

**Consolidated Financial Statements and
Independent Auditor's Report**

**COMMUNITY ASSET FOUNDATION
AND SUBSIDIARIES**

June 30, 2023 and 2022

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Independent Auditor's Report

To the Board of Directors
Community Asset Foundation and Subsidiaries
Chaska, Minnesota

Opinion

We have audited the consolidated financial statements of Community Asset Foundation and Subsidiaries, which comprise the consolidated statements of financial position as of June 30, 2023 and 2022, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Community Asset Foundation and Subsidiaries as of June 30, 2023 and 2022, and the changes in its net assets and its 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 audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Community Asset Foundation and Subsidiaries and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Community Asset Foundation and Subsidiaries' ability to continue as a going concern for one year after the date that the consolidated financial statements are issued.

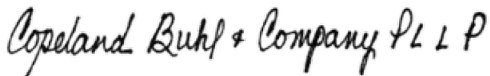
Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 GAAS 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 consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated financial statements.
- Obtain an understanding of internal control relevant to the audits 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 Community Asset Foundation and Subsidiaries' 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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Community Asset Foundation and Subsidiaries' ability to continue 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.



COPELAND BUHL & COMPANY PLLP

January 5, 2024

COMMUNITY ASSET FOUNDATION
AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2023 AND 2022

<u>ASSETS</u>	<u>2023</u>	<u>2022</u>
Current Assets:		
Cash	\$ 83,610	\$ 387,158
Accounts receivable, net	318,526	184,898
Prepaid expenses and other current assets	9,252	27,671
	<u>411,388</u>	<u>599,727</u>
Total Current Assets		
	411,388	599,727
Restricted Reserves and Escrows	61,465	64,956
Property and Equipment, at Cost:		
Land	664,017	664,017
Land improvements	1,464,344	1,464,344
Buildings	14,666,310	14,676,317
Equipment	464,684	437,928
Construction in progress	178,967	124,899
	<u>17,438,322</u>	<u>17,367,505</u>
Accumulated depreciation	(4,787,230)	(4,162,398)
	<u>12,651,092</u>	<u>13,205,107</u>
Net Property and Equipment		
	12,651,092	13,205,107
TOTAL ASSETS	<u>\$ 13,123,945</u>	<u>\$ 13,869,790</u>
<u>LIABILITIES AND NET ASSETS WITHOUT</u>		
<u>DONOR RESTRICTIONS</u>		
Current Liabilities:		
Current maturities of long-term obligations	\$ 684,963	\$ 644,559
Accounts payable	435,482	339,356
Accrued interest	519,643	386,138
Deferred revenue	43,920	24,981
Tenant security deposits	73,470	75,340
	<u>1,757,478</u>	<u>1,470,374</u>
Total Current Liabilities		
	1,757,478	1,470,374
Long-Term Obligations	14,600,175	15,018,738
Net Assets Without Donor Restrictions	<u>(3,233,708)</u>	<u>(2,619,322)</u>
TOTAL LIABILITIES AND NET ASSETS WITHOUT		
DONOR RESTRICTIONS	<u>\$ 13,123,945</u>	<u>\$ 13,869,790</u>

See notes to consolidated financial statements.

COMMUNITY ASSET FOUNDATION
AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
Revenues:		
Operating revenue	\$ 4,336,266	\$ 3,951,608
Contributions revenue	<u>877</u>	<u>132,321</u>
Total Revenues	4,337,143	4,083,929
Expenses:		
Program Expenses:		
Nursing services and universal worker	2,018,758	1,887,997
Property and finance	1,450,130	1,379,733
Operations and maintenance	473,056	347,956
Dietary	455,123	437,795
Activities	38,839	36,008
Housekeeping Laundry	14,959	13,338
Laundry	343	2,864
Miscellaneous	<u>3,262</u>	<u>26,187</u>
Total Program Expenses	4,454,470	4,131,878
Management and General Expenses:		
Administrative	493,519	513,827
Miscellaneous	<u>3,540</u>	<u>3,574</u>
Total Management and General Expenses	<u>497,059</u>	<u>517,401</u>
Total Expenses	<u>4,951,529</u>	<u>4,649,279</u>
Change in Net Assets	(614,386)	(565,350)
Net Assets Without Donor Restrictions - Beginning of Year	<u>(2,619,322)</u>	<u>(2,053,972)</u>
Net Assets Without Donor Restrictions - End of Year	<u><u>\$ (3,233,708)</u></u>	<u><u>\$ (2,619,322)</u></u>

See notes to consolidated financial statements.

