

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

**COMMUNITY ASSET FOUNDATION
AND WHOLLY-OWNED SUBSIDIARIES**

June 30, 2022 and 2021

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Independent Auditor's Report

To the Board of Directors

Community Asset Foundation and Wholly-Owned Subsidiaries
Chaska, Minnesota

Opinion

We have audited the consolidated financial statements of Community Asset Foundation and Wholly-Owned Subsidiaries, which comprise the consolidated statements of financial position as of June 30, 2022 and 2021, 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 Wholly-Owned Subsidiaries as of June 30, 2022 and 2021, 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 Wholly-Owned 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 Wholly-Owned Subsidiaries' ability to continue as a going concern for one year after the date that the consolidated financial statements are issued.

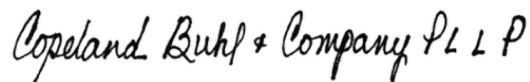
Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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 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 Community Asset Foundation and Wholly-Owned 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 Wholly-Owned 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.

A handwritten signature in black ink that reads "Copeland Buhl & Company PLLP". The signature is written in a cursive, flowing style.

COPELAND BUHL & COMPANY PLLP

December 19, 2022

COMMUNITY ASSET FOUNDATION
AND WHOLLY-OWNED SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2022 AND 2021

<u>ASSETS</u>	<u>2022</u>	<u>2021</u>
Current Assets:		
Cash	\$ 387,158	\$ 330,115
Accounts receivable, net	184,898	112,096
Prepaid expenses and other current assets	27,671	74,104
Total Current Assets	599,727	516,315
Restricted Reserves and Escrows	64,956	79,665
Property and Equipment, at Cost:		
Land	664,017	664,017
Land improvements	1,464,344	1,464,344
Buildings	14,676,317	14,689,969
Equipment	437,928	408,463
Construction in progress	124,899	51,841
	17,367,505	17,278,634
Accumulated depreciation	(4,162,398)	(3,542,905)
Net Property and Equipment	13,205,107	13,735,729
TOTAL ASSETS	<u>\$ 13,869,790</u>	<u>\$ 14,331,709</u>
<u>LIABILITIES AND NET ASSETS WITHOUT</u>		
<u>DONOR RESTRICTIONS</u>		
Current Liabilities:		
Current maturities of long-term obligations	\$ 644,559	\$ 546,242
Accounts payable	339,356	389,280
Accrued interest	386,138	325,682
Deferred revenue	24,981	62,667
Tenant security deposits	75,340	62,904
Total Current Liabilities	1,470,374	1,386,775
Long-Term Obligations	15,018,738	14,998,906
Net Assets Without Donor Restrictions	(2,619,322)	(2,053,972)
TOTAL LIABILITIES AND NET ASSETS WITHOUT		
DONOR RESTRICTIONS	<u>\$ 13,869,790</u>	<u>\$ 14,331,709</u>

See notes to consolidated financial statements.

COMMUNITY ASSET FOUNDATION
AND WHOLLY-OWNED SUBSIDIARIES
CONSOLIDATED STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
Revenues:		
Operating revenue	\$ 3,951,608	\$ 3,714,166
Contributions revenue	<u>132,321</u>	<u>177,165</u>
Total Revenues	4,083,929	3,891,331
Expenses:		
Program Expenses:		
Property and finance	1,379,733	1,361,519
Nursing services and universal worker	1,887,997	1,838,966
Dietary	437,795	416,029
Operations and maintenance	347,956	297,233
Activities	36,008	46,233
Housekeeping	13,338	9,473
Laundry	2,864	3,377
Miscellaneous	<u>26,187</u>	<u>24,983</u>
Total Program Expenses	4,131,878	3,997,813
Management and General (Income) Expenses:		
Administrative	513,827	461,981
Miscellaneous	<u>3,574</u>	<u>(28,941)</u>
Total Management and General Expenses	<u>517,401</u>	<u>433,040</u>
Total Expenses	<u>4,649,279</u>	<u>4,430,853</u>
Change in Net Assets	(565,350)	(539,522)
Net Assets Without Donor Restrictions - Beginning of Year	<u>(2,053,972)</u>	<u>(1,514,450)</u>
Net Assets Without Donor Restrictions - End of Year	<u><u>\$ (2,619,322)</u></u>	<u><u>\$ (2,053,972)</u></u>

See notes to consolidated financial statements.

