended December 31, 2021 and 2020, respectively.

See independent auditors' report.

ANCHORAGE COMMUNITY LAND TRUST
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2021 and 2020

5. Notes Receivable

The Organization had numerous notes receivables which were provided to businesses within Anchorage as well as a \$250,000 note receivable issued to Marina Karina Limited Partnership. Notes receivables were secured by various underlying property. The Organization maintained a \$22,000 loan loss reserve at December 31, 2020, which due to the high risk nature of the loans provided, was maintained to offset potential defaults on loans. The loans were taken off the books as the assets were repossessed and sold or arrangements were made to transfer the responsibility. Notes receivable at December 31, 2021 and 2020, is as follows:

	2021	2020
Notes receivable	\$ 255,833	\$ 351,020
Loan loss reserve	-	(22,000)
Notes receivable, net	255,833	329,020

6. Long-term Debt

A summary of long-term debt follows at December 31:

	2021	2020
Camp Fire USA Alaska Council note payable, interest only payments of \$10,845, interest rate 1.11% through July 31, 2023, then the interest rate increases to the prime rate posted on that day and interest only payments until due date of January 25, 2036, secured by a building with a net book value of \$3,747,851	\$ 977,000	\$ 977,000
Municipality of Anchorage d/b/a the 49th State Angel Fund note payable, interest rate 1.25%, principal and all accrued interest due January 31, 2025 - six years from the issuance of the note.	-	50,000
Cook Inlet Lending Center note payable, interest rate 3.00% through September 13, 2023 with monthly payments of \$307 and a balloon payment due at the end for outstanding principal and interest, secured by a vehicle.	-	13,887
	\$ 977,000	\$ 1,040,887

The only scheduled payment on long-term debt is \$977,000 which is due in 2036.

See independent auditors' report.

ANCHORAGE COMMUNITY LAND TRUST

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2021 and 2020

7. Equity Option Agreement

In 2007, the Organization entered into an “Equity Option Agreement” with a tenant in the facility owned and managed by ACLT Properties 1, LLC. The agreement created the following options for the tenant exercisable after the end of its ten year lease: 1) Conveyance of Equity Interest – this option would convey to the tenant a 7% equity interest in ACLT Properties 1, LLC, 2) Alternative Right to Payment – this option would entitle the tenant to a cash payment equivalent to a 7% interest in ACLT Properties 1, LLC, and 3) Alternative Right to Lease Extension – this option entitles the tenant to elect to extend their lease for five years, with an additional five year extension reducing market rate rent for an amount equivalent to a 7% interest in ACLT Properties 1, LLC. Option 3 was exercised in September 2018 resulting in a lease extension for a period of five years with the option to renew at the end of five years. The equity option was valued at \$850,000. When the option was exercised it was appraised at \$350,000, resulting in a \$500,000 gain. At the end of the 5-year lease, tenant has an option to extend the lease or be paid the lump-sum amount of the remaining rent reduction of \$175,000. The unamortized value was \$198,333 and \$233,333 at December 31, 2021 and 2020, respectively.

8. Net Assets with Donor Restrictions

Net assets with donor restrictions at December 31, 2021 are restricted for the Economic Development Program.

9. Related Parties

Certain members of the Organization’s board of directors provided funding to the Organization. For the year ended December 31, 2021 and 2020, the Organization recognized \$3,121 and \$1,150, respectively, in revenue from these contributions.

10. Commitments and Contingencies

The Organization from time to time is involved in claims, lawsuits, personnel matters, etc., made against it relating to the conduct of its business. In the opinion of management, the outcome of any pending claims will not have a material effect on the Organization’s consolidated financial statements. Additionally, the Organization is subject to various commitments and contingencies that arise during the normal course of business. Management does not believe these commitments or contingencies will have a significant negative impact on the Organization’s financial position, results of operations, or liquidity. The Organization participates in a federal financial assistance program. The amount of grant expenses, which may be questioned by granting agencies, cannot be determined at this time.

10. Subsequent Events

In accordance with ASC 855-10, Subsequent Events, the Organization has evaluated all events or transactions that occurred after December 31, 2021, through July 7, 2022, the date the consolidated financial statements were available to be issued. No significant events have been identified that would require adjustment of the accompanying consolidated financial statements.