COMMUNITY ASSET FOUNDATION
AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
Cash Flows from Operating Activities:		
Change in net assets	\$ (614,386)	\$ (565,350)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	636,788	636,817
Non-cash interest	37,660	27,999
Loss on disposition of property and equipment	3,123	236
Changes in assets and liabilities:		
Accounts receivable	(133,628)	(72,802)
Prepaid expenses and other current assets	18,419	46,433
Accounts payable	96,126	(49,924)
Accrued interest	133,505	60,456
Deferred revenue	18,939	(37,686)
Tenant security deposits	(1,870)	12,436
Net Cash Provided by Operating Activities	194,676	58,615
Cash Flows from Investing Activities:		
Purchases of property and equipment	(85,896)	(106,431)
Cash Flows from Financing Activities:		
Proceeds from long-term obligations	-	499,900
Principal payments on long-term obligations	(415,819)	(409,750)
Net Cash Provided by (Used in) Financing Activities	(415,819)	90,150
Net Increase (Decrease) in Cash and Restricted Reserves and Escrows	(307,039)	42,334
Cash and Restricted Reserves and Escrows - Beginning of Year	452,114	409,780
Cash and Restricted Reserves and Escrows - End of Year	<u>\$ 145,075</u>	<u>\$ 452,114</u>

See notes to consolidated financial statements.

COMMUNITY ASSET FOUNDATION
AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

Note 1: Nature of Operations

Community Asset Foundation (CAF) owns assisted living facilities in five Minnesota communities. CAF's wholly-owned subsidiaries, The Lodge of Winthrop LLC (Winthrop), The Lodge of Howard Lake LLC (Howard Lake), The Lodge of Taylors Falls LLC (Taylors Falls), and The Lodge of New Hope LLC (New Hope) own the facilities in their respective communities. West Creek Apartments (West Creek) and a facility in Mountain Lake are owned directly by CAF.

Note 2: Summary of Significant Accounting Policies

Statement Presentation

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America.

The Foundation is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions represent funds available to support the operations of the Foundation. The Board of Directors may designate the use of certain net assets without donor restrictions.

Net assets with donor restrictions have donor-imposed purpose or time restrictions or are donor restricted in perpetuity as endowment funds. There were no net assets with donor restrictions at June 30, 2023 and 2022.

Basis of Consolidation

The consolidated financial statements include the accounts of Community Asset Foundation and the following wholly-owned subsidiaries: Winthrop, Howard Lake, Taylors Falls, and New Hope. All significant intercompany transactions and balances have been eliminated.

Use of Estimates

When preparing consolidated financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Accounts receivable has been reduced by an allowance for uncollectible accounts of \$50,648 and \$54,982 as of June 30, 2023 and 2022, respectively. Management provides for probable uncollectible amounts through a charge to operations and a credit to an allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the allowance and a credit to accounts receivable.

COMMUNITY ASSET FOUNDATION
AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

Note 2: Summary of Significant Accounting Policies (Continued)

Property and Equipment

Property and equipment are carried at cost, if purchased, or fair market value at the date of the gift, if received as contributions. Depreciation is computed by the straight-line method using estimated useful lives of 20 to 40 years for land improvements, 5 to 40 years for buildings and 2 to 20 years for equipment.

Expenditures for maintenance and repairs are charged to operations when the expense is incurred. Expenditures determined to represent additions and betterments are capitalized.

Restricted Revenue

CAF 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 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 consolidated statement of activities as net assets released from restrictions. If the donor restriction expires within the same year the donation is received it is considered a net asset without donor restrictions. There are no net assets with donor restrictions at June 30, 2023 and 2022.

Contributed Services

CAF receives services donated by volunteers in carrying out its exempt purposes. No amounts have been reflected in the consolidated financial statements for those services since they do not meet the criteria for recognition.

