

ONE ROOF COMMUNITY HOUSING
CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
YEAR ENDED DECEMBER 31, 2024
(WITH SUMMARIZED FINANCIAL INFORMATION FOR
THE YEAR ENDED DECEMBER 31, 2023)



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**ONE ROOF COMMUNITY HOUSING
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YEAR ENDED DECEMBER 31, 2024
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2023)**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
One Roof Community Housing
Duluth, Minnesota

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of One Roof Community Housing (a nonprofit organization) and its subsidiaries (hereafter referred to as One Roof), which comprise the consolidated statement of financial position as of December 31, 2024, and the related consolidated statement of activities, changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of One Roof as of December 31, 2024, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

We did not audit the financial statements of the multi-family projects as follows Brewery Creek LLLP, Decker Dwellings LLLP, and Birchwood of Grand Marais LP (hereafter referred to as multi-family projects), which altogether their statements reflect total assets of \$32,314,409 as of December 31, 2024, and total revenues of \$835,726 for the year then ended. Those statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the multi-family projects, is based solely on the reports of the other auditors.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of One Roof and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. 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 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 One Roof's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditors' 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 auditors' 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 One Roof's 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 One Roof's ability to continue as 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.

Report on Summarized Comparative Information

The consolidated financial statements of One Roof as of December 31, 2023, were audited by other auditors whose report dated June 17, 2024, expressed an unmodified opinion on those statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2023, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statement of financial position, consolidating statement of activities, and the FHA lenders with Title 1 authority schedules (collectively, the supplementary information) are presented for purposes of additional analysis and are 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 audit 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 GAAS. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.



CliftonLarsonAllen LLP

St. Cloud, Minnesota
July 24, 2025

ONE ROOF COMMUNITY HOUSING
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2024
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2023)

ASSETS	2024	2023
CURRENT ASSETS		
Cash	\$ 2,507,804	\$ 2,698,378
Cash Designated for Programs	1,548,169	1,472,089
Accounts Receivable, Net	346,255	200,524
Contributions and Grants Receivable	798,033	302,658
Interest Receivable	21,264	15,594
Loans Receivable, Current Portion	423,400	269,500
Prepaid Expenses and Other	43,187	64,994
Properties Under Development, Net	6,088,669	6,839,493
Total Current Assets	11,776,781	11,863,230
Cash Restricted for Loan Programs	1,361,714	1,657,810
Cash Reserves and Escrows	835,215	8,189,156
Loans Receivable - Net, Less Current Portion	5,049,936	4,452,478
Leasehold Improvements and Equipment, Net	86,307	85,143
Property, Plant, and Equipment, Net	31,235,727	18,643,944
Right-of-Use Assets, Net	43,722	81,251
Land Held in Trust	6,246,514	5,472,888
Tax Credit Fees, Net	117,291	56,108
Total Assets	\$ 56,753,207	\$ 50,502,008

See accompanying Notes to Consolidated Financial Statements.

ONE ROOF COMMUNITY HOUSING
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
DECEMBER 31, 2024
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2023)

	2024	2023
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current Maturities Of Long-Term Debt	\$ 3,292,581	\$ 3,874,224
Accounts Payable	202,026	281,901
Accounts Payable - Construction	1,659,539	1,694,600
Accruals	655,020	432,920
Accrued Interest	43,009	23,564
Deferred Revenue	765,555	3,349,684
Committed Loans	256,470	244,407
Borrower Escrows	11,163	10,498
Lease Liabilities, Current Portion	40,676	40,372
Other Current Liabilities	222,385	107,492
Total Current Liabilities	7,148,424	10,059,662
Tenant Security Deposits	91,867	51,620
Lease Liability, Less Current Portion	3,484	41,741
Accrued Developer Fee	247,724	162,612
Refundable Advances	796,396	693,925
Long-Term Debt, Less Current Maturities, Net	18,979,215	16,790,527
Total Liabilities	27,267,110	27,800,087
NET ASSETS		
Without Donor Restrictions:		
Controlling Interest:		
Undesignated	7,247,235	5,182,662
Board Designated - Operating Reserve	1,035,334	1,024,144
Board Designated - Land Held in Trust	6,246,514	5,472,888
Total Controlling Interest	14,529,083	11,679,694
Noncontrolling Interest	13,297,292	8,573,831
Total Without Donor Restrictions	27,826,375	20,253,525
With Donor Restrictions	1,659,722	2,448,396
Total Net Assets	29,486,097	22,701,921
Total Liabilities and Net Assets	\$ 56,753,207	\$ 50,502,008

ONE ROOF COMMUNITY HOUSING
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2024
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2023)

	2024			2023
	Without Donor Restrictions	With Donor Restrictions	Total	
REVENUES AND SUPPORT				
Contributions - Development	\$ -	\$ -	\$ -	\$ 50,000
Government Grants and Contracts - Development	7,113,443	-	7,113,443	1,783,133
Sales of Homes	3,819,001	-	3,819,001	2,258,600
Less Cost of Homes Sold	(9,337,716)	-	(9,337,716)	(3,400,829)
Gain on Sale of Homes	1,594,728	-	1,594,728	690,904
Development Fees - Multifamily	127,667	-	127,667	-
Construction Revenues	83,203	-	83,203	16,645
Less: Construction Services Expense	(352,853)	-	(352,853)	(62,326)
Construction Revenues, Net	(269,650)	-	(269,650)	(45,681)
Contributions - Operating	1,011,538	250,000	1,261,538	583,926
Contributions - Noncash	5,095	-	5,095	3,065
Special Events	39,678	-	39,678	33,925
Government Grants and Contracts - Operating	1,248,360	-	1,248,360	759,743
Real Estate Sales Commissions	182,570	-	182,570	164,472
Land Lease Revenues	146,500	-	146,500	135,483
Multifamily Rental Revenue, Net	990,379	-	990,379	610,997
Interest Income - Loans	201,900	-	201,900	170,128
Interest Income - Deferred Loan Accretion	20,215	-	20,215	11,430
Interest Income - Other	41,575	-	41,575	32,999
Loan Fees	74,707	-	74,707	93,766
Other Revenues	57,183	-	57,183	128,548
Net Assets Released from Restriction	1,038,674	(1,038,674)	-	-
Total Revenues and Support	6,511,119	(788,674)	5,722,445	3,373,705
EXPENSES				
Community Land Trust	577,967	-	577,967	535,976
Homebuyer Education and Counseling	326,460	-	326,460	228,287
Lending Services	736,662	-	736,662	650,526
Multifamily Services	2,261,236	-	2,261,236	1,602,110
Tenant-Landlord Connection	232,195	-	232,195	133,042
Total Program Services, Less Cost of Homes Sold	4,134,520	-	4,134,520	3,149,941
Management And General	912,120	-	912,120	693,545
Fundraising	123,388	-	123,388	145,129
Total Expenses	5,170,028	-	5,170,028	3,988,615
OPERATING INCOME (LOSS)	\$ 1,341,091	\$ (788,674)	\$ 552,417	\$ (614,910)

See accompanying Notes to Consolidated Financial Statements.

ONE ROOF COMMUNITY HOUSING
CONSOLIDATED STATEMENT OF ACTIVITIES (CONTINUED)
YEAR ENDED DECEMBER 31, 2024
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2023)

	2024			2023
	Without Donor Restrictions	With Donor Restrictions	Total	
Land Cost Capitalized	\$ -	\$ -	\$ -	\$ 246,000
Grants for Loan Program	30,000	-	30,000	40,870
Contributions for Multifamily Property in Development	678,000	-	678,000	1,000,000
Loss on Sale of Assets	(123,875)	-	(123,875)	-
Forgiveness of Debt	-	-	-	155,000
Partnership Capital Contributions, Net	-	-	-	1,726,260
Gain On Sale of Multifamily Property	-	-	-	91,066
CHANGE IN NET ASSETS - CONSOLIDATED	\$ 1,925,216	\$ (788,674)	\$ 1,136,542	\$ 2,644,286

See accompanying Notes to Consolidated Financial Statements.
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ONE ROOF COMMUNITY HOUSING
CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2024
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2023)

	<u>Controlling Interest</u>	<u>Noncontrolling Interest</u>	<u>Total</u>
BALANCE - DECEMBER 31, 2022	\$ 12,719,411	\$ 7,338,224	\$ 20,057,635
Change in Net Assets	<u>1,408,679</u>	<u>1,235,607</u>	<u>2,644,286</u>
BALANCE - DECEMBER 31, 2023	14,128,090	8,573,831	22,701,921
Change in Net Assets	2,086,175	(949,633)	1,136,542
Contributions	-	6,111,069	6,111,069
Purchases of Controlling Interest	(25,460)	-	(25,460)
Purchases of Noncontrolling Interest	-	(384,098)	(384,098)
Syndication Costs Noncontrolling Interest	-	<u>(53,877)</u>	<u>(53,877)</u>
BALANCE - DECEMBER 31, 2024	<u>\$ 16,188,805</u>	<u>\$ 13,297,292</u>	<u>\$ 29,486,097</u>

ONE ROOF COMMUNITY HOUSING
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2024
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2023)

