

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

**COMMUNITY ASSET FOUNDATION
AND SUBSIDIARIES**

June 30, 2024 and 2023

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Independent Auditor's Report

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

Report on the Audit of the Consolidated Financial Statements

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, 2024 and 2023, 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, 2024 and 2023, 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 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 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

COPELAND BUHL & COMPANY PLLP

February 12, 2025

COMMUNITY ASSET FOUNDATION
AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2024 AND 2023

<u>ASSETS</u>	<u>2024</u>	<u>2023</u>
Current Assets:		
Cash	\$ 404,326	\$ 83,610
Accounts receivable, net	337,283	318,526
Prepaid expenses and other current assets	15,148	9,252
Total Current Assets	756,757	411,388
Restricted Reserves and Escrows	74,420	61,465
Property and Equipment, at Cost:		
Land	664,017	664,017
Land improvements	1,464,344	1,464,344
Buildings	14,666,310	14,666,310
Equipment	470,473	464,684
Construction in progress	3,756,313	178,967
	21,021,457	17,438,322
Accumulated depreciation	(5,392,386)	(4,787,230)
Net Property and Equipment	15,629,071	12,651,092
TOTAL ASSETS	<u>\$ 16,460,248</u>	<u>\$ 13,123,945</u>
<u>LIABILITIES AND NET ASSETS WITHOUT</u>		
<u>DONOR RESTRICTIONS</u>		
Current Liabilities:		
Current maturities of long-term obligations	\$ 811,402	\$ 684,963
Accounts payable	541,134	435,482
Accrued interest	628,716	519,643
Deferred revenue	41,577	43,920
Tenant security deposits	77,439	73,470
Total Current Liabilities	2,100,268	1,757,478
Long-Term Obligations	16,230,506	14,600,175
Net Assets Without Donor Restrictions	(1,870,526)	(3,233,708)
TOTAL LIABILITIES AND NET ASSETS WITHOUT		
DONOR RESTRICTIONS	<u>\$ 16,460,248</u>	<u>\$ 13,123,945</u>

See notes to consolidated financial statements.

COMMUNITY ASSET FOUNDATION
AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
Revenues:		
Operating revenue	\$ 4,924,217	\$ 4,336,266
Contributions revenue	<u>1,793,701</u>	<u>877</u>
Total Revenues	6,717,918	4,337,143
Expenses:		
Program Expenses:		
Nursing services and universal worker	2,122,243	2,018,758
Property and finance	1,379,781	1,450,130
Dietary	545,751	455,123
Operations and maintenance	428,612	473,056
Contributions expense	244,000	-
Activities	32,102	38,839
Housekeeping	11,577	14,959
Miscellaneous	<u>3,574</u>	<u>3,605</u>
Total Program Expenses	4,767,640	4,454,470
Management and General Expenses:		
Administrative	583,218	493,519
Miscellaneous	<u>3,878</u>	<u>3,540</u>
Total Management and General Expenses	<u>587,096</u>	<u>497,059</u>
Total Expenses	<u>5,354,736</u>	<u>4,951,529</u>
Change in Net Assets	1,363,182	(614,386)
Net Assets Without Donor Restrictions - Beginning of Year	<u>(3,233,708)</u>	<u>(2,619,322)</u>
Net Assets Without Donor Restrictions - End of Year	<u><u>\$ (1,870,526)</u></u>	<u><u>\$ (3,233,708)</u></u>

See notes to consolidated financial statements.

