

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

**COMMUNITY ASSET FOUNDATION
AND SUBSIDIARIES**

June 30, 2025 and 2024

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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, 2025 and 2024, 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, 2025 and 2024, 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 27, 2026

COMMUNITY ASSET FOUNDATION
AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2025 AND 2024

<u>ASSETS</u>	<u>2025</u>	<u>2024</u>
Current Assets:		
Cash	\$ 643,850	\$ 404,326
Accounts receivable, net	518,486	337,283
Prepaid expenses and other current assets	5,201	15,148
	<hr/>	<hr/>
Total Current Assets	1,167,537	756,757
Restricted Reserves and Escrows	51,253	74,420
Property and Equipment, at Cost:		
Land	664,017	664,017
Land improvements	1,464,344	1,464,344
Buildings	19,463,705	14,666,310
Equipment	531,627	470,473
Construction in progress	4,000	3,756,313
	<hr/>	<hr/>
	22,127,693	21,021,457
Accumulated depreciation	(6,085,636)	(5,392,386)
	<hr/>	<hr/>
Property and Equipment, Net	16,042,057	15,629,071
	<hr/>	<hr/>
TOTAL ASSETS	<u>\$ 17,260,847</u>	<u>\$ 16,460,248</u>
<u>LIABILITIES AND NET ASSETS WITHOUT</u>		
<u>DONOR RESTRICTIONS</u>		
Current Liabilities:		
Current maturities of long-term obligations	\$ 900,895	\$ 811,402
Accounts payable	409,165	541,134
Accrued interest	657,964	628,716
Deferred revenue	53,500	41,577
Tenant security deposits	97,071	77,439
	<hr/>	<hr/>
Total Current Liabilities	2,118,595	2,100,268
Long-Term Obligations	16,847,410	16,230,506
Net Assets Without Donor Restrictions	<hr/>	<hr/>
	(1,705,158)	(1,870,526)
	<hr/>	<hr/>
TOTAL LIABILITIES AND NET ASSETS WITHOUT	<u>\$ 17,260,847</u>	<u>\$ 16,460,248</u>
DONOR RESTRICTIONS		

See notes to consolidated financial statements.

COMMUNITY ASSET FOUNDATION
AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2025 AND 2024

	2025	2024
Revenues:		
Operating revenue	\$ 6,175,333	\$ 4,924,217
Contributions revenue	165,528	1,793,701
Total Revenues	6,340,861	6,717,918
Expenses:		
Program Expenses:		
Nursing services and universal worker	2,433,689	2,122,243
Property and finance	1,422,391	1,379,781
Operations and maintenance	717,846	428,612
Dietary	613,090	545,751
Activities	37,647	32,102
Housekeeping	14,437	11,577
Contributions	-	244,000
Miscellaneous	3,087	3,574
Total Program Expenses	5,242,187	4,767,640
Management and General Expenses:		
Administrative	918,991	583,218
Miscellaneous	14,315	3,878
Total Management and General Expenses	933,306	587,096
Total Expenses	6,175,493	5,354,736
Change in Net Assets	165,368	1,363,182
Net Assets Without Donor Restrictions - Beginning of Year	(1,870,526)	(3,233,708)
Net Assets Without Donor Restrictions - End of Year	\$ (1,705,158)	\$ (1,870,526)

See notes to consolidated financial statements.

COMMUNITY ASSET FOUNDATION
AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2025 AND 2024

	2025	2024
Cash Flows from Operating Activities:		
Change in net assets	\$ 165,368	\$ 1,363,182
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	693,250	605,156
Non-cash construction expense	63,259	-
Non-cash interest	90,926	139,761
Non-cash contributions revenue	(10,748)	(1,744,000)
Non-cash contributions expense	-	244,000
Credit losses (recoveries)	92,040	(9,575)
Changes in assets and liabilities:		
Accounts receivable	(273,243)	(9,182)
Prepaid expenses and other current assets	9,947	(5,896)
Accounts payable	(131,969)	105,652
Accrued interest	(33,666)	6,971
Deferred revenue	11,923	(2,343)
Tenant security deposits	19,632	3,969
	696,719	697,695
Cash Flows from Investing Activities:		
Purchases of property and equipment	(35,867)	(73,944)
Cash Flows from Financing Activities:		
Principal payments on long-term obligations	(444,495)	(290,080)
Net Increase in Cash and Restricted Reserves and Escrows	216,357	333,671
Cash and Restricted Reserves and Escrows - Beginning of Year	478,746	145,075
Cash and Restricted Reserves and Escrows - End of Year	\$ 695,103	\$ 478,746
Reconciliation of Cash and Restricted Reserves and Escrows to Consolidated Statements of Financial Position:		
Cash	\$ 643,850	\$ 404,326
Restricted Reserves and Escrows	51,253	74,420
Cash and Restricted Reserves and Escrows - End of Year	\$ 695,103	\$ 478,746