COMMUNITY ASSET FOUNDATION
AND WHOLLY-OWNED SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
Cash Flows from Operating Activities:		
Change in net assets	\$ (565,350)	\$ (539,522)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	636,817	632,371
Non-cash interest	27,999	25,116
Loss (gain) on disposition of property and equipment	236	(18,266)
Changes in assets and liabilities:		
Accounts receivable	(72,802)	71,742
Prepaid expenses and other current assets	46,433	(20,746)
Accounts payable	(49,924)	275
Accrued interest	60,456	46,092
Deferred revenue	(37,686)	34,693
Tenant security deposits	12,436	(13,491)
Net Cash Provided by Operating Activities	58,615	218,264
Cash Flows from Investing Activities:		
Purchases of property and equipment	(106,431)	(167,388)
Proceeds from disposition of property	-	86,745
Net Cash Used in Investing Activities	(106,431)	(80,643)
Cash Flows from Financing Activities:		
Proceeds from long-term obligations	499,900	-
Principal payments on long-term obligations	(409,750)	(382,782)
Net Cash Provided by (Used in) Financing Activities	90,150	(382,782)
Net Increase (Decrease) in Cash and Restricted Reserves and Escrows	42,334	(245,161)
Cash and Restricted Reserves and Escrows - Beginning of Year	409,780	654,941
Cash and Restricted Reserves and Escrows - End of Year	<u>\$ 452,114</u>	<u>\$ 409,780</u>

See notes to consolidated financial statements.

COMMUNITY ASSET FOUNDATION
AND WHOLLY-OWNED SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

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. A facility in Mountain Lake is 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, 2022 and 2021.

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 \$54,982 and \$8,974 as of June 30, 2022 and 2021, 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 WHOLLY-OWNED SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

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, 2022 and 2021.

Contributed Services

CAF receives a substantial amount of 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.

Subsequent Events

Management has evaluated subsequent events through December 19, 2022, the date on which the consolidated financial statements were available to be issued.

Note 3: Promises to Give

The Foundation has a conditional promise to give of \$400,000 at June 30, 2022 from an organization for a rental project. The conditional promise to give will be recognized once the conditions have been met.

COMMUNITY ASSET FOUNDATION
AND WHOLLY-OWNED SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

Note 4: Long-Term Obligations

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

	<u>2022</u>	<u>2021</u>
Community Asset Foundation, Mountain Lake property:		
3.80% Charter Bank Series 2017A, maturing October 2037, net of unamortized deferred debt costs of \$30,087 and \$31,344, respectively	\$ 1,746,208	\$ 1,786,077
2% City of Mountain Lake bonds, maturing January 2039, net of unamortized deferred debt costs of \$63,930 and \$63,939, respectively	535,091	577,165
2.75% installment note payable to the U.S. Small Business Administration (SBA), maturing October 2051	499,900	-
Variable rate - 6.00% at June 30, 2022 Charter Bank, maturing December 2028, net of unamortized deferred costs of \$950 and \$1,100, respectively	266,769	275,993
7% installment note payable to CADG, maturing July 2033	123,706	123,706
5.75% Charter Bank Series 2017B, maturing December 2028, net of unamortized deferred debt costs of \$15,813 and \$18,778, respectively	37,024	37,173
	<u>3,208,698</u>	<u>2,800,114</u>
The Lodge of Winthrop LLC:		
3.80% Charter Bank Series 2017A, maturing October 2037, net of unamortized deferred debt costs of \$21,877 and \$23,303, respectively	1,265,367	1,277,710
Variable rate - 3.73% at June 30, 2022 City of Winthrop bonds, maturing through February 2040, net of unamortized deferred debt costs of \$29,906 and \$31,795, respectively	478,427	523,205
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	82,835
5.75% Charter Bank Series 2017B, maturing December 2028, net of unamortized deferred debt costs of \$11,554 and \$13,720, respectively	26,827	26,924
	<u>1,928,233</u>	<u>1,989,564</u>

COMMUNITY ASSET FOUNDATION
AND WHOLLY-OWNED SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

Note 4: Long-Term Obligations (Continued)

