

**Mosaic Community Development and Affiliate
(d.b.a. inCOMMON Community Development)
COMBINED FINANCIAL STATEMENTS
For the year ended December 31, 2019**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Mosaic Community Development
d.b.a. inCOMMON Community Development

We have audited the accompanying financial statements of Mosaic Community Development, d.b.a. inCOMMON Community Development (a not-for-profit organization), and its affiliate, inCOMMON Properties, L.L.C. (together, the Organization) which comprise the combined statements of financial position as of December 31, 2019, and the related combined statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these combined financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of Mosaic Community Development, d.b.a. inCOMMON Community Development and its Affiliate as of December 31, 2019, 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.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The combining information on pages 20 to 23 are presented for the purpose of additional analysis and are not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the combined 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 financial statements as a whole.

Hayes & Associates, L.L.C.

Hayes & Associates, L.L.C.
Omaha, Nebraska
July 24, 2020

Mosaic Community Development and Affiliate
d.b.a inCOMMON Community Development
COMBINED STATEMENT OF FINANCIAL POSITION
December 31, 2019

ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	\$ 780,659
Accounts receivable	32,110
Total current assets	812,769
NONCURRENT ASSETS	
Property and equipment, net of accumulated depreciation of \$505,749	2,204,505
Promises to give; net of discount of \$3,295	96,705
Total noncurrent assets	2,301,210
Total assets	\$ 3,113,979
LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES	
Accounts payable	\$ 3,719
Accrued payroll	15,161
Accrued interest	46,435
Money held for others	44,077
Tenant deposits	16,618
Current portion, long-term debt	1,559,703
Total current liabilities	1,685,713
LONG-TERM DEBT, LESS CURRENT PORTION	
Due from related party	275,000
Total liabilities	1,960,713
NET ASSETS	
Without donor restrictions	782,632
With donor restrictions	370,634
Total net assets	1,153,266
Total liabilities and net assets	\$ 3,113,979

See accompanying notes and independent auditor's report.

Mosaic Community Development and Affiliate
d.b.a inCOMMON Community Development
COMBINED STATEMENT OF ACTIVITIES
For the year ended December 31, 2019

	Without Donor Restriction	With Donor Restriction	Total
REVENUES, SUPPORT, AND GAINS			
Contributions	\$ 91,563	\$ 226,674	\$ 318,237
Grants	12,500	135,805	148,305
Interest and dividends	9,142	-	9,142
Rental income	355,987	-	355,987
Gain on disposal of assets	871	-	871
Special Events	50,327	3,645	53,972
	<u>520,390</u>	<u>366,124</u>	<u>886,514</u>
EXPENSES			
Program expenses	326,938	-	326,938
Management expenses	40,722	-	40,722
Fundraising expenses	76,186	-	76,186
Rental expenses	370,426	-	370,426
Total expenses	<u>814,272</u>	<u>-</u>	<u>814,272</u>
Net assets released from restrictions	<u>294,447</u>	<u>(294,447)</u>	<u>-</u>
CHANGE IN NET ASSETS	565	71,677	72,242
NET ASSETS, BEGINNING OF YEAR	805,103	298,957	1,104,060
PRIOR PERIOD ADJUSTMENT	<u>(23,036)</u>	<u>-</u>	<u>(23,036)</u>
NET ASSETS, BEGINNING OF YEAR RESTATED	<u>782,067</u>	<u>298,957</u>	<u>1,081,024</u>
NET ASSETS, END OF YEAR	<u>\$ 782,632</u>	<u>\$ 370,634</u>	<u>\$ 1,153,266</u>

See accompanying notes and independent auditor's report.