See independent auditors’ report.

SUPPLEMENTARY INFORMATION

ANCHORAGE COMMUNITY LAND TRUST

CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
December 31, 2021

	<u>ACLT</u>	<u>P1</u>	<u>P2</u>	<u>P3</u>	<u>Eliminations</u>	<u>Total</u>
ASSETS						
Current assets						
Cash and cash equivalents						
Unrestricted	\$ 793,666	\$ 1,207,212	\$ 39,914	\$ 9,284	\$ -	\$ 2,050,076
Restricted	842,973	36,375	9,541	600	-	889,489
Held by agent	-	131,249	96,606	-	-	227,855
Accounts receivable, net	33,662	-	5,084	4,834	(20,217)	23,363
Prepaid expenses and deposits	16,704	9,243	2,154	783	-	28,884
Notes receivable, current portion	5,833	-	-	-	-	5,833
Total current assets	<u>1,692,838</u>	<u>1,384,079</u>	<u>153,299</u>	<u>15,501</u>	<u>(20,217)</u>	<u>3,225,500</u>
Noncurrent assets						
Property and equipment, net	56,687	4,453,779	918,904	1,331,179	(79,523)	6,681,026
Investment in MK Partners LLC	700,000	-	-	-	-	700,000
Note receivable, long-term portion	250,000	-	-	-	-	250,000
Investment in subsidiary	6,970,387	-	-	-	(6,970,387)	-
Total noncurrent assets	<u>7,977,074</u>	<u>4,453,779</u>	<u>918,904</u>	<u>1,331,179</u>	<u>(7,049,910)</u>	<u>7,631,026</u>
Total assets	<u>\$ 9,669,912</u>	<u>\$ 5,837,858</u>	<u>\$ 1,072,203</u>	<u>\$ 1,346,680</u>	<u>\$ (7,070,127)</u>	<u>\$ 10,856,526</u>
LIABILITIES AND NET ASSETS						
Current liabilities						
Accounts payable	\$ 32,673	\$ 50,484	\$ 4,474	\$ 4,343	\$ (20,217)	\$ 71,757
Accrued expenses	46,934	5,302	-	-	-	52,236
Prepaid rents and deposits	-	36,375	9,541	600	-	46,516
Refundable advances	41,091	-	-	-	-	41,091
Current portion of Equity option agreement	-	35,000	-	-	-	35,000
Total current liabilities	<u>120,698</u>	<u>127,161</u>	<u>14,015</u>	<u>4,943</u>	<u>(20,217)</u>	<u>246,600</u>
Long-term liabilities						
Equity option agreement, long-term portion	-	163,333	-	-	-	163,333
Long-term debt	-	977,000	-	-	-	977,000
Total long-term liabilities	<u>-</u>	<u>1,140,333</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,140,333</u>
Total liabilities	<u>120,698</u>	<u>1,267,494</u>	<u>14,015</u>	<u>4,943</u>	<u>(20,217)</u>	<u>1,386,933</u>
Net assets						
Without donor restrictions	8,763,085	4,563,926	1,051,481	1,339,131	(7,049,910)	8,667,713
With donor restrictions	801,882	-	-	-	-	801,882
Total net assets	<u>9,564,967</u>	<u>4,563,926</u>	<u>1,051,481</u>	<u>1,339,131</u>	<u>(7,049,912)</u>	<u>9,469,593</u>
Total liabilities and net assets	<u>\$ 9,685,665</u>	<u>\$ 5,831,420</u>	<u>\$ 1,065,496</u>	<u>\$ 1,344,074</u>	<u>\$ (7,070,129)</u>	<u>\$ 10,856,526</u>

See accompanying notes and independent auditors' report.