	<u>2022</u>	<u>2021</u>
The Lodge of Howard Lake LLC:		
3.80% Charter Bank Series 2017A, maturing October 2037, net of unamortized deferred debt costs of \$24,409 and \$26,002, respectively	1,397,930	1,437,612
Variable rate - 2% at June 30, 2022 City of Howard Lake bonds maturing through February 2040, net of unamortized deferred debt costs of \$11,178 and \$11,811, respectively	541,405	567,522
7% installment note payable to contractor, maturing August 2035, unsecured	123,826	128,958
7% installment note payable to CADG, maturing September 2036	107,316	111,764
5.75% Charter Bank Series 2017B, maturing December 2028, net of unamortized deferred debt costs of \$15,119 and \$17,954, respectively	27,281	26,947
	<u>2,197,758</u>	<u>2,272,803</u>
The Lodge of Taylors Falls LLC:		
3.80% Charter Bank Series 2017A, maturing October 2037, net of unamortized deferred debt costs of \$33,630 and \$35,971, respectively	1,929,756	1,982,232
3.804% City of Taylors Falls bonds, maturing February 2043, net of unamortized deferred debt costs of \$28,883 and \$30,286, respectively	623,226	621,823
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% Charter Bank Series 2017B, maturing December 2028, net of unamortized deferred debt costs of \$17,549 and \$20,839, respectively	41,680	41,879
	<u>2,894,662</u>	<u>2,945,934</u>
The Lodge of New Hope LLC:		
3.80% Charter Bank Series 2017C, maturing October 2049, net of unamortized deferred debt costs of \$92,650 and \$98,692, respectively	5,111,986	5,214,773
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>5,433,946</u>	<u>5,536,733</u>
	<u>15,663,297</u>	<u>15,545,148</u>
Current maturities	<u>(644,559)</u>	<u>(546,242)</u>
Long-term portion	<u>\$ 15,018,738</u>	<u>\$ 14,998,906</u>

COMMUNITY ASSET FOUNDATION
AND WHOLLY-OWNED SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

Note 4: Long-Term Obligations (Continued)

The Charter 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, Charter 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 Charter 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 Charter Bank.

The Charter 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 Charter Bank.

During December 2018, CAF entered into a loan with Charter 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 2022. The Foundation deferred all principal payments of their CADG note payable for Taylors Falls in the months of July 2020 through June 2021.

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, 2022 and 2021, amounted to \$655,036 and \$704,824, respectively. Cash paid for interest was \$563,475 and \$658,732 for the years ended June 30, 2022 and 2021, respectively.

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

2021	\$ 644,559
2022	476,952
2023	487,698
2024	503,381
2025	521,771
Thereafter	<u>13,028,936</u>
	<u>\$ 15,663,297</u>

COMMUNITY ASSET FOUNDATION
AND WHOLLY-OWNED SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

Note 4: Long-Term Obligations (Continued)

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

Note 5: 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 6: 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, 2022 and 2021. Details of the assets available for the Foundation's use are as follows for the years ended June 30:

	<u>2022</u>	<u>2021</u>
Cash	\$ 387,158	\$ 330,115
Accounts receivable, net	<u>184,898</u>	<u>112,096</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 572,056</u>	<u>\$ 442,211</u>

Note 7: Revenue Recognition in Accordance with FASB ASC 606

The Foundation's revenue consist 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.

Contract Balances

The timing of revenue recognition, billings and cash collection results in accounts receivable and deferred revenues on the balance sheet. 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.

COMMUNITY ASSET FOUNDATION
AND WHOLLY-OWNED SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

Note 7: Revenue Recognition in Accordance with FASB ASC 606 (Continued)

Contract Balances (Continued)

The ending balances were as follows as of June 30:

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Accounts receivable, net	\$ 184,898	\$ 112,096	\$ 183,838
Deferred revenues	\$ 24,981	\$ 62,667	\$ 27,974

Note 8: 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 2027. 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 \$206,930 and \$200,282 for the years ended June 30, 2022 and 2021, 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.