	Community Land Trust	Homebuyer Education & Counseling	Lending Services	Multi- Family Housing Services	Tenant- Landlord Connection	Total Program Services
Salaries	\$ 283,043	\$ 217,585	\$ 347,537	\$ 272,164	\$ 150,911	\$ 1,271,240
Payroll Taxes	18,594	15,033	23,817	16,883	9,138	83,465
Employee Benefits and Other	34,143	27,814	63,455	45,271	24,918	195,601
Salaries, Payroll Taxes, and Benefits	335,780	260,432	434,809	334,318	184,967	1,550,306
Professional Fees	18,000	9,989	62,210	11,596	6,819	108,614
Occupancy	7,967	5,463	10,822	8,603	4,940	37,795
Office Supplies	25,758	20,684	56,926	23,889	17,694	144,951
Staff Travel and Training	13,271	7,258	13,464	8,227	7,333	49,553
Temporary Help	-	-	-	-	-	-
Property Acquisition	1,934,998	-	-	-	-	1,934,998
Construction Costs	7,326,862	-	-	-	-	7,326,862
Other Development Expenses	10,252	-	-	103,137	-	113,389
Holding Costs and Post Closing Costs	35,814	-	-	-	-	35,814
Home Owner Support	71,932	13,184	1,207	-	-	86,323
Marketing	4,826	2,935	2,848	3,098	3,532	17,239
Memberships and Subscriptions	12,528	697	5,464	1,097	1,118	20,904
Board and Committee Expenses	2,170	1,488	2,931	2,343	1,345	10,277
Event Expenses	-	-	-	-	-	-
Depreciation and Amortization	2,379	1,631	-	2,569	1,475	8,054
Insurance	3,530	2,420	4,795	3,812	2,189	16,746
Interest and Fees	3,296	26	76,358	170	23	79,873
Bad Debt Expense (Recoveries)	-	-	60,563	-	-	60,563
Other	188	253	4,265	428	760	5,894
Multifamily Project Operating Expenses:						
Salaries	-	-	-	90,949	-	90,949
Office Expense	-	-	-	17,755	-	17,755
Management Fees	-	-	-	81,008	-	81,008
Professional Fees	-	-	-	37,861	-	37,861
Repairs and Maintenance	-	-	-	253,998	-	253,998
Utilities	-	-	-	113,690	-	113,690
Real Estate Taxes	-	-	-	54,178	-	54,178
Insurance	-	-	-	73,975	-	73,975
Interest Expense	-	-	-	80,780	-	80,780
Other Fees	-	-	-	30,068	-	30,068
Bad Debt Expense (Recoveries)	-	-	-	22,750	-	22,750
Depreciation and Amortization	-	-	-	900,937	-	900,937
Total Expenses	9,809,551	326,460	736,662	2,261,236	232,195	13,366,104
Reclassify Common Ground Expenses Related to One Roof Projects	1,158,211	-	-	-	-	1,158,211
Eliminate Construction Costs Paid to Common Ground By One Roof	(1,679,470)	-	-	-	-	(1,679,470)
Expenses Netted Against Revenues or Reported as Nonoperating:						
Cost Of Homes Sold	(9,227,325)	-	-	-	-	(9,227,325)
Construction Services Expense	-	-	-	-	-	-
Land Cost Capitalization	517,000	-	-	-	-	517,000
Expenses Reported In Expense Section of the Statement of Activities	<u>\$ 577,967</u>	<u>\$ 326,460</u>	<u>\$ 736,662</u>	<u>\$ 2,261,236</u>	<u>\$ 232,195</u>	<u>\$ 4,134,520</u>
% of Expense (After Reclassification and Elimination of Common Ground Expenses) Note 2:						
2024	67%	2%	5%	16%	2%	92%
2023	51%	3%	9%	22%	2%	87%

See accompanying Notes to Consolidated Financial Statements.
(9)

ONE ROOF COMMUNITY HOUSING
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)
YEAR ENDED DECEMBER 31, 2024
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2023)

	Program Services	Construction Services	Management and General	Fundraising	Total	2023
Salaries	\$ 1,271,240	\$ 131,124	\$ 504,308	\$ 76,970	\$ 1,983,642	\$ 1,913,982
Payroll Taxes	83,465	48,646	36,305	5,264	173,680	165,422
Employee Benefits and Other	195,601	12,818	86,058	8,904	303,381	299,151
Salaries, Payroll Taxes, and Benefits	1,550,306	192,588	626,671	91,138	2,460,703	2,378,555
Professional Fees	108,614	-	70,812	2,697	182,123	122,669
Occupancy	37,795	10,200	14,119	2,322	64,436	66,004
Office Supplies	144,951	16,625	53,604	10,081	225,261	161,189
Staff Travel and Training	49,553	8,938	12,631	1,971	73,093	48,881
Temporary Help	-	-	9,000	-	9,000	6,300
Property Acquisition	1,934,998	-	-	-	1,934,998	1,369,943
Construction Costs	7,326,862	915,739	-	-	8,242,601	3,086,358
Other Development Expenses	113,389	-	-	-	113,389	90,427
Holding Costs and Post Closing Costs	35,814	-	-	-	35,814	15,392
Home Owner Support	86,323	28,282	-	-	114,605	189,563
Marketing	17,239	2,306	3,692	1,115	24,352	20,726
Memberships and Subscriptions	20,904	704	3,325	397	25,330	20,371
Board and Committee Expenses	10,277	-	3,312	1,632	15,221	9,768
Event Expenses	-	-	-	9,627	9,627	8,024
Depreciation and Amortization	8,054	6,561	9,146	693	24,454	28,270
Insurance	16,746	16,303	44,895	1,029	78,973	44,292
Interest and Fees	79,873	-	10,007	609	90,489	90,272
Bad Debt Expense (Recoveries)	60,563	-	-	-	60,563	(10,556)
Other	5,894	7,181	4,163	77	17,315	26,433
Multifamily Project Operating Expenses:						
Salaries	90,949	-	56,624	-	147,573	-
Office Expense	17,755	-	-	-	17,755	76,776
Management Fees	81,008	-	-	-	81,008	46,904
Professional Fees	37,861	-	-	-	37,861	-
Repairs and Maintenance	253,998	-	-	-	253,998	174,409
Utilities	113,690	-	-	-	113,690	55,702
Real Estate Taxes	54,178	-	-	-	54,178	60,476
Insurance	73,975	-	-	-	73,975	35,050
Interest Expense	80,780	-	-	-	80,780	71,654
Other Fees	30,068	-	-	-	30,068	8,609
Bad Debt Expense (Recoveries)	22,750	-	-	-	22,750	-
Depreciation and Amortization	900,937	-	-	-	900,937	667,986
Total Expenses	13,366,104	1,205,427	922,001	123,388	15,616,920	8,970,447
Reclassify Common Ground Expenses Related to One Roof Projects	1,158,211	(1,158,211)	-	-	-	-
Eliminate Construction Costs Paid to Common Ground By One Roof	(1,679,470)	-	-	-	(1,679,470)	(1,764,677)
Expenses Netted Against Revenues or Reported as Nonoperating:						
Cost Of Homes Sold	(9,227,325)	-	-	-	(9,227,325)	(3,400,829)
Construction Services Expense	-	(47,216)	(9,881)	-	(57,097)	(62,326)
Land Cost Capitalization	517,000	-	-	-	517,000	246,000
Expenses Reported In Expense Section of the Statement of Activities	<u>\$ 4,134,520</u>	<u>\$ -</u>	<u>\$ 912,120</u>	<u>\$ 123,388</u>	<u>\$ 5,170,028</u>	<u>\$ 3,988,615</u>
% of Expense (After Reclassification and Elimination of Common Ground Expenses) Note 2:						
2024	92%	0%	7%	1%	100%	
2023	87%	1%	10%	2%	100%	

See accompanying Notes to Consolidated Financial Statements.
(10)

**ONE ROOF COMMUNITY HOUSING
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2024
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2023)**

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 1,136,542	\$ 2,644,286
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation and Amortization	925,391	696,256
Interest Expense - Amortization of Finance Fees	1,731	11,458
Gain on Sale of Multifamily Property	-	(91,066)
(Gain) Loss on Sale/Disposal of Property, Plant, and Equipment	19,266	12,533
Insurance Proceeds Received	-	(33,229)
Partnership Capital Contributions, Net	-	(1,726,260)
Grants for Loan Program	-	(40,870)
Change in Discount on Deferred Loans Receivable	(20,215)	(11,430)
Provision for Loan Loss	60,563	(10,556)
Forgiveness of Debt	-	(165,000)
Change in Operating Leases	787	1,864
Changes in Operating Assets and Liabilities:		
Accounts Receivable	(130,792)	162,009
Contributions and Grants Receivable	(495,375)	106,824
Interest Receivable	(5,670)	(15,594)
Prepaid Expenses	23,358	15,401
Properties Under Development and for Sale	744,967	(4,221,562)
Land Held in Trust	-	(246,000)
Accounts Payable	(87,676)	4,082
Accruals	222,100	90,177
Accrued Interest	18,836	-
Deferred Revenue	(2,584,129)	2,031,581
Refundable Advances	102,471	60,279
Committed Loans	12,063	16,051
Borrower Escrows	665	1,681
Other Liabilities	114,592	(50,087)
Tenant Security Deposits	41,532	1,649
Net Cash Provided (Used) by Operating Activities	101,007	(755,523)
CASH FLOWS FROM INVESTING ACTIVITIES		
Issuance of Loans Receivable	(1,922,017)	(889,121)
Collection of Loans Receivable	1,130,311	1,044,597
Proceeds from Sale of Loans Receivable	-	126,185
Purchase of Multifamily Property	-	(4,430,613)
Purchase of Land Held in Trust	(767,769)	(816,000)
Proceeds from Sale of Property, Plant, and Equipment	-	180,000
Sales Tax Rebate for Multifamily Property	-	132,483
Purchase of Property, Plant, and Equipment	(2,685,680)	(39,056)
Insurance Proceeds Received	-	33,229
Net Cash Used by Investing Activities	(4,245,155)	(4,658,296)
CASH FLOWS FROM FINANCING ACTIVITIES		
Grants for Loan Program	-	40,870
Proceeds from Issuance of Debt	8,937,354	16,691,451
Repayment of Debt	(12,502,649)	(3,853,699)
Partnership Capital Contributions, Net	-	1,726,260
Payment of Finance Fees	-	(272,585)
Payment of Principal on Finance Leases	(1,211)	(1,002)
Purchase of Syndication Costs	(53,877)	-
Net Cash Provided (Used) by Financing Activities	(3,620,383)	14,331,295
NET INCREASE (DECREASE) IN CASH	(7,764,531)	8,917,476
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	14,017,433	5,099,957
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR	\$ 6,252,902	\$ 14,017,433

See accompanying Notes to Consolidated Financial Statements.