See notes to consolidated financial statements.

COMMUNITY ASSET FOUNDATION
AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

Note 1: Nature of Operations

Community Asset Foundation (CAF) owns assisted living facilities in five Minnesota communities and a homeless youth shelter in Minnesota (collectively, the “Foundation”). CAF’s wholly-owned subsidiaries, The Lodge of Mountain Lake LLC (Mountain Lake), The Lodge of Winthrop LLC (Winthrop), The Lodge of Howard Lake LLC (Howard Lake), The Lodge of Taylors Falls LLC (Taylors Falls), The Lodge of New Hope LLC (New Hope), and The West Creek Apartments LLC (West Creek) own the facilities in their respective communities.

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 as of June 30, 2025 and 2024.

Basis of Consolidation

The consolidated financial statements include the accounts of Community Asset Foundation and CAF’s wholly-owned subsidiaries: Mountain Lake, Winthrop, Howard Lake, Taylors Falls, New Hope, and West Creek. 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 The Lodge of Winthrop obligations disclosed in Note 3.

COMMUNITY ASSET FOUNDATION
AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

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>2025</u>	<u>2024</u>
Beginning balance	\$ 1,362	\$ 50,648
Provision for credit losses (recoveries)	92,040	(9,575)
Write-offs	<u>(5,075)</u>	<u>(39,711)</u>
Ending balance	<u>\$ 88,327</u>	<u>\$ 1,362</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 as of June 30, 2025 and 2024.

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, 2025 AND 2024

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.

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.

Reclassifications

Certain reclassifications have been made in the prior-year's consolidated financial statements to conform to the classifications used in the current-year. These reclassifications have no effect on the change in net assets or net assets without donor restrictions.

Note 3: Long-Term Obligations

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

	<u>2025</u>	<u>2024</u>
Community Asset Foundation:		
2.75% installment note payable to the U.S. Small Business Administration (SBA), maturing October 2051	\$ 499,900	\$ 499,900
Variable rate - 7.19% at June 30, 2025 Nicolet National Bank, maturing December 2028, net of unamortized deferred costs of \$500 and \$650, respectively	236,386	246,897
0.00% Minnesota Housing Finance Agency, maturing October 2054	-	1,242,762
0.00% Minnesota Housing Finance Agency, maturing October 2054	-	766,429
	<u>736,286</u>	<u>2,755,988</u>
The Lodge of Mountain Lake LLC:		
3.80% Nicolet National Bank Series 2017A, maturing October 2037, net of unamortized deferred debt costs of \$24,200 and \$26,163, respectively	1,602,803	1,656,812
2.00% City of Mountain Lake bonds, maturing January 2039, net of unamortized deferred debt costs of \$46,240 and \$45,707, respectively	419,864	463,314
7.00% 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 \$6,918 and \$9,883, respectively	36,456	37,521
	<u>2,182,829</u>	<u>2,281,353</u>

COMMUNITY ASSET FOUNDATION
AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

Note 3: Long-Term Obligations (Continued)