SUPPLEMENTARY INFORMATION

Independent Auditor's Report on Supplementary Information

To the Board of Directors

Community Asset Foundation and Wholly-Owned Subsidiaries

Chaska, Minnesota

We have audited the consolidated financial statements of Community Asset Foundation and Wholly-Owned Subsidiaries as of and for the years ended June 30, 2022 and 2021, and our report thereon dated December 19, 2022, 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

COPELAND BUHL & COMPANY PLLP

December 19, 2022

COMMUNITY ASSET FOUNDATION
AND WHOLLY-OWNED SUBSIDIARIES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2022

<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	\$ 359,275	\$ 1,587	\$ 3,512	\$ 14,434	\$ 8,350	\$ 387,158	\$ -	\$ 387,158
Accounts receivable, net	24,706	21,926	36,974	45,954	55,338	184,898	-	184,898
Prepaid expenses and other current assets	12,539	1,203	6,635	317	6,977	27,671	-	27,671
Due from affiliates	439,449	392,179	386,432	-	12,000	1,230,060	(1,230,060)	-
Total Current Assets	835,969	416,895	433,553	60,705	82,665	1,829,787	(1,230,060)	599,727
Restricted Reserves and Escrows	-	64,956	-	-	-	64,956	-	64,956
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	1,824,594	2,429,524	2,515,298	5,329,972	14,676,317	-	14,676,317
Equipment	54,754	24,608	113,953	119,821	124,792	437,928	-	437,928
Contruction in progress	124,899	-	-	-	-	124,899	-	124,899
	3,208,261	2,264,237	2,931,285	3,210,053	5,753,669	17,367,505	-	17,367,505
Accumulated depreciation	(1,009,723)	(581,319)	(828,079)	(991,831)	(751,446)	(4,162,398)	-	(4,162,398)
Net Property and Equipment	2,198,538	1,682,918	2,103,206	2,218,222	5,002,223	13,205,107	-	13,205,107
TOTAL ASSETS	\$ 3,034,507	\$ 2,164,769	\$ 2,536,759	\$ 2,278,927	\$ 5,084,888	\$ 15,099,850	\$ (1,230,060)	\$ 13,869,790
<u>LIABILITES AND NET ASSETS WITHOUT DONOR RESTRICTIONS</u>								
Current Liabilities:								
Current maturities of long-term obligations	\$ 115,884	\$ 85,424	\$ 73,465	\$ 234,422	\$ 135,364	\$ 644,559	\$ -	\$ 644,559
Accounts payable	52,413	81,843	60,811	71,835	72,454	339,356	-	339,356
Accrued interest	23,722	12,379	16,030	284,994	49,013	386,138	-	386,138
Deferred revenue	3,273	-	12,960	6,900	1,848	24,981	-	24,981
Tenant security deposits	9,676	10,900	11,050	23,714	20,000	75,340	-	75,340
Due to affiliates	76,420	-	248,341	435,687	469,612	1,230,060	(1,230,060)	-
Total Current Liabilities	281,388	190,546	422,657	1,057,552	748,291	2,700,434	(1,230,060)	1,470,374
Long-Term Obligations	3,092,814	1,842,809	2,124,293	2,660,240	5,298,582	15,018,738	-	15,018,738
Net Assets Without Donor Restrictions	(339,695)	131,414	(10,191)	(1,438,865)	(961,985)	(2,619,322)	-	(2,619,322)
TOTAL LIABILITIES AND NET ASSETS WITHOUT DONOR RESTRICTIONS	\$ 3,034,507	\$ 2,164,769	\$ 2,536,759	\$ 2,278,927	\$ 5,084,888	\$ 15,099,850	\$ (1,230,060)	\$ 13,869,790