Functional Allocation of Expenses

The costs of providing various activities have been summarized on a functional basis in the consolidated statements of activities. Expenses directly attributable to the Foundation's mission are reported as program expenses. Any remaining expenses are considered management and general.

Note 3: Long-Term Obligations

Long-term obligations consist of the following at June 30:

	<u>2023</u>	<u>2022</u>
Community Asset Foundation, Mountain Lake property:		
3.80% Nicolet National Bank Series 2017A, maturing October 2037, net of unamortized deferred debt costs of \$28,125 and \$30,087, respectively	\$ 1,685,515	\$ 1,746,208
2.75% installment note payable to the U.S. Small Business Administration (SBA), maturing October 2051	499,900	499,900
2% City of Mountain Lake bonds, maturing January 2039, net of unamortized deferred debt costs of \$54,819 and \$63,930, respectively	499,202	535,091
Variable rate - 6.00% at June 30, 2022 Nicolet National Bank, maturing December 2028, net of unamortized deferred costs of \$800 and \$950, respectively	256,960	266,769
7% installment note payable to CADG, maturing July 2033	123,706	123,706
5.75% Nicolet National Bank Series 2017B, maturing December 2028, net of unamortized deferred debt costs of \$12,848 and \$15,813, respectively	36,689	37,024
	<u>3,101,972</u>	<u>3,208,698</u>

COMMUNITY ASSET FOUNDATION
AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

Note 3: Long-Term Obligations (Continued)

Long-term obligations consist of the following at June 30:

	<u>2023</u>	<u>2022</u>
The Lodge of Winthrop LLC:		
3.80% Nicolet National Bank Series 2017A, maturing October 2037, net of unamortized deferred debt costs of \$20,450 and \$21,877, respectively	1,231,764	1,265,367
Variable rate - 3.73% at June 30, 2022		
City of Winthrop bonds, maturing through February 2040, net of unamortized deferred debt costs of \$28,017 and \$29,906, respectively	446,566	478,427
7% installment note payable to contractor, maturing May 2035, unsecured	78,890	78,890
7% installment note payable to CADG, maturing May 2034	78,722	78,722
5.75% Nicolet National Bank Series 2017B, maturing December 2028, net of unamortized deferred debt costs of \$9,388 and \$11,554, respectively	26,597	26,827
	<u>1,862,539</u>	<u>1,928,233</u>
The Lodge of Howard Lake LLC:		
3.80% Nicolet National Bank Series 2017A, maturing October 2037, net of unamortized deferred debt costs of \$22,817 and \$24,409, respectively	1,361,929	1,397,930
Variable rate - 2% at June 30, 2022		
City of Howard Lake bonds maturing through February 2040, net of unamortized deferred debt costs of \$10,546 and \$11,178, respectively	518,120	541,405
7% installment note payable to contractor, maturing August 2035, unsecured	123,826	123,826
7% installment note payable to CADG, maturing September 2036	107,316	107,316
5.75% Nicolet National Bank Series 2017B, maturing December 2028, net of unamortized deferred debt costs of \$12,284 and \$15,119 respectively	27,466	27,281
	<u>2,138,657</u>	<u>2,197,758</u>
The Lodge of Taylors Falls LLC:		
3.80% Nicolet National Bank Series 2017A, maturing October 2037, net of unamortized deferred debt costs of \$31,436 and \$33,630, respectively	1,879,837	1,929,756
3.804% City of Taylors Falls bonds, maturing February 2043, net of unamortized deferred debt costs of \$27,480 and \$28,883, respectively	624,630	623,226
7% installment note payable to CADG, maturing September 2035	150,000	150,000
7% installment note payable to contractor, maturing May 2036, unsecured	150,000	150,000
5.75% Nicolet National Bank Series 2017B, maturing December 2028, net of unamortized deferred debt costs of \$14,258 and \$17,549, respectively	41,273	41,680
	<u>2,845,740</u>	<u>2,894,662</u>
The Lodge of New Hope LLC:		
3.80% Nicolet National Bank Series 2017C, maturing October 2049, net of unamortized deferred debt costs of \$86,608 and \$92,650, respectively	5,014,270	5,111,986
6% installment note payable to CADG, maturing October 2037	200,960	200,960
6% installment note payable to contractor maturing January 2039, unsecured	121,000	121,000
	<u>5,336,230</u>	<u>5,433,946</u>
	<u>15,285,138</u>	<u>15,663,297</u>
Current maturities	<u>(684,963)</u>	<u>(644,559)</u>
Long-term portion	<u>\$ 14,600,175</u>	<u>\$ 15,018,738</u>