	<u>2025</u>	<u>2024</u>
The Lodge of Winthrop LLC:		
3.80% Nicolet National Bank Series 2017A, maturing October 2037, net of unamortized deferred debt costs of \$17,596 and \$19,023, respectively	1,177,876	1,211,417
Variable rate - 1.15% at June 30, 2025		
City of Winthrop bonds, maturing through February 2040, net of unamortized deferred debt costs of \$24,240 and \$26,128, respectively	395,343	423,454
7.00% installment note payable to CADG, maturing May 2034	78,722	78,722
7.00% installment note payable to contractor, maturing May 2035, unsecured	74,973	78,890
Variable rate - 6.56% Nicolet National Bank Series 2017B, maturing December 2028, net of unamortized deferred debt costs of \$5,055 and \$7,221, respectively	26,373	27,190
	<u>1,753,287</u>	<u>1,819,673</u>
The Lodge of Howard Lake LLC:		
3.80% Nicolet National Bank Series 2017A, maturing October 2037, net of unamortized deferred debt costs of \$19,635 and \$21,255, respectively	1,294,559	1,338,926
Variable rate - 2.00% at June 30, 2025		
City of Howard Lake bonds maturing through February 2040, net of unamortized deferred debt costs of \$9,280 and \$9,913, respectively	468,386	493,586
7.00% installment note payable to contractor, maturing August 2035, unsecured	123,826	123,826
7.00% 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 \$6,615 and \$9,449, respectively	28,453	28,877
	<u>2,022,540</u>	<u>2,092,531</u>
The Lodge of Taylors Falls LLC:		
3.80% Nicolet National Bank Series 2017A, maturing October 2037, net of unamortized deferred debt costs of \$27,198 and \$29,243, respectively	1,791,846	1,848,849
3.80% City of Taylors Falls bonds, maturing February 2043, net of unamortized deferred debt costs of \$24,674 and \$26,077, respectively	627,436	626,033
7.00% installment note payable to CADG, maturing September 2035	152,982	150,000
7.00% installment note payable to contractor, maturing May 2036, unsecured	146,341	150,000
Variable rate - 6.56% Nicolet National Bank Series 2017B, maturing December 2028, net of unamortized deferred debt costs of \$7,678 and \$10,968, respectively	40,636	41,836
	<u>2,759,241</u>	<u>2,816,718</u>

COMMUNITY ASSET FOUNDATION
AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

Note 3: Long-Term Obligations (Continued)

	2025	2024
The Lodge of New Hope LLC:		
3.80% Nicolet National Bank Series 2017C, maturing October 2049, net of unamortized deferred debt costs of \$74,523 and \$80,565, respectively	4,843,380	4,953,685
6.00% installment note payable to CADG, maturing October 2037	200,960	200,960
6.00% installment note payable to contractor maturing January 2039, unsecured	117,711	121,000
	5,162,051	5,275,645
West Creek Apartments LLC:		
0.00% Minnesota Housing Finance Agency, maturing October 2054	1,900,000	-
0.00% Minnesota Housing Finance Agency, maturing October 2054	1,232,071	-
	3,132,071	-
	17,748,305	17,041,908
Current maturities	(900,895)	(811,402)
Long-term portion	\$ 16,847,410	\$ 16,230,506

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.

The Nicolet National Bank loan on CAF is collateralized by a building of CAF. The interest rate is subject to a reset in January 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.

COMMUNITY ASSET FOUNDATION
AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

Note 3: Long-Term Obligations (Continued)

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 2025. The Foundation deferred all principal payments of their CADG note payable for Winthrop and Howard Lake in the months of July 2022 through June 2025.

The Foundation deferred all principal payments of their installment note to contractor for 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 2025.

The 2.75% SBA loan is collateralized by substantially all assets of the Foundation. The Foundation deferred all principal payments on the SBA loan in the months of October 2021 through June 2025.

Non-cash proceeds for the years ended June 30, 2025 and 2024 of \$1,122,880 and \$2,009,191, respectively, 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, 2025. These notes were transferred from CAF to West Creek during 2025.

Total interest charged to operations for the years ended June 30, 2025 and 2024, amounted to \$622,421 and \$644,265, respectively. Cash paid for interest was \$547,383 and \$497,476 for the years ended June 30, 2025 and 2024, respectively. Non-cash interest included within interest charged to operations was \$63,033 and \$102,130 for the years ended June 30, 2025 and 2024, respectively.

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

2026	\$ 900,895
2027	531,457
2028	561,696
2029	888,310
2030	582,482
Thereafter	<u>14,283,465</u>
	<u>\$ 17,748,305</u>

The long-term debt is subject to certain financial covenants. Certain financial covenants have not been met, and the bank has waived such noncompliance.