COMMUNITY ASSET FOUNDATION
AND WHOLLY-OWNED SUBSIDIARIES
CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022

	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	\$ 723,124	\$ 712,038	\$ 955,643	\$ 657,394	\$ 903,409	\$ 3,951,608	\$ -	\$ 3,951,608
Contributions revenue	132,321	-	-	-	-	132,321	-	132,321
Total Revenues	855,445	712,038	955,643	657,394	903,409	4,083,929	-	4,083,929
Expenses:								
Program Expenses:								
Property and finance	272,561	158,976	189,197	308,017	450,982	1,379,733	-	1,379,733
Nursing services and universal worker	319,863	331,494	408,446	370,304	457,890	1,887,997	-	1,887,997
Dietary	87,163	95,573	100,881	85,693	68,485	437,795	-	437,795
Operations and maintenance	67,478	32,138	82,399	52,389	113,552	347,956	-	347,956
Activities	142	1,265	1,853	1,953	30,795	36,008	-	36,008
Housekeeping	1,844	1,503	3,214	2,273	4,504	13,338	-	13,338
Laundry	351	1,732	227	98	456	2,864	-	2,864
Miscellaneous	3,205	1,896	4,374	7,796	8,916	26,187	-	26,187
Total Program Expenses	752,607	624,577	790,591	828,523	1,135,580	4,131,878	-	4,131,878
Management and General (Income) Expenses:								
Administrative	165,923	70,598	87,844	70,059	119,403	513,827	-	513,827
Miscellaneous	3,791	(217)	-	-	-	3,574	-	3,574
Total Management and General Expenses	169,714	70,381	87,844	70,059	119,403	517,401	-	517,401
Total Expenses	922,321	694,958	878,435	898,582	1,254,983	4,649,279	-	4,649,279
Change in Net Assets	(66,876)	17,080	77,208	(241,188)	(351,574)	(565,350)	-	(565,350)
Net Assets Without Donor Restrictions - Beginning of Year	(272,819)	114,334	(87,399)	(1,197,677)	(610,411)	(2,053,972)	-	(2,053,972)
Net Assets Without Donor Restrictions - End of Year	<u>\$ (339,695)</u>	<u>\$ 131,414</u>	<u>\$ (10,191)</u>	<u>\$ (1,438,865)</u>	<u>\$ (961,985)</u>	<u>\$ (2,619,322)</u>	<u>\$ -</u>	<u>\$ (2,619,322)</u>

COMMUNITY ASSET FOUNDATION
AND WHOLLY-OWNED SUBSIDIARIES
CONSOLIDATING STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2022

	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	\$ (66,876)	\$ 17,080	\$ 77,208	\$ (241,188)	\$ (351,574)	\$ (565,350)	\$ -	\$ (565,350)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:								
Depreciation	111,517	75,585	98,642	135,050	216,023	636,817	-	636,817
Non-cash interest	4,381	5,481	5,061	7,034	6,042	27,999	-	27,999
Loss on disposition of property	-	-	236	-	-	236	-	236
Changes in assets and liabilities:								
Accounts receivable	(8,482)	5,919	(12,818)	(39,101)	(18,320)	(72,802)	-	(72,802)
Prepaid expenses and other current assets	(2,865)	19,732	12,679	7,486	9,401	46,433	-	46,433
Accounts payable	(3,183)	(4,433)	(13,988)	(32,285)	3,965	(49,924)	-	(49,924)
Accrued interest	9,357	232	(414)	40,045	11,236	60,456	-	60,456
Deferred revenue	(33,359)	(17,730)	12,960	2,748	(2,305)	(37,686)	-	(37,686)
Tenant security deposits	(500)	3,900	3,050	4,125	1,861	12,436	-	12,436
Due from/to affiliates	(87,029)	(119,700)	(185,771)	177,500	215,000	-	-	-
Net Cash Provided by (Used in) Operating Activities	(77,039)	(13,934)	(3,155)	61,414	91,329	58,615	-	58,615
Cash Flows from Investing Activities:								
Purchases of property and equipment	(75,305)	-	(23,825)	-	(7,301)	(106,431)	-	(106,431)
Cash Flows from Financing Activities:								
Proceeds from long-term obligations	499,900	-	-	-	-	499,900	-	499,900
Principal payments on long-term obligations	(95,697)	(66,812)	(80,106)	(58,306)	(108,829)	(409,750)	-	(409,750)
Net Cash Provided by (Used in) Financing Activities	404,203	(66,812)	(80,106)	(58,306)	(108,829)	90,150	-	90,150
Net Increase (Decrease) in Cash and Restricted Reserves and Escrows	251,859	(80,746)	(107,086)	3,108	(24,801)	42,334	-	42,334
Cash and Restricted Reserves and Escrows - Beginning of Year	107,416	147,289	110,598	11,326	33,151	409,780	-	409,780
Cash and Restricted Reserves and Escrows - End of Year	<u>\$ 359,275</u>	<u>\$ 66,543</u>	<u>\$ 3,512</u>	<u>\$ 14,434</u>	<u>\$ 8,350</u>	<u>\$ 452,114</u>	<u>\$ -</u>	<u>\$ 452,114</u>