**ONE ROOF COMMUNITY HOUSING
STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED DECEMBER 31, 2024
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2023)**

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION	<u>2024</u>	<u>2023</u>
Cash Payments for Interest	\$ 151,824	\$ 145,043
Lease Assets Obtained in Exchange for Lease Obligations	\$ -	\$ 117,165
Multifamily Property Additions Through Mortgage Proceeds	\$ 8,850,473	\$ -
Multifamily Property Additions Through Construction Payable	\$ 1,355,066	\$ 1,694,600
Multifamily Property Acquired Through Increase in Developer Fee Payable	\$ 399,230	\$ -
Interest Capitalized in Multifamily Property	\$ 38,134	\$ -
Increase in Tax Credit Fees Through Mortgage Proceeds	\$ 70,563	\$ -
Increase in Financing Fees Through Mortgage Proceeds	\$ 31,515	\$ -
Bridge Loan Paid Through Capital Contributions	\$ 6,111,069	\$ -
Bridge Loan Paid Through Mortgage Proceeds	\$ 4,528,931	\$ -
Bridge Loan Interest Paid Through Sponsor Loan	\$ 472,771	\$ -
HOME Loan Paid Through Mortgage Proceeds	\$ 3,325,333	\$ -
Line of Credit Paid Through Mortgage Proceeds	\$ 1,075,000	\$ -
Construction Payable Paid Through Mortgage Proceeds	\$ 1,304,350	\$ -
Due to Affiliate Paid Through Mortgage Proceeds	\$ 434,644	\$ -
Developer Fee Paid Through Mortgage Proceeds	\$ 314,118	\$ -

ONE ROOF COMMUNITY HOUSING
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2023)

NOTE 1 ORGANIZATION

One Roof Community Housing and subsidiaries (One Roof) is a nonprofit, membership and community-based organization serving Duluth, MN, and the surrounding communities whose mission statement is to “provide a dynamic spectrum of housing development and services so that everyone in our community has the opportunity to attain safe and stable homes.” One Roof makes home a better place by providing a broad range of services and products in the community. This work results in better places for lower income people in the community to live and stronger neighborhoods.

One Roof employs the following lines of business as it works to make a home a better place:

Community Land Trust (CLT) Program

Development and stewardship of permanently affordable CLT homes for purchase by low-to-moderate income households to ensure affordable homeownership opportunities will exist in our community for future generations. Current focus is on acquisition-rehabilitation and sale of properties in Duluth, Proctor, Cloquet, and Two Harbors. One Roof also has new construction homes in Duluth, Two Harbors, and Grand Rapids. Due to resale restrictions in One Roof’s Land Lease, whenever CLT homes are sold in the future, they will be affordable to and available exclusively for low-to-moderate income households, ensuring a supply of permanently affordable homes in One Roof communities. The Resale Formula also provides for a percentage share in the appreciation of the property (25%) for the homeowner. Thus, CLT buyers will be able to build equity and receive a share in the appreciation of their homes when sold, and the homes will be affordable to the next low-to-moderate income buyer.

Homebuyer Education and Counseling

Homestretch classes and pre/post purchase counseling and education to ensure that lower income homeowners are prepared to be successful in their homeownership endeavors. Homestretch classes are typically offered 16 times per year and include presentations by local industry professionals including loan officers, realtors, home inspectors, closing agents, and home insurance professionals. One Roof also works privately and confidentially with home buying clients to provide one-on-one counseling to help individuals and families achieve and maintain homeownership. These services are made available in person or virtually.

Lending

Home ownership preservation through a variety of below market rate home renovation lending products to revitalize the community’s aging housing stock and ensure the success of our lower income homeowners. One Roof also provides purchase assistance loans for income qualified buyers who have attended Homebuyer Education classes and are purchasing within 30 miles of Duluth. And, on behalf of the city of Superior, Wisconsin, One Roof provides deferred loans to income eligible households in that community as well. Additionally, as the community and economy changes, One Roof pivots to participate in federal or state programs aimed at providing financial assistance to members of the community.

ONE ROOF COMMUNITY HOUSING
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2023)

NOTE 1 ORGANIZATION (CONTINUED)

Lending (Continued)

One Roof offers credit builder and credit repair loans that help people working toward homeownership repair credit, grow credit, and/or settle old collection accounts by providing a 0% interest rate loan paid back over a 12-to-36-month term. Participants may be eligible to receive a grant to put toward buying a home upon successfully paying off the loan. Another way in which One Roof serves our community is to make loans to multifamily developments or rental properties as capital allows and opportunities arise.

Multifamily Housing Services

One Roof develops affordable rental housing opportunities for lower income households in our community. Most recently, Brewery Creek LLLP and Plover Place LLC were both constructed and open in 2024. One Roof continues to work on new multifamily projects, such as Brae View, Decker Dwellings II, and FaithHaven.

Tenant-Landlord Connection (TLC) Program

This line of business provides education, information, and problem-solving assistance as a way to improve tenant-landlord relations and decrease the amount of housing evictions in the community. The mission of TLC is to ensure that stable rental housing exists by educating existing and potential landlords and tenants regarding their respective rights and responsibilities and by mediating disputes between landlords and tenants.

Family Homeless Prevention & Assistance Program (FHPAP)

In 2024, One Roof began partnering with St. Louis County in administering MN Housing's Family Homeless Prevention and Assistance Program (FHPAP). The FHPAP program provides supportive services and financial assistance, such as rent deposits, rent payments, mortgage payments or utility payments, to eligible households that are homeless or at imminent risk of homeless.

The primary sources of revenue and support are government grants, contributions, sales of homes, and earned fees for single family and multifamily developments.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The consolidated financial statements include One Roof Community Housing and its wholly owned subsidiaries, and the limited partnerships and LLCs over which One Roof Community Housing has control (collectively One Roof). Significant inter-entity accounts and transactions have been eliminated.

Under generally accepted accounting principles, there is a presumption that a nonprofit general partner of a limited partnership or similar entity has control over that partnership, regardless of the percentage of ownership. For the year ended December 31, 2024, One Roof consolidated four limited partnerships in which it is the general partner (*).

**ONE ROOF COMMUNITY HOUSING
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2023)**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Principles of Consolidation (Continued)

The interests of the noncontrolling limited and general partners and members have been included in net assets without donor restrictions and the change in net assets.

A summary of the entities consolidated by One Roof follows:

<u>Entity</u>	<u>Purpose</u>
One Roof Community Realty, LLC (no activity in 2024 or 2023);	Formed to sell houses developed by One Roof Community Housing.
One Roof Community Lending (Neighborhood Housing Services of Duluth, Inc. (NHS))	Conducts down payment and renovation loan services.
Common Ground Deconstruction Service & Reuse Center, LLC (Common Ground)	The general contractor for many of One Roof's houses and also provides construction services to third parties.
West End Quad Pod, LLC (WEQP)	16 unit modular home development.
Brewery Creek LLLP*	52 unit apartment rental housing, which includes 26 units for people experiencing homelessness. Construction began in 2023 and opened in 2024.
Decker Dwellings LLLP*	42 unit affordable workforce housing apartment complex.
Decker Dwellings II LLLP*	Planned tax credit deal with One Roof as the General Partner and Limited Partner as of December 31, 2023.
Brae View LLLP*	Planned 72 unit tax credit deal with One Roof as the General Partner and Limited Partner as of December 31, 2023.
Plover Place, LLC	24 unit affordable housing development to house the homeless. Construction was finished and sold to an unrelated party in 2024 (see Note 15).
Birchwood of Grand Marais LP*	24 unit apartment community for low income and moderate income persons (see Note 15).

ONE ROOF COMMUNITY HOUSING
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2023)

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Statement Presentation

Revenues and support are classified based on the presence or absence of donor restrictions and are reported in the following net asset categories:

Net assets without donor restrictions are not subject to donor-imposed restrictions and are available for programs and supporting services at the discretion of management and the board of directors.