Mosaic Community Development and Affiliate
d.b.a inCOMMON Community Development
COMBINED STATEMENT OF CASH FLOWS
For the year ended December 31, 2019

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 72,242
Adjustments to reconcile change in net assets to cash flows from operating activities	
Depreciation and amortization	63,374
Change in accounts receivable	119,710
Change in promises to give	(96,705)
Change in accounts payable	2,798
Change in accrued payroll	1,922
Change in other accrued liabilities	54,986
CASH FLOWS FROM OPERATING ACTIVITIES	<u>218,327</u>
 CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of property and equipment	<u>(11,959)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	(11,959)
 CASH FLOWS FROM FINANCING ACTIVITIES	
Principal payments on long-term debt	<u>(29,165)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	<u>(29,165)</u>
 CHANGE IN CASH AND CASH EQUIVALENTS	 177,203
 CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	 <u>603,456</u>
 CASH AND CASH EQUIVALENTS, END OF YEAR	 <u><u>\$ 780,659</u></u>

See accompanying notes and independent auditor's report.

Mosaic Community Development and Affiliate
d.b.a inCOMMON Community Development
COMBINED STATEMENT OF FUNCTIONAL EXPENSES
For the year ended December 31, 2019

	Program Services				Supporting Services			Total
	Workforce Development	Leadership/Relationship Development	Neighborhood Development	Total Program Services	Management and General	Fundraising	Rental	
Salaries and related expenses	\$ 104,446	\$ 37,522	\$ 44,192	\$ 186,160	\$ 25,865	\$ 28,444	\$ 52,208	\$ 292,677
Contracted work	1,272	-	19,800	21,072	-	2,040	-	23,112
Automobile	414	207	207	828	616	-	100	1,544
Professional fees	1,002	1,002	1,002	3,006	-	4,475	19,890	27,371
Printing and promotion	1,579	789	1,399	3,767	442	2,926	-	7,135
Property taxes	-	-	-	-	-	-	31,210	31,210
Utilities	3,570	1,785	1,785	7,140	537	-	64,383	72,060
Dues, subscriptions, and fees	7,570	3,785	3,785	15,140	2,814	-	8,647	26,601
Repairs and maintenance	1,291	843	3,894	6,028	-	-	55,366	61,394
Conferences and meetings	126	357	75	558	-	512	-	1,070
Miscellaneous	1,002	-	-	1,002	3,018	-	-	4,020
Staff and board training and volunteer car	4,744	2,342	2,342	9,428	1,109	-	-	10,537
Insurance	3,566	1,783	1,783	7,132	1,204	-	18,042	26,378
Interest expense	5,762	2,880	2,880	11,522	822	8,560	84,222	105,126
Supplies	8,481	4,070	1,938	14,489	405	-	1,289	16,183
Events, classes, fundraisers	3,011	6,157	3,525	12,693	-	29,229	-	41,922
Collaborations	-	-	83	83	2,475	-	-	2,558
Depreciation and amortization	8,963	8,963	8,964	26,890	1,415	-	35,069	63,374
Totals	\$ 156,799	\$ 72,485	\$ 97,654	\$ 326,938	\$ 40,722	\$ 76,186	\$ 370,426	\$ 814,272

See accompanying notes and independent auditor's report.

Mosaic Community Development and Affiliate
d.b.a. inCOMMON Community Development
NOTES TO THE COMBINED FINANCIAL STATEMENTS
For the year ended December 31, 2019

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the significant accounting policies of Mosaic Community Development.

1. Organization

Mosaic Community Development, d.b.a. inCOMMON Community Development (the Organization) is a not-for-profit corporation and is independently incorporated. The purpose of the organization is to fight poverty by working with residents to build social capital and improve systematic structures within vulnerable neighborhoods. On October 7, 2015, the Organization formed a single-member limited liability company, inCOMMON Properties, L.L.C, a real estate company which was established to acquire, own, lease and operate real estate property. The accompanying combined financial statements include the accounts of the inCOMMON Community Development and its affiliate, inCOMMON Properties, L.L.C. (the Properties), (together, the Organization). All significant inter-organization transactions and balances have been eliminated in combination.

The major programs of the Organization include Individual Development and Neighborhood Development. The Organization's programs are supported primarily by grants and contributions. Approximately 40% of the Organization's revenues are derived from debt-financed property rentals.