COMMUNITY ASSET FOUNDATION
AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
Cash Flows from Operating Activities:		
Change in net assets	\$ 1,363,182	\$ (614,386)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	605,156	636,788
Non-cash interest	139,761	37,660
Non-cash contributions revenue	(1,744,000)	-
Non-cash contributions expense	244,000	-
Loss on disposition of property and equipment	-	3,123
Credit losses (recoveries)	(9,575)	10,148
Changes in assets and liabilities:		
Accounts receivable	(9,182)	(143,776)
Prepaid expenses and other current assets	(5,896)	18,419
Accounts payable	105,652	96,126
Accrued interest	6,971	133,505
Deferred revenue	(2,343)	18,939
Tenant security deposits	3,969	(1,870)
Net Cash Provided by Operating Activities	697,695	194,676
Cash Flows from Investing Activities:		
Purchases of property and equipment	(73,944)	(85,896)
Cash Flows from Financing Activities:		
Principal payments on long-term obligations	(290,080)	(415,819)
Net Increase (Decrease) in Cash and Restricted Reserves and Escrows	333,671	(307,039)
Cash and Restricted Reserves and Escrows - Beginning of Year	145,075	452,114
Cash and Restricted Reserves and Escrows - End of Year	<u>\$ 478,746</u>	<u>\$ 145,075</u>
Reconciliation of Cash and Restricted Reserves and Escrows to Consolidated Statements of Financial Position:		
Cash	\$ 404,326	\$ 83,610
Restricted Reserves and Escrows	74,420	61,465
Cash and Restricted Reserves and Escrows - End of Year	<u>\$ 478,746</u>	<u>\$ 145,075</u>

See notes to consolidated financial statements.

COMMUNITY ASSET FOUNDATION
AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

Note 1: Nature of Operations

Community Asset Foundation (CAF) owns assisted living facilities in five Minnesota communities (collectively, the "Foundation"). CAF's wholly-owned subsidiaries, The Lodge of Mountain Lake (Mountain Lake), 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. The West Creek Apartments (West Creek) are owned directly by CAF. West Creek is in the process of being constructed and is a facility that will provide lodging for young adults experiencing homelessness.

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, 2024 and 2023.

Basis of Consolidation

The consolidated financial statements include the accounts of Community Asset Foundation and the following wholly-owned subsidiaries: Mountain Lake, 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.

Restricted Reserves and Escrows

Restricted reserves and escrows are held in a deposit account with the lender for insurance and real estate tax purposes. The restricted reserves and escrows are restricted as collateral on Lodge of Winthrop debt disclosed in Note 3.

COMMUNITY ASSET FOUNDATION
AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

Note 2: Summary of Significant Accounting Policies (Continued)

Accounts Receivable and Allowance for Credit Losses

Accounts receivable are stated at the amount management expects to collect from outstanding balances. On July 1, 2023, the Foundation adopted FASB Accounting Standards Update 2016-13 *Financial Instruments – Credit Losses*, which required revisions to the existing methodology. There was no adjustment necessary as a result of adoption of the new standard. The Foundation maintains allowances for credit losses for estimated losses resulting from the inability of its customers to make required payments. Management considers the following factors when determining the collectability: customer creditworthiness, past transaction history with the customer, current economic industry trends, and changes in customer payment terms. Past due balances over 90 days and other higher risk amounts are reviewed individually for collectability. If the financial condition of the Foundation's customers were to deteriorate, adversely affecting their ability to make payments, additional allowances would be required. Based on management's assessment, the Foundation provides for probable uncollectible amounts through a charge to operations and a credit to an allowance. 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.

Changes in the allowance for credit losses are as follows:

	<u>2024</u>
Beginning balance	\$ 50,648
Provision for credit loss recoveries	(9,575)
Write-offs	<u>(39,711)</u>
Ending balance	<u><u>\$ 1,362</u></u>

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 statements 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, 2024 and 2023.

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.

COMMUNITY ASSET FOUNDATION
AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

Note 2: Summary of Significant Accounting Policies (Continued)

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.

Reclassifications

Certain accounts in the prior-year consolidated financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year consolidated financial statements. These reclassifications have no effect on the change in net assets or net assets without donor restrictions.

Subsequent Events

Management has evaluated subsequent events through February 12, 2025, the date on which the consolidated financial statements were available to be issued.