Net assets with donor restrictions are subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of One Roof or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

In its statement of activities, One Roof includes in its definition of operations all revenues and expenses that are an integral part of its programs and supporting activities. Nonoperating support, revenues, gains, and losses includes amounts for which there are no corresponding expenses such as grants for loan programs and contributed properties. Nonoperating activities also include revenue and expenses relating to multifamily development activity, loss on sale of assets, forgiveness of debt, and capital activity from noncontrolling interests.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The most sensitive estimates affecting the financial statements are the depreciation lives for fixed assets, estimated allowance for credit losses, discount on deferred loans, and functional expense allocations.

Cash and Cash Equivalents

Cash equivalents consist of financial instruments with a maturity of less than three months at the time of purchase.

Cash designated for programs consists of \$165,944 related to the CLT program, \$148,838 related to the Multifamily Housing program, and \$873,870 related to other programs at December 31, 2024, and \$1,338,266 related to the CLT program and \$133,823 related to other programs at December 31, 2023.

ONE ROOF COMMUNITY HOUSING
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2023)

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents (Continued)

Reconciliation of cash, cash equivalents and restricted cash to the statement of financial position:

	2024	2023
Cash	\$ 2,507,804	\$ 2,698,378
Cash Designated for Programs	1,548,169	1,472,089
Cash Restricted for Loan Programs	1,361,714	1,657,810
Cash Reserves and Escrows	835,215	8,189,156
Total Cash, Cash Equivalents, and Restricted Cash	\$ 6,252,902	\$ 14,017,433

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect. Management reviews outstanding balances periodically and establishes an allowance based on expected collections of specific balances, taking into consideration relevant economic conditions, the age of past due amounts, and the financial stability of the payor. Receivables are written off as a charge to the allowance when, in management's estimation, it is probable that the receivable is worthless. The allowance for doubtful accounts receivable was \$16,086 at both December 31, 2024 and 2023.

Loans Receivable and Related Discount

Amortizing loans are stated at the amount of unpaid principal, reduced by an allowance for credit losses. Loans receivable and committed loans (undisbursed loan funds) are recognized at the time a loan is closed. As loan funds are disbursed, committed loans are reduced. Interest rates range from 0% to 8%. Terms range from 1 to 30 years.

Deferred loans are made to homeowners to assist with home acquisition or improvements. These loans are noninterest bearing and are recorded at the loan amount net of a discount to reflect the present value of expected cash flows.

The discount is based on an interest rate comparable to the prime rate in the year loans are originated and the initial loan term. The discount is calculated using the weighted average term of the outstanding loans. The loans are due upon the earlier of sale of the property or the maturity date of the note. The loans are secured by real estate mortgages.

Due on sale loans are noninterest bearing and due upon sale of the property. This program has ended; no additional loans will be issued. These loans have been recorded net of a discount to reflect the present value of expected cash flows using an interest rate of 4.5% and an estimated 30-year term.

Interest on amortizing loans is calculated using the simple interest method on the principal amount outstanding and is recorded when earned.

ONE ROOF COMMUNITY HOUSING
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2023)

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Allowance for Credit Losses

The allowance for credit losses is established to offset expected losses on loans, and is maintained at a level that, in management's judgment, is adequate to absorb credit losses inherent in the loan portfolio. The amount of the allowance is based on management's evaluation of the collectability of the loan portfolio, based on the nature of the portfolio, credit concentrations, trends in historical loss experience, individually evaluated loans, economic conditions, and other risks inherent in the portfolio. The Organization uses the snapshot method to evaluate its allowance by tracking losses incurred over the life of portfolios at points in time, which is then adjusted for qualitative and forecast factors. Management's forecast period is 12 months. Qualitative and forecast adjustments to historical loss information based on evaluation of changes and trends to underwriting standards, portfolio mix, current and forecasted economic trends, and delinquencies. The allowance is increased by a provision for credit losses, which is charged to expense, and reduced by charge-offs, net of recoveries. Loans are written off as a charge to the allowance when, in management's estimation, it is probable that the receivables are uncollectible. Cash received on previously charged off amounts is recorded as a recovery to the allowance for credit losses. A loan is collateral dependent if the repayment is expected to be provided solely by the underlying collateral. The Organization has elected to exclude accrued interest from its amortized cost of loans for its allowance evaluation.

Properties Under Development

Development costs represent costs incurred for housing development projects. Costs consist primarily of acquisition (including land), construction, and other costs incurred to date. The land cost is included in cost of homes sold and transferred to Land Held in Trust at the time the property is sold. Holding costs incurred after development is substantially complete are charged to expense. One Roof records an allowance when costs are not expected to be recovered from combined proceeds of sales and subsidies. No allowance was considered necessary in 2024 or 2023.

Property, Plant, Equipment, and Leasehold Improvements

Multifamily rental property, leasehold improvements and equipment are recorded at cost or fair value on the date of contribution. Costs incurred to develop the Project for interest, property taxes and insurance are capitalized only during periods in which activities necessary to prepare the property for its intended use are in progress. Multifamily rental property, leasehold improvements and equipment are depreciated using the straight-line method over the following periods.

Land Improvements	15 Years
Buildings	20 to 30 Years
Leasehold Improvements	5 Years
Equipment	3 to 7 Years

One Roof reviews its investment in real estate for impairment whenever events or changes in circumstances indicate that the carrying amount of such property may not be recoverable. No impairment loss was recognized during 2024 or 2023.

ONE ROOF COMMUNITY HOUSING
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2023)

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, Plant, Equipment, and Leasehold Improvements (Continued)

In the absence of explicit donor restrictions regarding how long the donated or acquired assets must be used, One Roof reports expiration of donor restrictions when the donated or acquired assets are placed in service.

Leases

One Roof assesses whether an arrangement qualifies as a lease (i.e., conveys the right to control the use of an identified asset for a period of time in exchange for consideration) at inception and only reassesses its determination if the terms and conditions of the arrangement are changed. Leases with an initial term of 12 months or less are not recorded on the balance sheet.

Right-of-use (ROU) assets represent One Roof's right to use an underlying asset for the lease term, and lease liabilities represent One Roof's obligation to make lease payments. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. One Roof uses the implicit rate when it is readily determinable. When the leases do not provide an implicit rate, to determine the present value of lease payments, management uses the risk-free rate at lease commencement.

Lease expense is recognized for these leases on a straight-line basis over the lease term.

Land Held in Trust

Land has been acquired through purchase, bargain purchase or donation. Land purchased at market value is recorded at cost. Land acquired by bargain purchase or donation is recorded at fair market value on the date received. CLT homeowners pay a monthly fee for use of the land which is recorded as land lease revenues when paid.

Tax Credit Fees

Housing tax credit fees are amortized over 10 years using the straight-line method.

Finance Fees

Finance fees are deferred and amortized over the term of the related debt using the straight-line method. Unamortized finance fees related to funded debt are reported on the statement of financial positions as a deduction from the face amount of the related debt. Amortization is included with interest expense on the statement of activities.

Contributions and Government Grants

Individual contributions, foundation and corporate grants, and government grants are recognized when the donor makes an unconditional promise to give. Contributions are recorded when received as without donor restrictions or with donor restrictions, depending on the existence and/or nature of any donor restrictions.

ONE ROOF COMMUNITY HOUSING
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2023)

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions and Government Grants (Continued)

Contributions restricted by the donor are reported as net assets with donor restrictions and then released to net assets without donor restrictions upon expiration of the time restriction or when purpose restrictions have been met. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the same reporting period in which the support is recognized.

Government grants received for property acquisition and renovation are contributions conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. As most grants include a requirement that the home be sold to eligible individuals, amounts received are recorded as refundable advances until the time of sale for single family homes, when they are recorded as grant revenue. Grants for multifamily properties are recognized as revenue when the project is placed in service.

Government grants for operating programs are contributions and are either expense-reimbursement grants or general operating grants. Expense reimbursement grants are recorded as expenses are incurred and billed to the grantor. General operating grant revenue is recorded when the grant is received or earned, depending on conditions specified in the grant.

Government grants for loan programs are contributions recorded when received. Grants for revolving loan funds are considered net assets with donor restrictions. Interest and fees received from loan programs are used to defray administration expenses.

Recoverable grants and forgivable loans are repayable under certain conditions. Accordingly, these grants are reported as debt until the conditions are met and they are forgiven.

Contributions and government grants receivable are stated at the amount management expects to collect. Grants receivable represent expenditures made in accordance with the terms of the awards not yet reimbursed in cash or services performed but not paid. Funding received in advance of the incurrence of project expenditures or performance of required services is recorded as a refundable advance and included in other current liabilities. Management determined that no allowance was needed for contributions and government grants receivable since collection is expected.

Contributed Property, Materials, and Services

Donated property and materials are recorded as a contribution at estimated fair market value, determined by management referencing local market inputs and the type of goods donated, in the period received. Donated services are recorded as contributions at their estimated fair value only if the services create or enhance a nonfinancial asset or if the services require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. One Roof utilizes donated goods and services in its programs and operations or according to any donor restrictions.

ONE ROOF COMMUNITY HOUSING
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2023)

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Real Estate Revenues and Costs

Sales of homes are recorded at the time of sale closing when title to and possession of the property are transferred to the buyer. Cost of sales is based on direct costs. Closing costs and sales commissions are specifically identified with the house sold. Gain on sale of homes consists solely of sales of homes proceeds and is calculated by adding all revenue sources related to the home acquisition and rehabilitation less the costs of homes sold.

Developer fees from multifamily developments are recognized as revenue when earned, typically using the percentage completion method.