ANCHORAGE COMMUNITY LAND TRUST

CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
December 31, 2020

ASSETS	ACLT	P1	P2	P3	Eliminations	Total
Current assets						
Cash and cash equivalents						
Unrestricted	\$ 1,214,356	\$ 799,108	\$ 5,420	\$ 20,289	\$ -	\$ 2,039,173
Restricted	68,078	70,453	14,622	600	-	153,753
Held by agent	-	29,507	66,220	-	-	95,727
Accounts receivable, net	51,747	20,151	26,132	5,006	(54,747)	48,289
Prepaid expenses and deposits	11,671	9,977	2,027	-	-	23,675
Notes receivable, current portion	40,281	-	-	-	-	40,281
Total current assets	<u>1,386,133</u>	<u>929,196</u>	<u>114,421</u>	<u>25,895</u>	<u>(54,747)</u>	<u>2,400,898</u>
Noncurrent assets						
Property and equipment, net	77,448	4,740,448	1,030,056	1,333,485	(84,817)	7,096,620
Investment in MK Partners LLC	700,000	-	-	-	-	700,000
Note receivable, long-term portion	288,739	-	-	-	-	288,739
Investment in subsidiary	6,786,808	-	-	-	(6,786,808)	-
Total noncurrent assets	<u>7,852,995</u>	<u>4,740,448</u>	<u>1,030,056</u>	<u>1,333,485</u>	<u>(6,871,625)</u>	<u>8,085,359</u>
Total assets	<u>\$ 9,239,128</u>	<u>\$ 5,669,644</u>	<u>\$ 1,144,477</u>	<u>\$ 1,359,380</u>	<u>\$ (6,926,372)</u>	<u>\$ 10,486,257</u>
LIABILITIES AND NET ASSETS						
Current liabilities						
Accounts payable	\$ 16,101	\$ 62,982	\$ 4,049	\$ 10,040	\$ (54,747)	\$ 38,425
Accrued expenses	42,617	13,613	-	-	-	56,230
Prepaid rents and deposits	-	70,453	14,622	600	-	85,675
Refundable advances	68,078	-	-	-	-	68,078
Current portion of Equity option agreement	-	34,957	-	-	-	34,957
Current portion of long-term debt	3,317	-	-	-	-	3,317
Total current liabilities	<u>130,113</u>	<u>182,005</u>	<u>18,671</u>	<u>10,640</u>	<u>(54,747)</u>	<u>286,682</u>
Long-term liabilities						
Equity option agreement, long-term portion	-	198,376	-	-	-	198,376
Long-term debt	60,570	977,000	-	-	-	1,037,570
Total long-term liabilities	<u>60,570</u>	<u>1,175,376</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,235,946</u>
Total liabilities	<u>190,683</u>	<u>1,357,381</u>	<u>18,671</u>	<u>10,640</u>	<u>(54,747)</u>	<u>1,522,628</u>
Net assets						
Without donor restrictions	9,048,445	4,312,263	1,125,806	1,348,740	(6,871,625)	8,963,629
Total net assets	<u>9,048,445</u>	<u>4,312,263</u>	<u>1,125,806</u>	<u>1,348,740</u>	<u>(6,871,625)</u>	<u>8,963,629</u>
Total liabilities and net assets	<u>\$ 9,239,128</u>	<u>\$ 5,669,644</u>	<u>\$ 1,144,477</u>	<u>\$ 1,359,380</u>	<u>\$ (6,926,372)</u>	<u>\$ 10,486,257</u>

See accompanying notes and independent auditors' report.