COMMUNITY ASSET FOUNDATION
AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

Note 3: Long-Term Obligations (Continued)

The Nicolet National Bank Series 2017A loan is collateralized by substantially all the assets of CAF, Winthrop, Howard Lake, and Taylors Falls. The loan was originally issued to CAF by the City of Howard Lake. On September 19, 2017, Nicolet National Bank purchased the loan from the City of Howard Lake and became the lender. The interest rate is subject to be reset on October 15, 2027, 2029, 2031, 2033, and 2035 to the fixed rate advance rate published by the Federal Home Loan Bank of Chicago, plus 200 basis points.

The Nicolet National Bank Series 2017B loan is collateralized by substantially all the assets of CAF, Winthrop, Howard Lake, and Taylors Falls. The loan was originated by the City of Howard Lake and purchased by Nicolet National Bank.

The Nicolet National Bank Series 2017C loan is collateralized by substantially all the assets of New Hope. The loan was originated by the City of New Hope and purchased by Nicolet National Bank.

During December 2018, CAF entered into a loan with Nicolet National Bank that is collateralized by a building. The interest rate is subject to be reset in 2024 and 2028 to the fixed rate advance rate published by the Federal Home Loan Bank of Chicago, plus 275 basis points. Proceeds of \$288,500 were used to purchase a building.

Certain general obligation tax increment bonds have clauses which reset the interest rates on the fifth anniversary of the issuance date and every five years thereafter. Certain bonds are collateralized by the Foundation's buildings and improvements.

During February 2021, CAF refinanced a bond for Howard Lake. The bond is callable after February 1, 2028.

Unsecured notes from CADG are payable to an entity owned solely by a non-voting board member of CAF. These notes are subordinate to other debt on the projects.

The Foundation deferred all principal payments of their CADG note payable for Mountain Lake, Taylors Falls, and New Hope in the months of July 2021 through June 2023. The Foundation deferred all principal payments of their CADG note payable for Taylors Falls in the months of July 2020 through June 2021 and July 2022 through June 2023.

The Foundation deferred all principal payments of their installment note to contractor for Winthrop, Howard Lake, Taylors Falls, and New Hope in the months of July 2022 through June 2023.

In October 2021, CAF obtained a 2.75% SBA loan for \$499,900 with monthly principal and interest payments of \$2,189, maturing October 2051, and collateralized by construction in progress.

Total interest charged to operations for the years ended June 30, 2023 and 2022, amounted to \$684,501 and \$655,036, respectively. Cash paid for interest was \$504,234 and \$563,475 for the years ended June 30, 2023 and 2022, respectively.

COMMUNITY ASSET FOUNDATION
AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

Note 3: Long-Term Obligations (Continued)

Maturities of long-term obligations are as follows for years ending June 30:

2024	\$ 684,963
2025	497,367
2026	522,853
2027	541,813
2028	568,767
Thereafter	<u>12,469,375</u>
	<u>\$ 15,285,138</u>

The long-term debt is subject to certain financial covenants.

Note 4: Income Taxes

CAF is exempt from federal and state income taxes pursuant to Section 501(c)(3) of the Internal Revenue Code. CAF's federal information returns are subject to possible examination by the Internal Revenue Service until the expiration of the related statute of limitations which generally is three years.

Note 5: Liquidity and Availability of Resources

The Foundation regularly monitors liquidity required to meet its operating needs and maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities and other obligations come due.

The following table reflects the Foundation's financial assets as of June 30, 2023 and 2022. Details of the assets available for the Foundation's use are as follows for the years ended June 30:

	<u>2023</u>	<u>2022</u>
Cash	\$ 83,610	\$ 387,158
Accounts receivable, net	<u>318,526</u>	<u>184,898</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 402,136</u>	<u>\$ 572,056</u>

Note 6: Revenue Recognition in Accordance with FASB ASC 606

The Foundation's revenue consists primarily of monthly performance obligations and revenue is recognized in the month the service is performed. Typical payment terms are net 30 days from the time of the invoice.