One Roof Community Realty provides real estate brokerage services. Revenues are recorded at the time of closing of the sale.

Construction Revenues from Contracts with Customers

Common Ground is a construction contractor operating in Duluth, Minnesota, and the surrounding area. The contracts are fixed-price contracts and typically are for projects lasting less than one year. The contract revenues are recognized over time as the contracts contain a single performance obligation. Progress toward completion of the contract is measured by the percentage of costs incurred to date to estimated total costs for each contract. Management believes total cost to be the best available measure of progress on contracts.

Estimated costs to complete long-term contracts may be adjusted as more current information becomes available, and any adjustment could be significant.

Payments on contracts are typically due over time based upon progress and final billings.

Construction costs include all direct material and labor costs, and those indirect costs related to contract performance, such as indirect labor, supplies, tools, repairs, and depreciation costs. Provisions for estimated losses on uncompleted contracts are made in the period in which such losses are determined.

Loan Fees

Loan origination fees are recognized as revenue upon closing of the loan because incremental direct costs incurred on each loan exceed the fees charged.

Functional Expenses

The majority of expenses can be directly identified with the program or supporting services to which they relate and are charged accordingly. Salaries are allocated based on management's estimates of how each person spends their time. In the absence of specific identification, other expenses are allocated based on the salary allocation.

The percentages of expenses listed on the schedule of functional expense are calculated based on total expenses less amounts to reclassify Common Ground expenses related to One Roof projects and eliminate construction costs paid to Common Ground by One Roof and other inter-entity expenses.

ONE ROOF COMMUNITY HOUSING
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2023)

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

One Roof Community Housing is classified as a tax-exempt organization under Minnesota Statute 290.05 and Section 501(c)(3) of the Internal Revenue Code, is exempt from private foundation status under Section 509(a)(1) of the Internal Revenue Code and is subject to income taxes only on net unrelated business income.

The Organization believes that it has appropriate support for any tax positions taken, and accordingly, does not have any uncertain tax positions that are material to the financial statements.

Common Ground Deconstruction Service & Reuse Center, LLC, One Roof Community Realty, LLC and West End Quad Pod, LLC are single member LLCs. The LLCs (limited liability companies) are not taxable entities and are included on the tax return of One Roof Community Housing.

Brewery Creek LLLP, Decker Dwellings LLLP, and Decker Dwellings II LLLP are not taxpaying entities. All tax effects of the partnerships are passed through to the partners to be reported on their separate income tax returns.

One Roof Community Lending is classified as a 501(c)(3) tax-exempt organization and is subject to income taxes only on net unrelated business income.

Prior Year Summarized Information

The financial statements include certain prior year summarized information in total but neither by net asset class nor by functionalized expenses. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with One Roof's financial statements for the year ended December 31, 2023.

Reclassifications

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements. The reclassifications had no impact on previously reported net assets.

ONE ROOF COMMUNITY HOUSING
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2023)

NOTE 3 AVAILABILITY AND LIQUIDITY

During the year, financial monitoring is performed separately for One Roof (consisting of One Roof Community Housing, One Roof Lending, and One Roof Realty) and Common Ground. One Roof and Common Ground's management teams each monitor liquidity required to meet operating needs and other commitments by monitoring their cash accounts and preparing and reviewing cash flow projections and quarterly monitoring the various debt and grant covenants. Common Ground's management also regularly reviews job budgets and timelines as part of this process and One Roof's management presents cash flow projections to the finance committee for review on a monthly basis.

As part of One Roof and Common Ground's liquidity management, they have an unwritten policy to structure financial assets to be available as general expenditures, liabilities, and other obligations come due. In addition, One Roof and Common Ground operate with balanced budgets and anticipate collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources.

One Roof's goal is generally to maintain financial assets to meet 5 months of operating expenses in the board designated operating reserve. The board has currently estimated this need to be approximately \$1,222,000. As part of its liquidity plan, excess cash is invested in savings accounts.

One Roof has a \$150,000 line of credit available to meet cash flow needs for operating. Common Ground has a \$35,000 line of credit available to meet cash flow needs for Common Ground's operations. Other lines of credit are specifically available to fund housing development or to make loans to clients and are not generally available to be used to fund operating costs.

For purposes of analyzing resources available to meet general expenditures within one year of the statement of financial position date, One Roof and Common Ground consider all expenditures related to the ongoing activities of program services, as well as the conduct of services undertaken to support those activities, to be general expenditures. One Roof does not consider expenditures related to predevelopment costs for multifamily projects, construction costs for properties under development, or expenditure for loans to be general expenditures. One Roof excludes funds restricted by outside donors and designated internally by the board and management for these purposes from resources available for general expenditures. Liquid resources for these purposes are tracked in separate cash accounts designated or restricted for these purposes. Funds already expended for the developments but not yet recorded as revenue are tracked in refundable advances accounts until the home is sold or the multifamily development is placed in service.

One Roof considers the board designated operating reserve as available to meet general expenditures as the funds are designated to help fund future cash flow needs for operations and the board would release these funds for use as needed.

ONE ROOF COMMUNITY HOUSING
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2023)

NOTE 3 AVAILABILITY AND LIQUIDITY (CONTINUED)

At December 31, resources available for general expenditures within one year of the statement of financial position date are as follows:

	<u>2024</u>	<u>2023</u>
Financial Assets at Year-End:		
Cash	\$ 2,507,804	\$ 2,698,378
Cash Designated for Programs	1,548,169	1,472,089
Accounts Receivable, Net	346,255	200,524
Contributions and Grants Receivable	798,033	302,658
Interest Receivable	<u>21,264</u>	<u>15,594</u>
Total Financial Assets	5,221,525	4,689,243
Less Amounts Not Available to be Used Within a Year:		
Cash Designated/Restricted for CLT Homes	186,998	1,338,266
Receivables for Loans in Process	<u>47,610</u>	<u>41,207</u>
Financial Assets Available to Meet General Expenditures Over the Next Twelve Months	<u>\$ 4,986,917</u>	<u>\$ 3,309,770</u>

One Roof is supported by restricted contributions and government grants. Because a donor's restriction requires resources to be used in a particular manner or in a future period, One Roof must maintain sufficient resources to meet those responsibilities to its donors and grantors. Thus, financial assets may not be available for general expenditure within one year. A significant portion of restricted contributions are to be used for a revolving loan fund. These restrictions are met by the loan receivables and cash restricted for loan programs which are excluded from the calculation above.

NOTE 4 CASH RESERVES AND ESCROWS

Certain partnership, LLC, and debt agreements place restrictions on and require that cash be escrowed for various purposes including payment of real estate taxes, replacement reserves, construction, debt payments, and tenant security deposits.

Cash reserves and escrows consist of the following:

	<u>2024</u>	<u>2023</u>
Tenant Security Deposits	\$ 95,006	\$ 52,843
Replacement Reserve	465,377	50,496
Tax Escrow	75,734	18,899
Debt Service	26,107	10,011
Construction Escrow	-	8,029,867
Other	<u>172,991</u>	<u>27,040</u>
Total	<u>\$ 835,215</u>	<u>\$ 8,189,156</u>

ONE ROOF COMMUNITY HOUSING
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2023)

NOTE 4 CASH RESERVES AND ESCROWS (CONTINUED)

The construction escrow was held by Minnesota Housing Finance Agency (MHFA) in a bond fund which was carried at cost plus investment income credited by MHFA. The other escrows and reserves are held at various banks in FDIC insured interest-bearing accounts.

NOTE 5 CONTRIBUTIONS AND GRANTS RECEIVABLE

All contributions and grants receivable as of December 31, 2024 are expected to be received in 2025.

NOTE 6 LOANS RECEIVABLE

Loans receivable by portfolio consist of the following:

	2024	2023
Amortizing Mortgages	\$ 4,443,745	\$ 3,712,258
Deferred Loans	731,841	744,341
Due on Sale Loans	4,784	4,784
Nonamortizing Nonrecourse Loans	674,904	657,424
Forgivable Loans	35,600	-
Total Loans Receivable	<u>5,890,874</u>	<u>5,118,807</u>
Less: Discount on Deferred and Due on Sale Loans	(288,576)	(308,791)
Less: Allowance for Credit Losses	(128,962)	(88,038)
Total Loans Receivable, Net	<u>5,473,336</u>	<u>4,721,978</u>
Less: Current Portion	(423,400)	(269,500)
Noncurrent Portion	<u>\$ 5,049,936</u>	<u>\$ 4,452,478</u>

The loan pool consists of the following types of loans:

	2024	2023
Unsecured Loans	\$ 208,907	\$ 112,424
Secured by Real Estate Mortgages	5,681,967	5,006,383
Ending Balance	<u>\$ 5,890,874</u>	<u>\$ 5,118,807</u>

The entire allowance for credit losses and all write offs are related to the amortizing mortgages. Activity in the allowance for credit losses was as follows:

	2024	2023
Beginning Balance	\$ 88,038	\$ 111,047
Loans Charged Off	(22,086)	(12,453)
Recoveries	2,447	-
Provision for Losses	60,563	(10,556)
Ending Balance	<u>\$ 128,962</u>	<u>\$ 88,038</u>

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NOTE 6 LOANS RECEIVABLE (CONTINUED)

A summary of the loans receivable aging by portfolio at December 31 follows:

	2024			2023
	Amortizing Mortgages	Other Loans	Total	
Current	\$ 4,011,442	\$ 207,000	\$ 4,218,442	\$ 3,758,153
31 - 60 Days	133,116	-	133,116	9,281
61 - 90 Days	65,760	-	65,760	12,984
Over 90 Days	233,427	-	233,427	138,840
Due on Maturity	-	1,204,529	1,204,529	1,199,549
Forgivable	-	35,600	35,600	-
Total	<u>\$ 4,443,745</u>	<u>\$ 1,447,129</u>	<u>\$ 5,890,874</u>	<u>\$ 5,118,807</u>

Other loans consists of the deferred loans, due on sale loans, nonamortizing nonrecourse loans, and forgivable loans.