2. Basis of Accounting and Use of Estimates

The accompanying financial statements have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities. Revenues are recorded when earned and expenses are recorded when incurred. The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires the use of management's estimates. This will affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Mosaic Community Development and Affiliates
d.b.a. inCOMMON Community Development
NOTES TO THE COMBINED FINANCIAL STATEMENTS - CONTINUED
For the year ended December 31, 2019

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

3. Financial Statement Presentation

The Organization is required to report information regarding its financial position and activities according to the following two classes of net assets:

- a. Net assets without donor restrictions are 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. A board-designated endowment, which results from an internal designation, is generally not donor-restricted and is classified as net assets without donor restrictions. The governing board has the right to decide at any time to expend such funds.
- b. Net assets with donor restrictions are 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. Some donor-imposed restrictions impose limits that are permanent.

4. Cash and Cash Equivalents

For purposes of the statement of financial position and the statement of cash flows, cash and cash equivalents consist of cash and other highly liquid resources, such as investments in certificates of deposit and money market funds, with an original maturity of three months or less when purchased. Cash and cash equivalents designated for long-term purposes or received with donor-imposed restrictions limiting their use to long-term purposes are not considered cash or cash equivalents for purposes of the statement of cash flows.

The Organization holds and disburses funds for an unincorporated neighborhood association, Hanscom Park Renewal. The Organization holds these funds in a separate bank account and maintains separate accounting records. For the year ended December 31, 2019, the amount being held is \$40,077.

Mosaic Community Development and Affiliates
d.b.a. inCOMMON Community Development
NOTES TO THE COMBINED FINANCIAL STATEMENTS - CONTINUED
For the year ended December 31, 2019

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

5. Accounts Receivable

Accounts receivable represents amounts due from customers. Accounts receivable are stated at the amount management expects to collect from outstanding balances. The Organization has elected to record bad debts using the direct write-off method. Generally accepted accounting principles require that the allowance method be used to recognize probable uncollectible amounts and bad debt expense; however, the effect of using the direct write-off method is not materially different from the results that would have been obtained under the allowance method. It is the Organization's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected. The amount written off for the period ending December 31, 2019 is \$4,050.

6. Property and Equipment

The Organization capitalizes all expenditures in excess of \$500 for property and equipment with a useful life of more than one year. Purchased property and equipment are carried at cost. Donated property and equipment are carried at the approximate fair value at the date of donation. Depreciation is provided using the straight-line method over the estimated useful lives of the assets as follows:

Vehicles	5 years
Equipment, furniture and fixtures	5-7 years
Buildings and improvements	39 years

7. Revenue Recognition

Contributions, including unconditional promises to give, are recognized when received. All contributions are reported as increases in net assets without donor restrictions unless use of the contributed assets is specifically restricted by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purposes 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 restriction in the Statement of Activities. Unconditional promises with payments due in future years have an implied restriction to be used in the year the payment is due and, therefore, are reported as restricted until the payment is due, unless the contribution is clearly intended to support activities of the current fiscal year.

Mosaic Community Development and Affiliates
d.b.a. inCOMMON Community Development
NOTES TO THE COMBINED FINANCIAL STATEMENTS - CONTINUED
For the year ended December 31, 2019

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

7. Revenue Recognition - Continued

Conditional promises, such as matching grants, are not recognized until they become unconditional, that is, until all conditions on which they depend are substantially met. Contributions that are restricted by the donor are reported as an increase in net assets without donor restriction if the restriction expires in the reporting period which the contribution is recognized.

Rental income is recognized on a straight-line basis over the life of the lease. The difference between rental income received and rental income recognized on the straight-line basis is recorded in accounts receivable in the accompanying statement of financial position.

8. Income Tax Status

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, except on net income derived from unrelated business activities. For the year ended December 31, 2019, the Organization had no tax liability on unrelated business activity. The Organization believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

9. Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the supplemental information. Accordingly, certain costs have been allocated among the program and supporting services benefited.