ANCHORAGE COMMUNITY LAND TRUST
CONSOLIDATING SCHEDULE OF ACTIVITIES
December 31, 2021

	<u>ACLT</u>	<u>P1</u>	<u>P2</u>	<u>P3</u>	<u>Eliminations</u>	<u>Total</u>
Operating support and revenues						
Contributions						
Grants	\$ 1,220,785	\$ -	\$ -	\$ -	\$ -	\$ 1,220,785
Corporate	27,750	-	-	-	-	27,750
Individual	11,477	-	-	-	-	11,477
	<u>1,260,012</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,260,012</u>
Property rental income	-	946,030	136,291	10,848	(57,396)	1,035,773
Contract revenue	5,700	-	-	-	-	5,700
Other	1,250	343	-	-	-	1,593
Total operating support and revenues	<u>1,266,962</u>	<u>946,373</u>	<u>136,291</u>	<u>10,848</u>	<u>(57,396)</u>	<u>2,303,078</u>
Operating expenses						
Real estate	47,602	660,609	195,710	24,588	(5,293)	923,216
Economic development	453,839	-	-	-	-	453,839
Community development	34,588	-	-	-	-	34,588
General and administrative	309,297	16,852	8,198	3,165	(57,396)	280,116
Fundraising	101,082	-	-	-	-	101,082
Total operating expenses	<u>946,408</u>	<u>677,461</u>	<u>203,908</u>	<u>27,753</u>	<u>(62,689)</u>	<u>1,792,841</u>
Non-operating income (expense)						
Interest income	4,169	33	-	-	-	4,202
Interest expense	451	(10,845)	-	-	-	(10,394)
Gain on asset disposal	1,919	-	-	-	-	1,919
Gain (loss) on consolidated subsidiaries	173,580	-	-	-	(173,580)	-
Capital contributions (distributions)	15,849	(6,437)	(6,708)	7,296	(10,000)	-
Total non-operating income (expense), net	<u>195,968</u>	<u>(17,249)</u>	<u>(6,708)</u>	<u>7,296</u>	<u>(183,580)</u>	<u>(4,273)</u>
Changes in net assets	516,522	251,663	(74,325)	(9,609)	(178,287)	505,964
Net assets, beginning of year	<u>9,048,445</u>	<u>4,312,263</u>	<u>1,125,806</u>	<u>1,348,740</u>	<u>(6,871,625)</u>	<u>8,963,629</u>
Net assets, end of year	<u>\$ 9,564,967</u>	<u>\$ 4,563,926</u>	<u>\$ 1,051,481</u>	<u>\$ 1,339,131</u>	<u>\$ (7,049,912)</u>	<u>\$ 9,469,593</u>

See accompanying notes and independent auditors' report.

ANCHORAGE COMMUNITY LAND TRUST
CONSOLIDATING SCHEDULE OF ACTIVITIES
December 31, 2020

	<u>ACLT</u>	<u>P1</u>	<u>P2</u>	<u>P3</u>	<u>Eliminations</u>	<u>Total</u>
Operating support and revenues						
Contributions						
Grant revenue	\$ 312,006	\$ -	\$ -	\$ -	\$ -	\$ 312,006
Corporate	77,703	-	-	-	-	77,703
Individual	40,300	-	-	-	-	40,300
	<u>430,009</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>430,009</u>
Property rental income	-	930,704	138,966	11,780	(57,396)	1,024,054
Contract revenue	14,000	-	-	-	-	14,000
Other	2,990	716	-	-	-	3,706
Total operating support and revenues	<u>446,999</u>	<u>931,420</u>	<u>138,966</u>	<u>11,780</u>	<u>(57,396)</u>	<u>1,471,769</u>
Operating expenses						
Real estate	103,684	653,731	192,130	24,562	(5,293)	968,814
Economic development	319,033	-	-	-	-	319,033
Community development	142,247	-	-	-	-	142,247
General and administrative	138,540	17,293	5,071	585	(57,396)	104,093
Fundraising	119,637	-	-	-	-	119,637
Total operating expenses	<u>823,141</u>	<u>671,024</u>	<u>197,201</u>	<u>25,147</u>	<u>(62,689)</u>	<u>1,653,824</u>
Non-operating income (expense)						
Interest income	6,110	47	-	-	-	6,157
Interest expense	(1,041)	(10,845)	-	-	-	(11,886)
Gain (loss) on consolidated subsidiaries	177,996	-	-	-	(177,996)	-
Capital contributions (distributions)	-	(100,000)	-	64,101	35,899	-
Total non-operating income (expense), net	<u>183,065</u>	<u>(110,798)</u>	<u>-</u>	<u>64,101</u>	<u>(142,097)</u>	<u>(5,729)</u>
Changes in net assets	(193,077)	149,598	(58,235)	50,734	(136,804)	(187,784)
Net assets, beginning of year	<u>9,241,522</u>	<u>4,162,665</u>	<u>1,184,041</u>	<u>1,298,006</u>	<u>(6,734,821)</u>	<u>9,151,413</u>
Net assets, end of year	<u>\$ 9,048,445</u>	<u>\$ 4,312,263</u>	<u>\$ 1,125,806</u>	<u>\$ 1,348,740</u>	<u>\$ (6,871,625)</u>	<u>\$ 8,963,629</u>

See accompanying notes and independent auditors' report.