Management has evaluated loans individually and has determined that there are no impaired loans as of December 31, 2024.

One Roof was awarded several government grants to make loans to low-income individuals under which all principal payments on the loans are to be repaid to the respective grantors. The grantors will forgive repayment of grant funds for loans deemed uncollectable by One Roof. Therefore, these grants are recorded as long-term refundable advances in the financial statements. Since One Roof has no liability in these loans, and the loans are offset dollar for dollar against the grant advances, One Roof does not record discounts or an allowance for credit loss on these loans receivable.

A loan is considered to be collateral dependent when, based upon management's assessment, repayment is expected to be provided substantially through the operation or sale of the collateral. For collateral dependent loans, expected credit losses are based on the estimated fair value of the collateral, with consideration for estimated selling costs if satisfaction of the loan depends on the sale of the collateral. The Organization had two collateral dependent loans for the year ending December 31, 2024 totaling \$33,156. The Organization determined the underlying collateral for these loans had no value, and thus an allowance of \$33,156 was included in the allowance for credit losses.

Loan Modifications

Loan modifications may occur when a borrower experiences financial difficulty and needs temporary or permanent relief from the original terms of the loan. The organization considers many factors in determining whether to agree to a loan modification and seek a solution that will both minimize potential loss to the organization and provide assistance to the borrower. For the year ending December 31, 2024, there was one loan modification which extended payment terms by 9 years, decreased the monthly principal and interest payment from approximately \$407 to \$377, and added all delinquent interest, late charges, and fees to the principal balance. All other terms remained the same.

ONE ROOF COMMUNITY HOUSING
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NOTE 7 PROPERTIES UNDER DEVELOPMENT AND DEFERRED REVENUE

Properties under development consist of the following:

	<u>2024</u>	<u>2023</u>
Houses Under Development and for Sale - 29 in 2024 and 24 in 2023	\$ 4,414,395	\$ 4,380,844
Vacant Lots Held for Development - 2 in 2024 and 1 in 2023	32,782	28,532
Multifamily Development:		
Plover Place	-	1,854,527
Grand Marais	313,213	304,555
Brae View	857,184	-
Other Multifamily Projects	471,095	271,035
Total	<u>\$ 6,088,669</u>	<u>\$ 6,839,493</u>

One Roof, through Plover Place LLC, had entered into a construction contract for \$2,839,697 to construct the project. At December 31, 2024, the contract was completed.

Deferred revenue mostly consists of government grants received for property acquisition, renovation of properties under development, and to make loans. At the time of sale, the date placed in service, or the date a loan is made, the funds are recorded as grant revenue. Deferred revenue consists of the following:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Houses Under Development and for Sale – Individual Homes	\$ 488,816	\$ 1,238,372	\$ 340,000
Multifamily Developments:			
Plover Place	-	1,196,844	-
Brewery Creek	147,000	825,500	825,500
Unspent Loan Funds	-	-	40,870
Home Ownership Classes	-	10,000	57,077
Credit Builder Program	60,500	63,000	15,000
Land Acquisition	-	14,364	10,000
Prepaid Rent	-	1,604	13,605
Other	67,239	-	-
Buyers Escrow Money	2,000	-	-
Total	<u>\$ 765,555</u>	<u>\$ 3,349,684</u>	<u>\$ 1,302,052</u>

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NOTE 8 LEASEHOLD IMPROVEMENTS AND EQUIPMENT

Leasehold improvements and equipment consists of the following:

	2024	2023
Equipment	\$ 200,078	\$ 226,458
Leasehold Improvements	34,229	34,229
Less: Accumulated Depreciation	(148,000)	(175,544)
Total	\$ 86,307	\$ 85,143

NOTE 9 PROPERTY, PLANT, AND EQUIPMENT

Property, plant, and equipment consists of the following:

	2024	2023
Buildings	29,582,521	\$ 9,758,510
Land	1,616,113	1,133,987
Land Improvements	1,164,119	966,414
Equipment	1,979,049	1,360,368
Construction in Progress	-	7,222,046
Less: Accumulated Depreciation	(3,106,075)	(1,797,381)
Total	\$ 31,235,727	\$ 18,643,944

SOL House was leased to Life House under a five-year term beginning June 2015. In December 2020, the lease was renewed through June 2023. This project was sold in July 2023. Total sales proceeds were \$180,000 which resulted in a gain on sale of \$91,066.

WEQP and Decker Dwellings units are leased to residential tenants under one-year leases.

As a result of One Roof's tax-exempt status, Decker Dwellings was eligible for a sales tax refund in the amount of \$220,617 related to sales tax paid on materials and supplies used or consumed in, and equipment incorporated into, the property and Decker Dwellings during construction. The full refund was received as of December 31, 2023.

At December 30, 2023, capital contributions from a for-profit investor totaling \$253,200 have been committed for the Decker Dwellings property but have not been collected. The contributions are subject to adjustment depending on certain conditions being met, primarily related to the amount and timing of housing tax credits Decker Dwellings can obtain. The capital contributions will be recorded when received.

One Roof has the option to purchase the Decker Dwellings property between January 1, 2036, and December 31, 2036, at a price determined in accordance with the partnership agreement.

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NOTE 9 PROPERTY, PLANT, AND EQUIPMENT (CONTINUED)

Construction in progress mostly consisted of costs for Brewery Creek LLLP, a planned tax credit deal with One Roof as the Managing General Partner. Funding had been secured from MHFA and other agencies. The project closed on permanent financing and admitted an additional general partner and two limited partners in March 2023. The Partnership entered into a construction contract, including change orders, for \$16,224,485. At December 31, 2024, the entire contract has been completed.

Brewery Creek LLLP capitalized interest costs of \$381,274, interest income of \$155,459, and finance fees of \$92,785 in 2024.

At December 30, 2023, capital contributions from an investor totaling \$6,904,599 have been committed for the Brewery Creek LLLP but have not been collected. The contributions are subject to adjustment depending on certain conditions being met, primarily related to the timing of project completion and stabilization of Brewery Creek LLLP. The capital contributions will be recorded when received.

One Roof has the option to purchase the Brewery Creek LLLP during the one-year period after the end of the compliance period at a price determined in accordance with the partnership agreement.

NOTE 10 LAND HELD IN TRUST

One Roof maintains title to the land underlying the land trust homes. The homeowner mortgages the physical housing structure. One Roof leases the land to the homeowner for a monthly fee for a 99-year period.

It is One Roof's intention to retain the land in perpetuity. A two-thirds vote from One Roof's board is required to sell land when there is a land trust home on it.

One Roof owns 377 lots at December 31, 2024 and 340 lots at December 31, 2023.

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NOTE 11 DEBT

Debt consists of the following:

	<u>2024</u>	<u>2023</u>
MHFA CRV Funds	\$ 1,725,000	\$ 735,000
MHFA EDHC Loans	10,817,733	1,910,951
MHFA HOME Loan	-	580,595
MHFA Bridge Loan	-	10,640,000
City of Duluth HIF	63,242	63,242
City of Duluth HTF	362,586	356,491
North Shore Bank	1,940,000	1,567,900
MMCDC	1,964,007	2,134,634
Cook County/Grand Marais Joint EDA	1,396,969	1,451,969
Cook County HRA	250,000	61,541
Members Cooperative Credit Union	52,362	52,362
National Bank of Commerce LOC	763,185	1,210,818
Opportunity Finance Network Loan	500,000	250,000
Rural Development Loans	1,972,969	-
GMHF Loan	650,221	-
Subtotal	<u>22,458,274</u>	<u>21,015,503</u>
Less: Unamortized Finance Fees	(186,478)	(350,752)
Less: Current Maturities	<u>(3,292,581)</u>	<u>(3,874,224)</u>
Total	<u>\$ 18,979,215</u>	<u>\$ 16,790,527</u>

MHFA CRV Funds

Notes payable to the Minnesota Housing Finance Agency (MHFA) under the Community Revitalization Fund Program (CRV).

- \$500,000 is for the development of new homes with interest at 3.75%. The outstanding balance was \$500,000 at December 31, 2023. The note was repaid in full in 2024.
- \$475,000 is for the development of new homes with interest at 6.00%. The outstanding balance was \$235,000 at December 31, 2023. The note was repaid in full in 2024.
- \$800,000 is for the development of new homes with interest at 6.50%. The outstanding balance was \$650,000 at December 31, 2024.
- \$200,000 is for the development of new homes with interest at 6.50%. The outstanding balance was \$200,000 at December 31, 2024.
- \$875,000 is for the development of new homes with interest at 6.50%. The outstanding balance was \$875,000 at December 31, 2024.