Note 4: 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.

COMMUNITY ASSET FOUNDATION
AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

Note 4: Liquidity and Availability of Resources (Continued)

The following table reflects the Foundation's financial assets as of June 30, 2025 and 2024. Details of the assets available for the Foundation's use are as follows for the years ended June 30:

	<u>2025</u>	<u>2024</u>
Cash	\$ 643,850	\$ 404,326
Accounts receivable, net	<u>518,486</u>	<u>337,283</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,162,336</u>	<u>\$ 741,609</u>

Note 5: Revenue Recognition

The Foundation's revenue consists primarily of daily or 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 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 consolidated 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>2025</u>	<u>2024</u>	<u>2023</u>
Accounts receivable, net	\$ 518,486	\$ 337,283	\$ 318,526
Deferred revenue	\$ (53,500)	\$ (41,577)	\$ (43,920)

COMMUNITY ASSET FOUNDATION
AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

Note 6: Commitments

Management Agreement

CAF has entered into management agreements with Sanford Health 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 under each agreement with the latest expiring in 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 \$310,885 and \$256,809 for the years ended June 30, 2025 and 2024, 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.

West Creek has entered into a management agreement with Premier Housing Management Limited Liability Company (Premier) to operate the homeless youth shelter it has constructed. The agreement commenced as of the date of execution and lasted for two years through August 2025. The agreement automatically renews for one-year periods unless notice of cancellation is given 60 days prior by either party and was renewed through August 2026. In consideration of management services, West Creek pays Premier a fee of 7.00% of gross revenues earned by the shelter. West Creek is responsible for reimbursing Premier 100% of operating expenses associated with the shelter, including employee costs since all the staff at the shelter are employees of Premier. Management fees incurred under this agreement totaled \$11,939 for the year ended June 30, 2025.

Note 7: 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.

Note 8: Subsequent Events

Management has evaluated subsequent events through February 27, 2026, the date on which the consolidated financial statements were available to be issued.

On October 1, 2025, the Foundation completed the sale of its property located at 110 2nd Street West, Chaska, Minnesota, for \$285,000 pursuant to a Real Estate Purchase Agreement executed in September 2025. Net proceeds to the Foundation after closing adjustments were \$44,715. As part of this transaction, outstanding mortgage debt of \$235,441 was satisfied at closing, resulting in the release of the related lien. Based on the carrying value of the property at the date of sale, the transaction resulted in a gain of \$46,002, which will be recognized in the fiscal year ending June 30, 2026.

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, 2025 and 2024, and our report thereon dated February 27, 2026, 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 27, 2026

COMMUNITY ASSET FOUNDATION
AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2025