The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Salaries and related expenses	Time & Effort
Contracted Work	Direct
Automobile	Time & Effort
Professional fees	Direct
Printing and promotion	Direct

Mosaic Community Development and Affiliates
d.b.a. inCOMMON Community Development
NOTES TO THE COMBINED FINANCIAL STATEMENTS - CONTINUED
For the year ended December 31, 2019

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

9. Functional Expenses - Continued

Expense	Method of Allocation
Property tax	Direct
Utilities	Direct
Dues, subscriptions, and fees	Direct
Repairs and maintenance	Direct
Conference and meetings	Direct
Miscellaneous	Direct
Staff board training and volunteer	Time & Effort
Insurance	Direct
Interest expense	Direct
Supplies	Direct
Event, classes, fundraisers	Direct
Collaborations	Direct
Depreciation/amortization	Direct

NOTE B. ADOPTION OF NEW ACCOUNTING PRONOUNCEMENTS

The FASB issued ASU No. 2014-09, Revenue from Contracts with Customers. This new revenue recognition standards affects all entities, public, private, not-for-profit, that have contracts with customers, except where there are other specific revenue recognition guidance previously issued by FASB. This new revenue recognition standard effectively eliminates the transaction-and-industry specific revenue recognition guidance under current GAAP and replaces it with the principle-based approach for determining an entity’s revenue recognition policies. The core principle of the revenue recognition standard is that an entity should recognize revenue to depict the transfer of goods or services to customers in an amount that reflect the consideration to which the entity expects to be entitled in exchange for those goods or services.

The Organization has adopted FASB Update 2018-08, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. This ASU includes specific criteria to consider when determining whether a contract or agreement should be accounted for as a contribution or as an exchange transaction. It also provides a framework for determining whether a contribution is conditional or unconditional which

Mosaic Community Development and Affiliates
d.b.a. inCOMMON Community Development
NOTES TO THE COMBINED FINANCIAL STATEMENTS - CONTINUED
For the year ended December 31, 2019

will impact the timing of revenue recognition.

NOTE C. CAPITAL ASSETS

Capital assets consist of the following as of December 31, 2019:

<u>inCOMMON Community Development</u>	
Land	\$ 9,282
Building and building improvements	860,996
Equipment	41,907
Less accumulated depreciation	<u>(184,308)</u>
Total inCOMMON Community Development	<u>\$ 727,877</u>
 <u>inCOMMON Properties, L.L.C.</u>	
Land	\$ 45,000
Building	1,741,069
Less accumulated depreciation	<u>(309,441)</u>
Total property and equipment	<u>\$ 1,476,628</u>
 Total Combined Noncurrent Assets	 <u>\$ 2,204,505</u>

NOTE D. LEASES

As of December 31, 2019, the Organization owned three office/industrial warehouse complexes and two multi-family apartment complexes. One of the industrial spaces is primarily used for programming for the Organization and the other two properties have single tenant occupancy. The apartment complexes provide low cost housing to individuals and do not hold non-cancelable leases with tenants. As of December 31, 2019, accumulated depreciation for rental properties was \$365,821.

Mosaic Community Development and Affiliates
d.b.a. inCOMMON Community Development
NOTES TO THE COMBINED FINANCIAL STATEMENTS - CONTINUED
For the year ended December 31, 2019

NOTE D. LEASES - CONTINUED

<u>inCOMMON Community Development</u>	
Properties comprise the following:	
Rental properties	\$ 214,277
Accumulated depreciation	<u>(56,380)</u>
	<u>\$ 157,897</u>
 <u>inCOMMON Properties, L.L.C.</u>	
Apartment complex	\$ 1,479,171
Accumulated depreciation	<u>(309,441)</u>
	<u>\$ 1,169,730</u>

Future rentals on non-cancelable operating leases related to the rental properties:

<u>Year</u>	<u>Amount</u>
2020	\$ 18,500
2021	<u>1,300</u>
	<u>\$ 19,800</u>

NOTE E. NOTES PAYABLE

The following is a summary of the notes payable:

Note payable to Dundee Bank a branch of Security State Bank in monthly installments of \$2,666.03, including interest at 5.25% per annum based on a year of 360 days. The note matures on November 16, 2020. The Organization has pledged a Deed of Trust dated September 20, 2013, to a trustee in favor of Lender on real property located in Douglas County, State of Nebraska as collateral for the loan. \$ 264,637

Note payable to Dundee Bank a branch of Security State Bank in monthly installments of \$1,009.86, including interest at 5.25% per annum based on a year of 360 days. The note matures on November 16, 2020. The Organization has pledged a Deed of Trust dated January 9, 2009, to a trustee in favor of Lender on real property located in Douglas County, State of Nebraska as collateral for the loan. 100,241

Mosaic Community Development and Affiliates
d.b.a. inCOMMON Community Development
NOTES TO THE COMBINED FINANCIAL STATEMENTS - CONTINUED
For the year ended December 31, 2019

NOTE E. NOTES PAYABLE - CONTINUED

Note payable to Dundee Bank a branch of Security State Bank in monthly installments of interest only payments at 5.00% per annum based on a year of 360 days. The note matures on December 16, 2019. The Properties has pledged a Deed of Trust dated November 16, 2015, to a trustee in favor of Lender on real property located in Douglas County, State of Nebraska as collateral for the loan.	1,194,825
Note payable to David Gray will accrue interest at 5.00% per annum for three years of 360 days or until inCommon closes on the affordable housing tax credits.	275,000
	1,834,703
Less portion considered current	(1,559,703)
Total long-term liabilities	\$ 275,000

Following are scheduled principal payments on the note payable for each of the next three and succeeding years:

<u>For the year ending December 31,</u>	
2020	\$ 1,559,703
2021	275,000
2022	-
Total	\$ 1,834,703

Interest expense and interest paid was \$105,126 and \$88,495 respectively for the year ended December 31, 2019.

NOTE F. CONCENTRATIONS OF CREDIT RISK

The Organization maintains its cash in bank deposit accounts and utilizes an Insured Cash Sweep account which offers insurance by the Federal Deposit Insurance Corporation in excess of the standard \$250,000 by pooling the funds in multiple banks, while allowing the Organization to deal with just one bank. As of December 31, 2019, the Organization had \$385 uninsured deposit.

Mosaic Community Development and Affiliates
d.b.a. inCOMMON Community Development
NOTES TO THE COMBINED FINANCIAL STATEMENTS - CONTINUED
For the year ended December 31, 2019

NOTE G. LIQUIDITY AND AVAILABILITY

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The Organization has various sources of liquidity at its disposal, including cash and cash equivalents. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing activities of program services as well as to support those activities to be general expenditures.

In addition to financial assets available to meet general expenditures over the next 12 months, the Organization operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources.

As of December 31, 2019, the following tables show the total financial assets held by the Organization and the amounts of those financial assets that could readily be made available within one year of the balance sheet date to meet general expenditures:

Financial assets at year-end	
Cash and cash equivalents	\$ 736,582
Accounts receivables	128,815
Total financial assets	865,397
Less: Donor restrictions	(370,634)
Total financial assets available to meet general expenditures over the next 12 months	\$ 494,763

NOTE H. NET ASSETS AND RELEASES FROM RESTRICTION

The Organization has \$370,634 in net assets with donor restrictions. The following table shows the Organizations net assets with donor restrictions and net assets without donor restrictions, as well as, details the nature of the donor restriction. As of December 31, 2019, all net assets without donor restrictions were undesignated.

Description	
Leadership/Relationship	\$ 32,772
Other	109,077
Capital Campaign	228,785
Total net assets with donor restriction	\$ 370,634

Mosaic Community Development and Affiliates
d.b.a. inCOMMON Community Development
NOTES TO THE COMBINED FINANCIAL STATEMENTS - CONTINUED
For the year ended December 31, 2019

NOTE H. NET ASSETS AND RELEASES FROM RESTRICTION - CONTINUED

Net assets were released from net assets with donor restrictions as follows:

Satisfaction of purpose restriction	\$ 89,692
Passage of Time	204,755
Total net assets with donor restrictions released from restriction	\$294,447

NOTE I. RELATED PARTY TRANSACTIONS

The Organization has obtained a long term note payable with Executive Director's, Christian Gray, father, David Gray, in the amount of \$275,000. The stated interest rate is 5% per annum payable within 3 years or until inCOMMON closes upon the low-income housing tax credits, whichever comes first.