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NOTE 11 DEBT (CONTINUED)

MHFA EDHC

Noninterest bearing note payable to MHFA under the Economic Development and Housing Challenge (EDHC) program of \$1,947,000 to provide financing for the Decker Dwellings project. Payments will be made from TIF proceeds with an assignment of all TIF proceeds being designated to MFHA for the repayment of the loan. Any remaining unpaid principle is due on October 6, 2050. Secured by a mortgage on the Decker Dwellings project.

Noninterest bearing note payable to MHFA under the Economic Development and Housing Challenge (EDHC) program of \$9,914,000 to provide financing for the Brewery Creek project. No principal payments are required until March 29, 2054 (maturity date), when all outstanding principal is due. Secured by a mortgage, assignment of rents and lease, and real property of the Brewery Creek Project. \$8,941,411 has been advanced as of December 31, 2024.

MHFA HOME

Noninterest bearing note payable to MHFA under the HOME Investments Partnership Program in the original amount of \$6,868,263 to provide financing for the Brewery Creek project. No principal payments are required until March 29, 2054 (maturity date), when all outstanding principal is due. Secured by a mortgage on the Brewery Creek Project. The full loan was advanced during 2024 and was repaid in 2024 with proceeds from the MHFA EDHC loan.

MHFA Bridge

Note payable to MHFA in the original amount of \$10,640,000 with interest at 4.3% to provide financing for the Brewery Creek project. Monthly interest-only payments are due through January 1, 2025 (maturity date), when all outstanding principal and interest is due. Secured by a mortgage on the Brewery Creek Project. The bridge loan was repaid in full in 2024 with proceeds from the MHFA EDHC loan and contributions from the Limited Partner.

City of Duluth HIF

Mortgage payable to the City of Duluth under the Housing Investment Fund (HIF) program without interest. The mortgage is secured by the related property.

- \$63,242 used for an exterior loan fund program due May 10, 2036.

City of Duluth HTF

Note payable to the City of Duluth under the Housing Trust Fund (HTF) program of \$520,000 to provide construction financing for two houses due December 14, 2024, with interest at 2%. \$362,586 has been advanced as of December 31, 2024.

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NOTE 11 DEBT (CONTINUED)

North Shore Bank

\$2,500,000 commitment to provide financing through July 2025. The commitment will be reviewed for extension annually. Individual loans provided under this commitment have a 9-month term and bear interest at the FHLB Des Moines 9-month Fix Rate Regular Advance rate. The loans are secured by the related property. Interest only payments are required until the principal is due at the maturity for the individual loans. 13 and 10, respectively, individual loans were outstanding at December 31, 2024 and 2023.

North Shore Bank LOC

\$150,000 revolving line of credit with North Shore Bank with variable interest at prime (8.50% at December 31, 2024) maturing September 30, 2025. No balance was outstanding at December 31, 2024 and 2023.

MMCDC

Notes payable to the Midwest Minnesota Community Development Corporation (MMCDC) as summarized below:

- \$2,120,000 commitment to provide financing for new home construction, acquisition and rehabilitation, and a revolving loan fund for home improvement loans.
- Individual loans provided for home improvement loans have a term of 15 years and bear interest at 3.00%. Principal and accrued interest are due as documented in each individual loan. Interest only payments are due for the first 18 months of each agreement. Monthly principal and interest payments are then due until the maturity date of the individual loan.
- The loans are secured by the related loans receivable made by One Roof to borrowers. Individual loans of \$1,569,073 and \$1,708,510 are outstanding at December 31, 2024 and 2023.
- \$500,000 commitment to provide financing for a revolving loan fund with interest at 4%. Interest only payments were due through June 30, 2021. Monthly principal and interest payments are due through December 1, 2034. The loans are secured by One Roof's assets. \$394,934 and \$426,124 were outstanding at December 31, 2024 and 2023.

Cook County/Grand Marais Joint Economic Development Authority

\$1,620,000 bond payable to Cook County/Grand Marais Joint Economic Development Authority for the Lutsen Apartments project with interest at 3.38%. Monthly principal and interest payments are due through maturity at February 1, 2039.

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NOTE 11 DEBT (CONTINUED)

Cook County/Grand Marais Joint Economic Development Authority (Continued)

The bonds require WEQP to fund and maintain a Debt Service Reserve of \$10,000 commencing on the Completion Date, August 1, 2019, through the final payment of the Promissory Note.

Cook County HRA

Loan payable in the original amount of \$250,000, without interest. The funds are to be used for the purpose of funding pre-development activities for a planned multifamily project known as Birchwood Apartments. All outstanding loan principal is currently due December 31, 2025 (maturity date). If One Roof makes efforts in good faith to secure additional funding from MHFA, but is unable to, the HRA will forgive any outstanding loan balance. The full loan has been advanced as of December 31, 2024.

Members Cooperative Credit Union

\$100,000 revolving line of credit with interest at 4%. Monthly interest payments are due through July 26, 2027, when the principal and remaining unpaid interest are due in full.

National Bank of Commerce LOC

\$2,000,000 unsecured revolving line of credit with interest at a variable rate based on the prime rate less 1.0% with the original maturity date of July 5, 2025. In July 2025, the agreement was extended to October 5, 2025.

National Bank of Commerce LOC

\$35,000 unsecured revolving line of credit to Common Ground with interest at a variable rate based on the prime rate plus 1.0%. The line of credit was amended in 2023 to mature on November 5, 2025. No balance was outstanding at December 31, 2024 and 2023.

Opportunity Finance Network Loan

\$500,000 commitment to provide financing to make loans. The loan bears interest at 3% and requires quarterly interest-only payments beginning December 31, 2023. Principal is due in 3 equal payments on November 1, 2031, November 1, 2032, and October 5, 2033, when all outstanding principal and interest are due. The full loan has been advanced as of December 31, 2024.

Rural Development Loans

Birchwood has entered into two mortgage loan agreements with RD (the mortgages). The mortgages are payable in monthly installments at interest rates of 8.25% and 6.50%, each with a term of 50 years maturing in the years 2042 and 2043, respectively. As part of the loan agreements, Birchwood entered into an Interest Credit and Rental Assistance Agreement that reduces the total monthly mortgage payments to \$2,095, which effectively lowers the interest rate to approximately 1% over the term of the mortgages. The mortgage liability of the Partnership is limited to the underlying value of the real estate collateral pledged.

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NOTE 11 DEBT (CONTINUED)

Rural Development Loans (Continued)

On May 10, 2024, Birchwood received a protective advance loan from RD in the amount of \$1,200,000 to be used to fund the immediate rehabilitation of four units at the Property. No loan agreement or promissory note with specific terms was executed between Birchwood and RD. The protective advance loan currently bears interest at 4.625% and is being paid via the Interest Credit and Rental Assistance Agreement. The funds from the protective advance loan were deposited into Birchwood's reserve for replacements account and drawn throughout the year ended December 31, 2024 as the required rehabilitation to the specified units was completed.

Greater Minnesota Housing Fund Loan

\$1,200,000 commitment to provide financing to support the development of Brae View. The loan bears interest at 6.34% due July 19, 2026. \$650,221 of the loan has been advanced as of December 31, 2024.

Future maturities of debt are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2025	\$ 3,292,581
2026	1,301,688
2027	2,027,050
2028	316,417
2029	334,509
Thereafter	15,186,029
Total	<u>\$ 22,458,274</u>

Interest was \$530,989 in 2024 and \$346,187 in 2023, of which \$135,024 and \$134,663 was capitalized to properties under development in 2024 and 2023. \$234,512 and \$123,656 of interest from both 2024 and previous years was included in the cost of homes sold in 2024 and 2023.

NOTE 12 LEASE COMMITMENTS

Office Lease

One Roof's current office lease began January 1, 2023, and expires December 31, 2025. This lease is classified as an operating lease. Payments are due in monthly installments of \$3,143 through December 2023, increasing 3% annually through 2025. In addition to base rent, One Roof pays for minor repairs and insurance on the leased property. The discount rate used to calculate lease liabilities for the operating lease was 3.91%.

Copier Lease

In March 2023, One Roof entered into a lease agreement for a copier machine. This lease is classified as a finance lease. Payments are due in monthly installments of \$135 through March 2028. The discount rate used to calculate lease liabilities for the finance lease was 4.22%.

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NOTE 12 LEASE COMMITMENTS (CONTINUED)

Consolidated statement of financial position amounts recorded for leases are as follows as of December 31, 2024:

Assets:	
Right-of-Use Assets - Operating Leases	\$ 38,063
Right-of-Use Assets - Finance Leases	5,659
	<u>\$ 43,722</u>
Current Liabilities:	
Lease Liability - Operating Leases	\$ 39,056
Lease Liability - Finance Leases	1,620
	<u>\$ 40,676</u>
Long-Term Liabilities:	
Lease Liability - Operating Leases	\$ -
Lease Liability - Finance Leases	3,484
	<u>\$ 3,484</u>

Lease expense (included in occupancy expense in the consolidated statement of functional expenses) consists of the following for the year ended December 31, 2024:

Operating Lease Expense	\$ 38,767
Finance Lease Expense:	
Amortization Expense	948
Interest Expense	234

The average remaining lease term (in years) is 0.92 for the operating lease and 3.19 for the finance lease.