ASSETS	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	West Creek Apartments LLC	Subtotal	Consolidating Eliminations	Consolidated Total
Current Assets:										
Cash	\$ 186,582	\$ 186,484	\$ 3,700	\$ 150,707	\$ 33,407	\$ 60,715	\$ 22,255	\$ 643,850	\$ -	\$ 643,850
Accounts receivable, net	-	49,095	101,353	38,030	141,740	183,636	4,632	518,486	-	518,486
Prepaid expenses and other current assets	-	1,720	-	-	1,096	279	2,106	5,201	-	5,201
Due from affiliates	279,498	708,576	619,101	651,633	2,500	-	-	2,261,308	(2,261,308)	-
Total Current Assets	466,080	945,875	724,154	840,370	178,743	244,630	28,993	3,428,845	(2,261,308)	1,167,537
Restricted Reserves and Escrows	-	-	51,253	-	-	-	-	51,253	-	51,253
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	4,797,395	19,463,705	-	19,463,705
Equipment	-	54,754	56,141	152,172	128,088	119,720	20,752	531,627	-	531,627
Construction in progress	4,000	-	-	-	-	-	-	4,000	-	4,000
	292,992	2,794,370	2,285,763	2,969,504	3,218,320	5,748,597	4,818,147	22,127,693	-	22,127,693
Accumulated depreciation	(48,165)	(1,272,125)	(794,037)	(1,119,173)	(1,399,101)	(1,336,209)	(116,826)	(6,085,636)	-	(6,085,636)
Property and Equipment, Net	244,827	1,522,245	1,491,726	1,850,331	1,819,219	4,412,388	4,701,321	16,042,057	-	16,042,057
TOTAL ASSETS	\$ 710,907	\$ 2,468,120	\$ 2,267,133	\$ 2,690,701	\$ 1,997,962	\$ 4,657,018	\$ 4,730,314	\$ 19,522,155	\$ (2,261,308)	\$ 17,260,847
<u>LIABILITIES AND NET ASSETS WITHOUT DONOR RESTRICTIONS</u>										
Current Liabilities:										
Current maturities of long-term obligations	\$ 8,625	\$ 129,806	\$ 111,252	\$ 122,256	\$ 344,753	\$ 184,203	\$ -	\$ 900,895	\$ -	\$ 900,895
Accounts payable	-	69,459	81,682	77,161	70,343	84,603	25,917	409,165	-	409,165
Accrued interest	18,083	36,473	41,032	45,669	420,572	96,135	-	657,964	-	657,964
Deferred revenue	-	6,114	603	11,490	7,304	27,793	196	53,500	-	53,500
Tenant security deposits	676	28,100	9,700	14,000	11,500	17,000	16,095	97,071	-	97,071
Due to affiliates	206,509	72,124	-	242,570	874,536	779,869	85,700	2,261,308	(2,261,308)	-
Total Current Liabilities	233,893	342,076	244,269	513,146	1,729,008	1,189,603	127,908	4,379,903	(2,261,308)	2,118,595
Long-Term Obligations	727,661	2,053,023	1,642,035	1,900,284	2,414,488	4,977,848	3,132,071	16,847,410	-	16,847,410
Net Assets Without Donor Restrictions	(250,647)	73,021	380,829	277,271	(2,145,534)	(1,510,433)	1,470,335	(1,705,158)	-	(1,705,158)
TOTAL LIABILITIES AND NET ASSETS WITHOUT DONOR RESTRICTIONS	\$ 710,907	\$ 2,468,120	\$ 2,267,133	\$ 2,690,701	\$ 1,997,962	\$ 4,657,018	\$ 4,730,314	\$ 19,522,155	\$ (2,261,308)	\$ 17,260,847

COMMUNITY ASSET FOUNDATION
AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2025

	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	West Creek Apartments LLC	Subtotal	Consolidating Eliminations	Consolidated Total
Revenues:										
Operating revenue	\$ 43,507	\$ 1,271,365	\$ 984,914	\$ 1,125,551	\$ 1,146,837	\$ 1,431,750	\$ 171,409	\$ 6,175,333	\$ -	\$ 6,175,333
Contributions revenue	153,778	1,475	275	-	-	-	10,000	165,528	-	165,528
Total Revenues	197,285	1,272,840	985,189	1,125,551	1,146,837	1,431,750	181,409	6,340,861	-	6,340,861
Expenses:										
Program Expenses:										
Nursing services and universal worker	-	412,381	460,404	413,576	518,677	628,651	-	2,433,689	-	2,433,689
Property and finance	44,264	199,478	130,829	186,784	322,524	416,361	122,151	1,422,391	-	1,422,391
Operations and maintenance	-	122,486	103,615	128,789	89,732	171,287	101,937	717,846	-	717,846
Dietary	-	86,621	111,660	147,620	126,452	140,737	-	613,090	-	613,090
Activities	-	-	6,557	-	-	31,090	-	37,647	-	37,647
Housekeeping	-	2,118	4,687	1,820	2,751	3,061	-	14,437	-	14,437
Miscellaneous	-	3,087	-	-	-	-	-	3,087	-	3,087
Total Program Expenses	44,264	826,171	817,752	878,589	1,060,136	1,391,187	224,088	5,242,187	-	5,242,187
Management and General Expenses:										
Administrative	86,168	114,306	115,837	111,630	129,760	202,969	158,321	918,991	-	918,991
Miscellaneous	14,315	-	-	-	-	-	-	14,315	-	14,315
Total Management and General Expenses	100,483	114,306	115,837	111,630	129,760	202,969	158,321	933,306	-	933,306
Total Expenses	144,747	940,477	933,589	990,219	1,189,896	1,594,156	382,409	6,175,493	-	6,175,493
Change in Net Assets before Transfer of Net Assets	52,538	332,363	51,600	135,332	(43,059)	(162,406)	(201,000)	165,368	-	165,368
Transfer of Net Assets	(1,671,335)	-	-	-	-	-	1,671,335	-	-	-
Change in Net Assets	(1,618,797)	332,363	51,600	135,332	(43,059)	(162,406)	1,470,335	165,368	-	165,368
Net Assets Without Donor Restrictions - Beginning of Year	1,368,150	(259,342)	329,229	141,939	(2,102,475)	(1,348,027)	-	(1,870,526)	-	(1,870,526)
Net Assets Without Donor Restrictions - End of Year	\$ (250,647)	\$ 73,021	\$ 380,829	\$ 277,271	\$ (2,145,534)	\$ (1,510,433)	\$ 1,470,335	\$ (1,705,158)	\$ -	\$ (1,705,158)