NOTE J. COLLABORATIVE ARRANGEMENTS

On February 6, 2019, inCOMMON entered into a collaborative arrangement with the Omaha Municipal Land Bank (OMLB) to identify properties in need of rehabilitation that meet the Organization's mission. The OMLB will then foreclose on the properties through a TLC lien and obtain title on inCOMMON's behalf.

NOTE K. PROMISES TO GIVE

Promises to give consist of the following at December 31, 2019:

Promises due in:	
One to five years	\$ 100,000
Less: unamortized discount of 3.0%	(3,295)
Total	\$ 96,705

Discount rate of 3.0% is based on future inflation assumptions from receipt of funds in 2021.

Mosaic Community Development and Affiliates
d.b.a. inCOMMON Community Development
NOTES TO THE COMBINED FINANCIAL STATEMENTS - CONTINUED
For the year ended December 31, 2019

NOTE L. CORRECTION OF AN ERROR

During the year, the Organization has identified three errors resulting in a restatement of beginning net assets in the amount of negative \$23,036 of which a negative change of \$23,151 is from inCOMMON Community Development and a positive change of \$115 from inCOMMON Properties LLC.

Prior period adjustments:

inCOMMON Community Development	
Correct previously depreciated capital assets	\$ 8,663
Remove fiduciary funds from net assets	(44,077)
Correct previously stated expenses from prior years	12,263
inCOMMON Properties LLC	
Correct previously stated expenses from prior years	115
Total prior period adjustments	<u><u>\$ (23,036)</u></u>

NOTE M. SUBSEQUENT EVENTS

On February 25, 2020, the Organization entered into a new month-to-month lease as the lessor. This lease began on March 1, 2020 and has rents for the first 12 months being \$1,600, and all future rents being \$1,650. This lease is cancelable by the tenant given a three-month notice.

On March 3, 2020, the Organization refinanced the debt financed by Dundee Bank with a \$1,475,000 note payable from Great Southern Bank with a 4.75% interest rate per annum. The loan principal and any unpaid accrued interest is due March 3, 2021.

Management has evaluated subsequent events through July 24, 2020, the date which the financial statements were available to be issued. There were no additional subsequent events affecting the amount reported in the financial statements for the year ended December 31, 2019 which are required to be disclosed in the notes to the financial statements for the year then ended.

SUPPLEMENTAL INFORMATION

Mosaic Community Development and Affiliate
d.b.a inCOMMON Community Development
COMBINING STATEMENT OF FINANCIAL POSITION
December 31, 2019