Note 3: Long-Term Obligations

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

	<u>2024</u>	<u>2023</u>
Community Asset Foundation:		
0.00% Minnesota Housing Finance Agency, maturing October 2054	\$ 1,242,762	\$ -
0.00% Minnesota Housing Finance Agency, maturing October 2054	766,429	-
2.75% installment note payable to the U.S. Small Business Administration (SBA), maturing October 2051	499,900	499,900
Variable rate - 6.00% at June 30, 2024 Nicolet National Bank, maturing December 2028, net of unamortized deferred costs of \$650 and \$800, respectively	246,897	256,960
	<u>2,755,988</u>	<u>756,860</u>
The Lodge of Mountain Lake LLC:		
3.80% Nicolet National Bank Series 2017A, maturing October 2037, net of unamortized deferred debt costs of \$26,163 and \$28,125, respectively	1,656,812	1,685,515
2% City of Mountain Lake bonds, maturing January 2039, net of unamortized deferred debt costs of \$45,707 and \$54,819, respectively	463,314	499,202
7% installment note payable to CADG, maturing July 2033	123,706	123,706
Variable rate - 6.56% Nicolet National Bank Series 2017B, maturing December 2028, net of unamortized deferred debt costs of \$9,883 and \$12,848, respectively	37,521	36,689
	<u>2,281,353</u>	<u>2,345,112</u>

COMMUNITY ASSET FOUNDATION
AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

Note 3: Long-Term Obligations (Continued)

	<u>2024</u>	<u>2023</u>
The Lodge of Winthrop LLC:		
3.80% Nicolet National Bank Series 2017A, maturing October 2037, net of unamortized deferred debt costs of \$19,023 and \$20,450, respectively	1,211,417	1,231,764
Variable rate - 3.70% at June 30, 2024		
City of Winthrop bonds, maturing through February 2040, net of unamortized deferred debt costs of \$26,128 and \$28,017, respectively	423,454	446,566
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
Variable rate - 6.56% Nicolet National Bank Series 2017B, maturing December 2028, net of unamortized deferred debt costs of \$7,221 and \$9,388, respectively	27,190	26,597
	<u>1,819,673</u>	<u>1,862,539</u>
The Lodge of Howard Lake LLC:		
3.80% Nicolet National Bank Series 2017A, maturing October 2037, net of unamortized deferred debt costs of \$21,255 and \$22,817, respectively	1,338,926	1,361,929
Variable rate - 2.00% at June 30, 2024		
City of Howard Lake bonds maturing through February 2040, net of unamortized deferred debt costs of \$9,913 and \$10,546, respectively	493,586	518,120
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
Variable rate - 6.56% Nicolet National Bank Series 2017B, maturing December 2028, net of unamortized deferred debt costs of \$9,449 and \$12,284, respectively	28,877	27,466
	<u>2,092,531</u>	<u>2,138,657</u>
The Lodge of Taylors Falls LLC:		
3.80% Nicolet National Bank Series 2017A, maturing October 2037, net of unamortized deferred debt costs of \$29,243 and \$31,436, respectively	1,848,849	1,879,837
3.80% City of Taylors Falls bonds, maturing February 2043, net of unamortized deferred debt costs of \$26,077 and \$27,480, respectively	626,033	624,630
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
Variable rate - 6.56% Nicolet National Bank Series 2017B, maturing December 2028, net of unamortized deferred debt costs of \$10,968 and \$14,258, respectively	41,836	41,273
	<u>2,816,718</u>	<u>2,845,740</u>

COMMUNITY ASSET FOUNDATION
AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

Note 3: Long-Term Obligations (Continued)

	<u>2024</u>	<u>2023</u>
The Lodge of New Hope LLC:		
3.80% Nicolet National Bank Series 2017C, maturing October 2049, net of unamortized deferred debt costs of \$80,565 and \$86,608, respectively	4,953,685	5,014,270
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>5,275,645</u>	<u>5,336,230</u>
	17,041,908	15,285,138
Current maturities	<u>(811,402)</u>	<u>(684,963)</u>
Long-term portion	<u>\$ 16,230,506</u>	<u>\$ 14,600,175</u>

The Nicolet National Bank Series 2017A loan is collateralized by substantially all the assets of Mountain Lake, Winthrop, Howard Lake, and Taylors Falls. 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 Mountain Lake, Winthrop, Howard Lake, and Taylors Falls.

The Nicolet National Bank Series 2017C loan is collateralized by substantially all the assets of New Hope.