Disaggregation of Revenue

The Foundation operates as an assisted living provider in Minnesota. All transactions are initiated by residency agreements with the residents, which are considered one distinct performance obligation for each month. Various economic factors affect revenues and cash flows, including UCARE and Medicaid programs. The Foundation's revenue is spread over numerous residents, reducing the risk of loss.

COMMUNITY ASSET FOUNDATION
AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

Note 6: Revenue Recognition in Accordance with FASB ASC 606 (Continued)

Contract Balances

The timing of revenue recognition, billings and cash collection results in accounts receivable and deferred revenues on the statement of financial position. Amounts are billed in accordance with agreed-upon contract terms (monthly). Generally, services are prebilled on a monthly basis in advance of recognizing revenue, resulting in contract liabilities. These contract liabilities are reduced as revenue is recognized.

The ending balances were as follows as of June 30:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Accounts receivable, net	\$ 318,526	\$ 184,898	\$ 112,096
Deferred revenues	\$ 43,920	\$ 24,981	\$ 62,667

Note 7: Commitments

Management Agreement

CAF has entered into management agreements with The Evangelical Good Samaritan Society (the Society) to operate the assisted living facilities CAF constructed. The agreements commence the day a certificate of occupancy was received for each facility, and expire five years from that date, or through 2028. In consideration for management services, CAF pays the Society a fee of 5.35% of the gross revenue earned by each facility. CAF is also responsible for reimbursing the Society the operating expenses it incurs on behalf of the assisted living facilities, including employee costs since all of the staff at the facilities are employees of the Society. The Society has agreed to subordinate the management fees to the first mortgage on each facility. The Society also has the right to acquire the facilities at any time with a six month notice. The purchase price will equal the amount of outstanding debt on the purchase date. Management fees incurred under these agreements totaled \$229,535 and \$206,930 for the years ended June 30, 2023 and 2022, respectively. Management agreements automatically renew for one 5 year period, unless cancelled by either party within 60 days of the original expiration date of the agreement. After the initial 5 year renewal term, the parties can agree to additional renewals.

Note 8: Subsequent Events

Management has evaluated subsequent events through January 5, 2024, the date on which the financial statements were available to be issued.

At June 30, 2023, the West Creek facility was under construction. Costs incurred as of June 30, 2023 are \$178,967 and are presented in the consolidated statements of financial position as construction in progress. Construction is still underway as of December 2023. Financing for the project was finalized in July 2023 with West Creek obtaining a mortgage note for \$1,900,000 and a mortgage note for \$2,835,000. The \$1,900,000 mortgage note is due in one installment on the maturity date in October 2054. The \$2,835,000 mortgage note can be drawn upon as needed throughout construction. Both mortgage notes are collateralized by the construction in progress.

SUPPLEMENTARY INFORMATION

Independent Auditor's Report on Supplementary Information

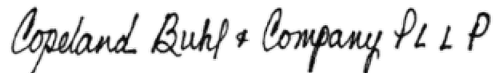
To the Board of Directors

Community Asset Foundation and Subsidiaries

Chaska, Minnesota

We have audited the consolidated financial statements of Community Asset Foundation and Subsidiaries as of and for the years ended June 30, 2023 and 2022, and our report thereon dated January 5, 2024, which expressed an unmodified opinion on those consolidated financial statements, appears on pages 1-2. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole.

The supplementary information is 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 audits 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.



COPELAND BUHL & COMPANY PLLP

January 5, 2024

COMMUNITY ASSET FOUNDATION
AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2023