	inCOMMON Community Development	inCOMMON Properties LLC	Eliminating Entries	Combined
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ 745,389	\$ 35,270	\$ -	\$ 780,659
Accounts receivable	28,765	3,345	-	32,110
Due from affiliate	423,216	-	(423,216)	-
Total current assets	<u>1,197,370</u>	<u>38,615</u>	<u>(423,216)</u>	<u>812,769</u>
NONCURRENT ASSETS				
Property and equipment, net of accumulated depreciation	727,877	1,476,628	-	2,204,505
Promises to give, net of discount of \$3,295	96,705	-	-	96,705
Total noncurrent assets	<u>824,582</u>	<u>1,476,628</u>	<u>-</u>	<u>2,301,210</u>
Total assets	<u>\$ 2,021,952</u>	<u>\$ 1,515,243</u>	<u>\$ (423,216)</u>	<u>\$ 3,113,979</u>
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts payable	\$ 3,719	\$ -	\$ -	\$ 3,719
Accrued payroll	15,161	-	-	15,161
Accrued interest	787	45,648	-	46,435
Money held for others	44,077	-	-	44,077
Tenant deposits	700	15,918	-	16,618
Due to affiliate	-	423,216	(423,216)	-
Current portion, long-term debt	364,878	1,194,825	-	1,559,703
Total current liabilities	<u>429,322</u>	<u>1,679,607</u>	<u>(423,216)</u>	<u>1,685,713</u>
LONG-TERM DEBT, LESS CURRENT PORTION	<u>-</u>	<u>275,000</u>	<u>-</u>	<u>275,000</u>
Total liabilities	<u>429,322</u>	<u>1,954,607</u>	<u>(423,216)</u>	<u>1,960,713</u>
NET ASSETS				
Net assets without donor restrictions	1,221,996	(439,364)	-	782,632
Net assets with donor restrictions	370,634	-	-	370,634
Total net assets	<u>1,592,630</u>	<u>(439,364)</u>	<u>-</u>	<u>1,153,266</u>
Total liabilities and net assets	<u>\$ 2,021,952</u>	<u>\$ 1,515,243</u>	<u>\$ (423,216)</u>	<u>\$ 3,113,979</u>

See independent auditor's report.

Mosaic Community Development and Affiliate
d.b.a inCOMMON Community Development
COMBINING STATEMENT OF ACTIVITIES
For the year ended December 31, 2019

	inCOMMON Community Development			inCOMMON Properties LLC			Combined
	Without Donor Restriction	With Donor Wrestriction	Total Comm. Develop.	Without Donor Restriction	With Donor Wrestriction	Total Properties	
REVENUES							
Contributions	\$ 91,563	\$ 226,674	\$ 318,237	\$ -	\$ -	\$ -	\$ 318,237
Grants	12,500	135,805	148,305	-	-	-	148,305
Interest and dividends	9,142	-	9,142	-	-	-	9,142
Rental income	32,845	-	32,845	323,142	-	323,142	355,987
Gain on disposal of assets	871	-	871	-	-	-	871
Special events	50,327	3,645	53,972	-	-	-	53,972
Total revenues	<u>197,248</u>	<u>366,124</u>	<u>563,372</u>	<u>323,142</u>	<u>-</u>	<u>323,142</u>	<u>886,514</u>
EXPENSES							
Program expenses	326,938	-	326,938	-	-	-	326,938
Management and general expenses	40,722	-	40,722	-	-	-	40,722
Fundraising expenses	76,186	-	76,186	-	-	-	76,186
Rental expenses	3,688	-	3,688	366,738	-	366,738	370,426
Total expenses	<u>447,534</u>	<u>-</u>	<u>447,534</u>	<u>366,738</u>	<u>-</u>	<u>366,738</u>	<u>814,272</u>
Net assets released from restrictions	<u>294,447</u>	<u>(294,447)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
CHANGE IN NET ASSETS	44,161	71,677	115,838	(43,596)	-	(43,596)	72,242
NET ASSETS, BEGINNING OF YEAR	1,200,986	298,957	1,499,943	(395,883)	-	(395,883)	1,104,060
PRIOR PERIOD ADJUSTMENT	<u>(23,151)</u>	<u>-</u>	<u>(23,151)</u>	<u>115</u>	<u>-</u>	<u>115</u>	<u>(23,036)</u>
NET ASSETS, BEGINNING OF YEAR RESTATED	1,177,835	298,957	1,476,792	(395,768)	-	(395,768)	1,081,024
NET ASSETS, END OF YEAR	<u>\$ 1,221,996</u>	<u>\$ 370,634</u>	<u>\$ 1,592,630</u>	<u>\$ (439,364)</u>	<u>\$ -</u>	<u>\$ (439,364)</u>	<u>\$ 1,153,266</u>

See independent auditor's report.