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 January 2024 and 2028 to the fixed rate advance rate published by the Federal Home Loan Bank of Chicago, plus 275 basis points.

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.

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 2024. The Foundation deferred all principal payments of their CADG note payable for Winthrop and Howard Lake in the months of July 2022 through June 2024.

The Foundation deferred all principal payments of their installment note to contractor for Winthrop, Taylors Falls, and New Hope in the months of July 2021 through June 2024. The Foundation deferred all principal payments of their installment note to contractor for Howard Lake in the months of July 2022 through June 2024.

The 2.75% SBA loan is collateralized by construction in progress. The Foundation deferred all principal payments on the SBA loan in the months of October 2021 through June 2024.

COMMUNITY ASSET FOUNDATION
AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

Note 3: Long-Term Obligations (Continued)

Non-cash proceeds of \$2,009,191 relating to West Creek construction in process consists of two notes to the Minnesota Housing Finance Agency maturing in October 2054. No principal payments are due until October 2054. Both notes do not bear interest and may be forgiven in full if West Creek meets certain requirements related to completion of construction and operation of the facility for a period of time. In addition, West Creek has access to \$1,602,929 of operating reserves to cover forecasted operating losses over the initial 20 years. None of the reserve has been drawn on as of June 30, 2024. Construction was completed in July 2024 with additional non-cash proceeds of \$1,122,880.

Total interest charged to operations for the years ended June 30, 2024 and 2023, amounted to \$644,265 and \$684,501, respectively. Cash paid for interest was \$497,476 and \$504,234 for the years ended June 30, 2024 and 2023, respectively.

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

2025	\$ 811,402
2026	505,634
2027	532,284
2028	564,665
2029	882,126
Thereafter	<u>13,745,797</u>
	<u>\$ 17,041,908</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, 2024 and 2023. Details of the assets available for the Foundation's use are as follows for the years ended June 30:

	<u>2024</u>	<u>2023</u>
Cash	\$ 404,326	\$ 83,610
Accounts receivable, net	<u>337,283</u>	<u>318,526</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 741,609</u>	<u>\$ 402,136</u>

COMMUNITY ASSET FOUNDATION
AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

Note 6: Revenue Recognition

The Foundation's revenue consists primarily of daily 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 day. 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 revenue on the statements of financial position. Amounts are billed in accordance with agreed-upon contract terms (daily). 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>2024</u>		<u>2023</u>		<u>2022</u>
Accounts receivable, net	\$ 337,283	\$	318,526	\$	184,898
Deferred revenue	\$ (41,577)	\$	(43,920)	\$	(24,981)

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 2029. 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 \$256,809 and \$229,535 for the years ended June 30, 2024 and 2023, 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: Non-Cash Contributions

Land valued at \$244,000 is included within contributions revenue as of June 30, 2024. This land was contributed by an entity owned by a non-voting board member of CAF. The land was subsequently donated to a local government agency and recorded within contributions expense.

COMMUNITY ASSET FOUNDATION
AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

Note 8: Non-Cash Contributions (Continued)

Non-cash funds valued at \$1,500,000 were contributed by various agencies to fund the construction of West Creek. These proceeds are included within contributions revenue as of June 30, 2024.

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, 2024 and 2023, and our report thereon dated February 12, 2025, 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 accompanying 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

February 12, 2025

COMMUNITY ASSET FOUNDATION
AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2024