<u>ASSETS</u>	Community Asset Foundation	The Lodge of Winthrop LLC	The Lodge of Howard Lake LLC	The Lodge of Taylors Falls LLC	The Lodge of New Hope LLC	Subtotal	Consolidating Eliminations	Consolidated Total
Current Assets:								
Cash	\$ 57,527	\$ 2,155	\$ 9,296	\$ 4,498	\$ 10,134	\$ 83,610	\$ -	\$ 83,610
Accounts receivable, net	32,352	32,768	73,819	100,023	79,564	318,526	-	318,526
Prepaid expenses and other current assets	1,686	304	4,247	1,858	1,157	9,252	-	9,252
Due from affiliates	697,841	487,109	410,348	2,500	-	1,597,798	(1,597,798)	-
Total Current Assets	789,406	522,336	497,710	108,879	90,855	2,009,186	(1,597,798)	411,388
Restricted Reserves and Escrows	-	61,465	-	-	-	61,465	-	61,465
Property and Equipment, at Cost:								
Land	94,194	68,600	121,223	220,000	160,000	664,017	-	664,017
Land improvements	357,485	346,435	266,585	354,934	138,905	1,464,344	-	1,464,344
Buildings	2,576,929	1,814,587	2,429,524	2,515,298	5,329,972	14,666,310	-	14,666,310
Equipment	54,754	24,608	137,514	128,088	119,720	464,684	-	464,684
Contruction in progress	178,967	-	-	-	-	178,967	-	178,967
	3,262,329	2,254,230	2,954,846	3,218,320	5,748,597	17,438,322	-	17,438,322
Accumulated depreciation	(1,118,408)	(646,896)	(928,924)	(1,128,535)	(964,467)	(4,787,230)	-	(4,787,230)
Net Property and Equipment	2,143,921	1,607,334	2,025,922	2,089,785	4,784,130	12,651,092	-	12,651,092
TOTAL ASSETS	\$ 2,933,327	\$ 2,191,135	\$ 2,523,632	\$ 2,198,664	\$ 4,874,985	\$ 14,721,743	\$ (1,597,798)	\$ 13,123,945
<u>LIABILITES AND NET ASSETS WITHOUT DONOR RESTRICTIONS</u>								
Current Liabilities:								
Current maturities of long-term obligations	\$ 115,306	\$ 81,919	\$ 81,409	\$ 255,033	\$ 151,296	\$ 684,963	\$ -	\$ 684,963
Accounts payable	67,709	96,803	89,296	115,539	66,135	435,482	-	435,482
Accrued interest	44,103	28,775	31,711	345,161	69,893	519,643	-	519,643
Deferred revenue	4,711	-	11,440	11,707	16,062	43,920	-	43,920
Tenant security deposits	11,876	11,175	11,650	18,741	20,028	73,470	-	73,470
Due to affiliates	138,850	-	226,240	639,708	593,000	1,597,798	(1,597,798)	-
Total Current Liabilities	382,555	218,672	451,746	1,385,889	916,414	3,355,276	(1,597,798)	1,757,478
Long-Term Obligations	2,986,666	1,780,620	2,057,248	2,590,707	5,184,934	14,600,175	-	14,600,175
Net Assets Without Donor Restrictions	(435,894)	191,843	14,638	(1,777,932)	(1,226,363)	(3,233,708)	-	(3,233,708)
TOTAL LIABILITIES AND NET ASSETS WITHOUT DONOR RESTRICTIONS	\$ 2,933,327	\$ 2,191,135	\$ 2,523,632	\$ 2,198,664	\$ 4,874,985	\$ 14,721,743	\$ (1,597,798)	\$ 13,123,945

COMMUNITY ASSET FOUNDATION
AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023