COMMUNITY ASSET FOUNDATION
AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2025

	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	West Creek Apartments LLC	Subtotal	Consolidating Eliminations	Consolidated Total
Cash Flows from Operating Activities:										
Change in net assets	\$ (1,618,797)	\$ 332,363	\$ 51,600	\$ 135,332	\$ (43,059)	\$ (162,406)	\$ 1,470,335	\$ 165,368	\$ -	\$ 165,368
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:										
Depreciation	7,316	92,772	74,454	88,967	134,737	178,178	116,826	693,250	-	693,250
Non-cash construction expense	-	-	-	-	-	-	63,259	63,259	-	63,259
Non-cash interest	150	12,570	10,992	11,576	40,207	15,431	-	90,926	-	90,926
Non-cash contributions revenue	(10,748)	-	-	-	-	-	-	(10,748)	-	(10,748)
Non-cash transfer of net assets	1,671,335	-	-	-	-	-	(1,671,335)	-	-	-
Credit losses	-	1,890	2,066	-	17,113	68,703	2,268	92,040	-	92,040
Changes in assets and liabilities:										
Accounts receivable	-	3,684	(3,884)	(20,682)	(113,286)	(132,175)	(6,900)	(273,243)	-	(273,243)
Prepaid expenses and other current assets	-	1,855	1,860	5,620	715	2,003	(2,106)	9,947	-	9,947
Accounts payable	-	(24,553)	(47,493)	(16,022)	(19,748)	(50,070)	25,917	(131,969)	-	(131,969)
Accrued interest	(13,089)	(148)	(4,139)	(8,300)	(4,633)	(3,357)	-	(33,666)	-	(33,666)
Deferred revenue	-	1,824	(3,916)	(6,577)	(1,923)	22,319	196	11,923	-	11,923
Tenant security deposits	-	10,000	(3,150)	(25)	(5,288)	2,000	16,095	19,632	-	19,632
Due from/to affiliates	118,835	(235,900)	(94,858)	(70,513)	65,904	208,832	7,700	-	-	-
Net Cash Provided by (Used in) Operating Activities	155,002	196,357	(16,468)	119,376	70,739	149,458	22,255	696,719	-	696,719
Cash Flows from Investing Activities:										
Purchases of property and equipment	(4,000)	-	(17,209)	(14,658)	-	-	-	(35,867)	-	(35,867)
Cash Flows from Financing Activities:										
Principal payments on long-term obligations	(10,661)	(102,917)	(71,868)	(75,050)	(64,363)	(119,636)	-	(444,495)	-	(444,495)
Net Increase (Decrease) in Cash and Restricted Reserves and Escrows	140,341	93,440	(105,545)	29,668	6,376	29,822	22,255	216,357	-	216,357
Cash and Restricted Reserves and Escrows - Beginning of Year	46,241	93,044	160,498	121,039	27,031	30,893	-	478,746	-	478,746
Cash and Restricted Reserves and Escrows - End of Year	\$ 186,582	\$ 186,484	\$ 54,953	\$ 150,707	\$ 33,407	\$ 60,715	\$ 22,255	\$ 695,103	\$ -	\$ 695,103