Mosaic Community Development and Affiliate
d.b.a inCOMMON Community Development
COMBINING STATEMENT OF CASH FLOWS
For the year ended December 31, 2019

	inCOMMON Community Development	inCOMMON Properties	Combined
CASH FLOWS FROM OPERATING ACTIVITIES			
Change in net assets	\$ 115,838	\$ (43,596)	\$ 72,242
Adjustments to reconcile change in net assets to cash flows from operating activities			
Depreciation and amortization	28,305	35,069	63,374
Change in accounts receivable	122,435	(2,725)	119,710
Change in promises to give	(96,705)	-	(96,705)
Change in intercompany due from	(30,171)	-	(30,171)
Change in intercompany due to	-	30,171	30,171
Change in accounts payable	3,032	(234)	2,798
Change in accrued payroll	1,922	-	1,922
Change in other accrued liabilities	42,064	12,922	54,986
CASH FLOWS FROM OPERATING ACTIVITIES	186,720	31,607	218,327
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property and equipment	(11,959)	-	(11,959)
CASH FLOWS FROM INVESTING ACTIVITIES	(11,959)	-	(11,959)
CASH FLOWS FROM FINANCING ACTIVITIES			
Principal payments on long-term debt	(23,990)	(5,175)	(29,165)
CASH FLOWS FROM FINANCING ACTIVITIES	(23,990)	(5,175)	(29,165)
CHANGE IN CASH AND CASH EQUIVALENTS	150,771	26,432	177,203
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	594,618	8,838	603,456
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 745,389	\$ 35,270	\$ 780,659

See independent auditor's report.

Mosaic Community Development and Affiliate
d.b.a inCOMMON Community Development
COMBINING STATEMENT OF FUNCTIONAL EXPENSES
For the year ended December 31, 2019

	inCOMMON Community Development						inCOMMON Properties		Combined	
	Program Services			Supporting Services			Total	Rental		
	Workforce Development	Leadership/ Relationship Development	Neighborhood Development	Total Program Services	Management and General	Fundraising	Rental	Total	Rental	
Salaries and related expenses	\$ 104,446	\$ 37,522	\$ 44,192	\$ 186,160	\$ 25,865	\$ 28,444	\$ -	\$ 240,469	\$ 52,208	\$ 292,677
Contracted work	1,272	-	19,800	21,072	-	2,040	-	23,112	-	23,112
Automobile	414	207	207	828	616	-	-	1,444	100	1,544
Professional fees	1,002	1,002	1,002	3,006	-	4,475	-	7,481	19,890	27,371
Printing and promotion	1,579	789	1,399	3,767	442	2,926	-	7,135	-	7,135
Property taxes	-	-	-	-	-	-	1,039	1,039	30,171	31,210
Utilities	3,570	1,785	1,785	7,140	537	-	-	7,677	64,383	72,060
Dues, subscriptions, and fees	7,570	3,785	3,785	15,140	2,814	-	-	17,954	8,647	26,601
Repairs and maintenance	1,291	843	3,894	6,028	-	-	-	6,028	55,366	61,394
Conferences and meetings	126	357	75	558	-	512	-	1,070	-	1,070
Miscellaneous	1,002	-	-	1,002	3,018	-	-	4,020	-	4,020
Staff and board training and volunteer care	4,744	2,342	2,342	9,428	1,109	-	-	10,537	-	10,537
Insurance	3,566	1,783	1,783	7,132	1,204	-	2,649	10,985	15,393	26,378
Interest expense	5,762	2,880	2,880	11,522	822	8,560	-	20,904	84,222	105,126
Supplies	8,481	4,070	1,938	14,489	405	-	-	14,894	1,289	16,183
Events, classes, fundraisers	3,011	6,157	3,525	12,693	-	29,229	-	41,922	-	41,922
Collaborations	-	-	83	83	2,475	-	-	2,558	-	2,558
Depreciation and amortization	8,963	8,963	8,964	26,890	1,415	-	-	28,305	35,069	63,374
Totals	\$ 156,799	\$ 72,485	\$ 97,654	\$ 326,938	\$ 40,722	\$ 76,186	\$ 3,688	\$ 447,534	\$ 366,738	\$ 814,272

See independent auditor's report.