<u>ASSETS</u>	Community Asset Foundation	The Lodge of Mountain Lake LLC	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	\$ 46,241	\$ 93,044	\$ 86,078	\$ 121,039	\$ 27,031	\$ 30,893	\$ 404,326	\$ -	\$ 404,326
Accounts receivable, net	-	54,669	99,535	17,348	45,567	120,164	337,283	-	337,283
Prepaid expenses and other current assets	-	3,575	1,860	5,620	1,811	2,282	15,148	-	15,148
Due from affiliates	265,062	472,676	524,243	581,120	2,500	-	1,845,601	(1,845,601)	-
Total Current Assets	311,303	623,964	711,716	725,127	76,909	153,339	2,602,358	(1,845,601)	756,757
Restricted Reserves and Escrows	-	-	74,420	-	-	-	74,420	-	74,420
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	288,992	2,287,937	1,814,587	2,429,524	2,515,298	5,329,972	14,666,310	-	14,666,310
Equipment	-	54,754	30,397	137,514	128,088	119,720	470,473	-	470,473
Contruction in progress	3,747,778	-	8,535	-	-	-	3,756,313	-	3,756,313
	4,036,770	2,794,370	2,268,554	2,954,846	3,218,320	5,748,597	21,021,457	-	21,021,457
Accumulated depreciation	(40,849)	(1,179,353)	(719,583)	(1,030,206)	(1,264,364)	(1,158,031)	(5,392,386)	-	(5,392,386)
Net Property and Equipment	3,995,921	1,615,017	1,548,971	1,924,640	1,953,956	4,590,566	15,629,071	-	15,629,071
TOTAL ASSETS	\$ 4,307,224	\$ 2,238,981	\$ 2,335,107	\$ 2,649,767	\$ 2,030,865	\$ 4,743,905	\$ 18,305,849	\$ (1,845,601)	\$ 16,460,248
<u>LIABILITES AND NET ASSETS WITHOUT DONOR RESTRICTIONS</u>									
Current Liabilities:									
Current maturities of long-term obligations	\$ 10,993	\$ 121,274	\$ 102,554	\$ 104,606	\$ 302,797	\$ 169,178	\$ 811,402	\$ -	\$ 811,402
Accounts payable	-	94,012	129,175	93,183	90,091	134,673	541,134	-	541,134
Accrued interest	31,172	28,444	39,661	47,452	391,884	90,103	628,716	-	628,716
Deferred revenue	-	4,290	4,519	18,067	9,227	5,474	41,577	-	41,577
Tenant security deposits	676	18,100	12,850	14,025	16,788	15,000	77,439	-	77,439
Due to affiliates	151,238	72,124	-	242,570	808,632	571,037	1,845,601	(1,845,601)	-
Total Current Liabilities	194,079	338,244	288,759	519,903	1,619,419	985,465	3,945,869	(1,845,601)	2,100,268
Long-Term Obligations	2,744,995	2,160,079	1,717,119	1,987,925	2,513,921	5,106,467	16,230,506	-	16,230,506
Net Assets Without Donor Restrictions	1,368,150	(259,342)	329,229	141,939	(2,102,475)	(1,348,027)	(1,870,526)	-	(1,870,526)
TOTAL LIABILITIES AND NET ASSETS WITHOUT DONOR RESTRICTIONS	\$ 4,307,224	\$ 2,238,981	\$ 2,335,107	\$ 2,649,767	\$ 2,030,865	\$ 4,743,905	\$ 18,305,849	\$ (1,845,601)	\$ 16,460,248

COMMUNITY ASSET FOUNDATION
AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2024