	Community Asset Foundation	The Lodge of Winthrop LLC	The Lodge of Howard Lake LLC	The Lodge of Taylors Falls LLC	The Lodge of New Hope LLC	Subtotal	Consolidating Eliminations	Consolidated Total
Revenues:								
Operating revenue	\$ 744,721	\$ 793,220	\$ 1,025,879	\$ 704,356	\$ 1,068,090	\$ 4,336,266	\$ -	\$ 4,336,266
Contributions revenue	323	554	-	-	-	877	-	877
Total Revenues	745,044	793,774	1,025,879	704,356	1,068,090	4,337,143	-	4,337,143
Expenses:								
Program Expenses:								
Nursing services and universal worker	297,958	331,166	493,789	417,193	478,652	2,018,758	-	2,018,758
Property and finance	273,757	157,419	202,394	334,220	482,340	1,450,130	-	1,450,130
Operations and maintenance	72,311	60,132	97,284	72,089	171,240	473,056	-	473,056
Dietary	81,673	85,084	98,452	126,340	63,574	455,123	-	455,123
Activities	-	8,602	-	-	30,237	38,839	-	38,839
Housekeeping	3,767	2,718	2,650	4,361	1,463	14,959	-	14,959
Laundry	343	-	-	-	-	343	-	343
Miscellaneous	3,262	-	-	-	-	3,262	-	3,262
Total Program Expenses	733,071	645,121	894,569	954,203	1,227,506	4,454,470	-	4,454,470
Management and General Expenses:								
Administrative	104,713	88,143	106,481	89,220	104,962	493,519	-	493,519
Miscellaneous	3,459	81	-	-	-	3,540	-	3,540
Total Management and General Expenses	108,172	88,224	106,481	89,220	104,962	497,059	-	497,059
Total Expenses	841,243	733,345	1,001,050	1,043,423	1,332,468	4,951,529	-	4,951,529
Change in Net Assets	(96,199)	60,429	24,829	(339,067)	(264,378)	(614,386)	-	(614,386)
Net Assets Without Donor Restrictions - Beginning of Year	(339,695)	131,414	(10,191)	(1,438,865)	(961,985)	(2,619,322)	-	(2,619,322)
Net Assets Without Donor Restrictions - End of Year	<u>\$ (435,894)</u>	<u>\$ 191,843</u>	<u>\$ 14,638</u>	<u>\$ (1,777,932)</u>	<u>\$ (1,226,363)</u>	<u>\$ (3,233,708)</u>	<u>\$ -</u>	<u>\$ (3,233,708)</u>

COMMUNITY ASSET FOUNDATION
AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2023

	Community Asset Foundation	The Lodge of Winthrop LLC	The Lodge of Howard Lake LLC	The Lodge of Taylors Falls LLC	The Lodge of New Hope LLC	Subtotal	Consolidating Eliminations	Consolidated Total
Cash Flows from Operating Activities:								
Change in net assets	\$ (96,199)	\$ 60,429	\$ 24,829	\$ (339,067)	\$ (264,378)	\$ (614,386)	\$ -	\$ (614,386)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:								
Depreciation	108,686	75,584	100,845	136,703	214,970	636,788	-	636,788
Non-cash interest	14,189	5,482	5,059	6,888	6,042	37,660	-	37,660
Loss on disposition of property	-	-	-	-	3,123	3,123	-	3,123
Changes in assets and liabilities:								
Accounts receivable	(7,646)	(10,842)	(36,845)	(54,069)	(24,226)	(133,628)	-	(133,628)
Prepaid expenses and other current assets	10,853	899	2,388	(1,541)	5,820	18,419	-	18,419
Accounts payable	15,296	14,960	28,485	43,704	(6,319)	96,126	-	96,126
Accrued interest	20,381	16,396	15,681	60,167	20,880	133,505	-	133,505
Deferred revenue	1,438	-	(1,520)	4,807	14,214	18,939	-	18,939
Tenant security deposits	2,200	275	600	(4,973)	28	(1,870)	-	(1,870)
Due from/to affiliates	(195,962)	(94,930)	(46,017)	201,521	135,388	-	-	-
Net Cash Provided by (Used in) Operating Activities	(126,764)	68,253	93,505	54,140	105,542	194,676	-	194,676
Cash Flows from Investing Activities:								
Purchases of property and equipment	(54,069)	-	(23,561)	(8,266)	-	(85,896)	-	(85,896)
Cash Flows from Financing Activities:								
Principal payments on long-term obligations	(120,915)	(71,176)	(64,160)	(55,810)	(103,758)	(415,819)	-	(415,819)
Net Increase (Decrease) in Cash and Restricted Reserves and Escrows	(301,748)	(2,923)	5,784	(9,936)	1,784	(307,039)	-	(307,039)
Cash and Restricted Reserves and Escrows - Beginning of Year	359,275	66,543	3,512	14,434	8,350	452,114	-	452,114
Cash and Restricted Reserves and Escrows - End of Year	<u>\$ 57,527</u>	<u>\$ 63,620</u>	<u>\$ 9,296</u>	<u>\$ 4,498</u>	<u>\$ 10,134</u>	<u>\$ 145,075</u>	<u>\$ -</u>	<u>\$ 145,075</u>