	Community Asset Foundation	The Lodge of Mountain Lake LLC	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	\$ 30,612	\$ 862,180	\$ 949,693	\$ 1,066,775	\$ 740,891	\$ 1,274,066	\$ 4,924,217	\$ -	\$ 4,924,217
Contributions revenue	1,792,266	-	1,435	-	-	-	1,793,701	-	1,793,701
Total Revenues	1,822,878	862,180	951,128	1,066,775	740,891	1,274,066	6,717,918	-	6,717,918
Expenses:									
Program Expenses:									
Nursing services and universal worker	-	326,606	402,991	401,312	435,482	555,852	2,122,243	-	2,122,243
Property and finance	43,137	211,475	146,569	200,475	317,295	460,830	1,379,781	-	1,379,781
Dietary	-	85,090	90,114	112,493	134,062	123,992	545,751	-	545,751
Operations and maintenance	-	82,970	54,438	104,347	92,428	94,429	428,612	-	428,612
Contributions expense	244,000	-	-	-	-	-	244,000	-	244,000
Activities	-	-	6,156	-	-	25,946	32,102	-	32,102
Housekeeping	-	1,680	2,640	2,336	3,209	1,712	11,577	-	11,577
Miscellaneous	-	3,574	-	-	-	-	3,574	-	3,574
Total Program Expenses	287,137	711,395	702,908	820,963	982,476	1,262,761	4,767,640	-	4,767,640
Management and General Expenses:									
Administrative	57,093	80,853	110,834	118,511	82,958	132,969	583,218	-	583,218
Miscellaneous	3,878	-	-	-	-	-	3,878	-	3,878
Total Management and General Expenses	60,971	80,853	110,834	118,511	82,958	132,969	587,096	-	587,096
Total Expenses	348,108	792,248	813,742	939,474	1,065,434	1,395,730	5,354,736	-	5,354,736
Change in Net Assets	1,474,770	69,932	137,386	127,301	(324,543)	(121,664)	1,363,182	-	1,363,182
Net Assets Without Donor Restrictions - Beginning of Year	(106,620)	(329,274)	191,843	14,638	(1,777,932)	(1,226,363)	(3,233,708)	-	(3,233,708)
Net Assets Without Donor Restrictions - End of Year	\$ 1,368,150	\$ (259,342)	\$ 329,229	\$ 141,939	\$ (2,102,475)	\$ (1,348,027)	\$ (1,870,526)	\$ -	\$ (1,870,526)

COMMUNITY ASSET FOUNDATION
AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2024

	Community Asset Foundation	The Lodge of Mountain Lake LLC	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	\$ 1,474,770	\$ 69,932	\$ 137,386	\$ 127,301	\$ (324,543)	\$ (121,664)	\$ 1,363,182	\$ -	\$ 1,363,182
Adjustments to reconcile change in net assets to net cash									
provided by operating activities:									
Depreciation	7,316	94,477	72,688	101,282	135,829	193,564	605,156	-	605,156
Non-cash interest	150	22,214	16,515	20,855	53,664	26,363	139,761	-	139,761
Non-cash contributions revenue	(1,744,000)	-	-	-	-	-	(1,744,000)	-	(1,744,000)
Non-cash contributions expense	244,000	-	-	-	-	-	244,000	-	244,000
Credit losses (recoveries)	-	833	-	1,265	(11,858)	185	(9,575)	-	(9,575)
Changes in assets and liabilities:									
Accounts receivable	-	(23,150)	(66,767)	55,206	66,314	(40,785)	(9,182)	-	(9,182)
Prepaid expenses and other current assets	-	(1,889)	(1,556)	(1,373)	47	(1,125)	(5,896)	-	(5,896)
Accounts payable	-	26,303	32,372	3,887	(25,448)	68,538	105,652	-	105,652
Accrued interest	6,510	828	(147)	(55)	(54)	(111)	6,971	-	6,971
Deferred revenue	-	(421)	4,519	6,627	(2,480)	(10,588)	(2,343)	-	(2,343)
Tenant security deposits	-	6,900	1,675	2,375	(1,953)	(5,028)	3,969	-	3,969
Due from/to affiliates	99,103	(54,488)	(37,134)	(154,442)	168,924	(21,963)	-	-	-
Net Cash Provided by Operating Activities	87,849	141,539	159,551	162,928	58,442	87,386	697,695	-	697,695
Cash Flows from Investing Activities:									
Purchases of property and equipment	(59,619)	-	(14,325)	-	-	-	(73,944)	-	(73,944)
Cash Flows from Financing Activities:									
Principal payments on long-term obligations	(10,798)	(77,213)	(48,348)	(51,185)	(35,909)	(66,627)	(290,080)	-	(290,080)
Net Increase in Cash and Restricted Reserves and Escrows	17,432	64,326	96,878	111,743	22,533	20,759	333,671	-	333,671
Cash and Restricted Reserves and Escrows - Beginning of Year	28,809	28,718	63,620	9,296	4,498	10,134	145,075	-	145,075
Cash and Restricted Reserves and Escrows - End of Year	\$ 46,241	\$ 93,044	\$ 160,498	\$ 121,039	\$ 27,031	\$ 30,893	\$ 478,746	\$ -	\$ 478,746