Minimum future rental payments are as follows:

<u>Year Ending December 31,</u>	<u>Operating Lease</u>	<u>Finance Lease</u>
2025	\$ 39,936	\$ 1,620
2026	-	1,620
2027	-	1,620
2028	-	405
2029	-	-
Subtotal	<u>39,936</u>	<u>5,265</u>
Less: Present Value Discount	<u>(880)</u>	<u>(161)</u>
Total	<u>\$ 39,056</u>	<u>\$ 5,104</u>

ONE ROOF COMMUNITY HOUSING
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NOTE 13 NET ASSETS

Net assets with donor restrictions are as follows:

	2024	2023
Expendable for Specified Purposes:		
CDFI Funds	\$ 1,409,722	\$ 1,410,697
Brewery Creek Project Capital	-	1,000,000
Housing Development	-	25,000
Other	-	12,699
Restricted for Time:		
Grant for General Operations	250,000	-
Total	\$ 1,659,722	\$ 2,448,396

Net assets of \$1,038,674 and \$1,450,000 were released from donor restriction by incurring expenses satisfying the restricted purposes for the years ended December 31, 2024 and 2023, respectively. Net assets restricted for loans may be released as loans are determined to be uncollectible at the discretion of the funder, amounts are returned to the funder, or the funder releases the funds for operating purposes. Net assets restricted for loans would be returned to government agencies and funders if the programs were to terminate operations.

The Board and management have designated a portion of net assets for an operating reserve and for land held in trust.

The land held in trust balance matches the value of the land held in trust asset. The operating reserve is established at a balance approved by the board on an annual basis and is available to help fund future cash flow needs upon approval of the board.

NOTE 14 RETIREMENT PLAN

One Roof has a 401(k)-retirement savings plan. The Plan covers all eligible employees and contains an employer match of 2% of employee compensation contributed and a discretionary profit-sharing amount at the discretion of the Board of Directors. Contributions to the plan were \$141,015 in 2024 and \$100,025 in 2023.

NOTE 15 COMMITMENTS, CONTINGENCIES AND CONCENTRATIONS

One Roof places its cash with several financial institutions. At times the amount on deposit exceeds the insured limit of the institutions and exposes One Roof to a credit risk. One Roof has not experienced any losses as a result of these deposits.

Amounts received from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed grant costs may constitute a liability. The amount, if any, of costs which may be disallowed by the grantor agencies will be recognized in the year determined.

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NOTE 15 COMMITMENTS, CONTINGENCIES AND CONCENTRATIONS (CONTINUED)

The HOME grants used for property acquisition and renovation state that upon construction/rehabilitation of each home, One Roof will execute a mortgage lien in favor of the City of Duluth. The liens will be in force for 10 years after completion of the home. Failure to comply with grant requirements could result in mandatory repayment of grant funds.

One Roof received 87% of government grants from three agencies during 2024 and 91% of government grants from four agencies during 2023.

One Roof received 74% of contributions from four contributors during 2024 and 75% of contributions from two contributors during 2023.

In 2012, One Roof sold loans with an outstanding balance of \$191,435 at the time of sale. If one of the loans becomes 90 days delinquent, One Roof must repurchase the loan or substitute another loan in its place. Once a loan has 36 consecutive months of on-time payments, One Roof has no responsibility to replace the loan. Additionally, the buyer held back 10% of the sale proceeds to be used as security for any losses. No loans have been repurchased as of December 31, 2024, and One Roof is still contingently responsible for \$2,233 of the loans.

One Roof is responsible for warranty work for construction services. Warranty periods are typically 10 years for structural items, 2 years for mechanical items, and 1 year for workmanship items. Warranty costs have not been significant in the past and management does not expect warranty cost to be significant. In 2024, claims amounting to \$25,080 were recorded and paid out in 2025. No provision for possible warranty costs has been recorded in 2023.

One Roof has several government grants that contain donor conditions (primarily that funds be expended for eligible costs before they are earned). Since these grants represent conditional promises to give, they are not recorded as revenue until the donor conditions are met. One Roof has been awarded the following cost-reimbursable grants for which qualifying expenditures have not yet been incurred as of December 31, 2024:

Home Rehabilitation	\$ 6,483,856
Homebuyer Education	127,888
Family Homeless Prevention and Assistance Program	<u>53,192</u>
Total	<u><u>\$ 6,664,936</u></u>

One Roof was awarded \$63 million from MHFA in December 2023 for 2 new multifamily projects, to rehabilitate residences to add to the community land trust, and to provide downpayment assistance loans to qualified home buyers.

At December 31, 2024, \$524,416 of the unearned conditional contributions from cost reimbursable grants is included in deferred revenue.

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NOTE 15 COMMITMENTS, CONTINGENCIES AND CONCENTRATIONS (CONTINUED)

One Roof and the Salvation Army had entered into an agreement for One Roof to sell Plover Place to the Salvation Army for \$1 when construction was completed and the certificate of occupancy had been received. One Roof has the continuing obligation to manage any grant, lender, and forgivable loan agreements with regard to construction and enforcement of any applicable warranties under the construction contract for a period of two years following the sale of the project to the Salvation Army which occurred in 2024.

One Roof acquired the General Partner interest in Birchwood of Grand Marais Limited Partnership in January 2024 through a Substitution of GP with USDA RD. This General Partner interest gives One Roof 6% ownership in the project with a book value of approximately \$385,000. The Partnership acquired an RD Protective Advance of \$1.2 million to perform stabilization rehab in April 2024. One Roof has also been awarded funding of approximately \$10.5 million from MHFA with is made up of 9% LIHTC and PARIF deferred debt (part of the \$63 million award described earlier), and plans to begin the process of transferring the property into a new partnership in early 2025 to perform a more complete rehabilitation of the project, which is expected to begin in Spring 2025. The same One Roof subsidiary, One Roof Birchwood LLC, is the general partner in the current partnership as well as the new partnership that the building is transferring to, Birchwood 2 LLLP. Birchwood 2 LLLP is assuming the USDA RD debt including the 515 mortgage and protective advance which will be re-amortized at Transfer. The building and improvements are being transferred to new owner for the cost of outstanding debt and no additional funds.

NOTE 16 SUBSEQUENT EVENTS

On March 27, 2025, the Organization invested in a Leverage Lender for the purpose of taking advantage of the New Markets Tax Credit (NMTC) program. The NMTC program provides tax credit incentives to investors who invest in low-income communities and is administered by the U.S. Treasury Department. The Organization's investment in the Leverage Lender totaled \$4,843,300 and represents a 17.50% ownership stake. As part of the arrangement, the Organization secured a 20-year loan from a community development entity which received a tax credit allocation. The loan is in the amount of \$6,825,000. The loan proceeds are to be used solely for the purpose of acquiring, rehabbing, and/or constructing single-family homes in low-income communities and selling at least 20% of such homes to low-income people. The loan will bear interest at a rate of 0.709712% per year. Semi-annual payments of interest only are due in years 1 through 7 with fully amortizing quarterly payments of principal and interest due in years 8 through 20.

At the end of the compliance period, in connection with this arrangement, the members of the Leverage Lender have the option to purchase American Express NMTC Homeownership Fund LLC's ownership interest in the Investment Fund. Exercise of this option will effectively allow the Organization to extinguish its debt owed to the community development entity.

ONE ROOF COMMUNITY HOUSING
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2023)

NOTE 16 SUBSEQUENT EVENTS (CONTINUED)

Management has evaluated subsequent events through July 24, 2025, the date on which the consolidated financial statements were made available for issue, and identified no further significant events or transactions to disclose.

ONE ROOF COMMUNITY HOUSING
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2024
(SEE INDEPENDENT AUDITORS' REPORT)

ASSETS

	One Roof	One Roof Lending	Common Ground	West End Quad Pod	Multi-Family Housing	Eliminations	Total
CURRENT ASSETS							
Cash	\$ 1,077,340	\$ 366,608	\$ 428,617	\$ 71,175	\$ 564,064	\$ -	\$ 2,507,804
Cash Designated for Programs	1,543,588	-	4,581	-	-	-	1,548,169
Accounts Receivable, Net	257,336	12,296	368,047	-	75,671	(367,095)	346,255
Contributions and Grants Receivable	798,033	-	-	-	-	-	798,033
Due from Other Division, Current Portion	760,127	-	46,000	-	-	(806,127)	-
Interest Receivable	105,599	21,264	-	-	-	(105,599)	21,264
Loans Receivable, Current Portion	-	423,400	-	-	-	-	423,400
Prepaid Expenses and Other	-	7,400	16,065	-	19,722	-	43,187
Properties Under Development, Net	6,544,708	-	-	-	-	(456,039)	6,088,669
Total Current Assets	11,086,731	830,968	863,310	71,175	659,457	(1,734,860)	11,776,781
Cash Restricted for Loan Programs	-	1,361,714	-	-	-	-	1,361,714
Cash Reserves and Escrows	-	-	-	45,997	789,218	-	835,215
Investment in Subsidiaries	1,420,698	-	-	-	-	(1,420,698)	-
Due from Other Division, Less Current Portion	2,413,463	151,281	100,506	-	-	(2,665,250)	-
Loans Receivable - Net, Less Current Portion	-	5,049,936	-	-	-	-	5,049,936
Leasehold Improvements and Equipment, Net	64,866	-	21,441	-	-	-	86,307
Property, Plant, and Equipment, Net	-	-	-	2,271,002	30,748,443	(1,783,718)	31,235,727
Right-of-Use Assets, Net	43,722	-	-	-	-	-	43,722
Land Held in Trust	6,246,514	-	-	-	-	-	6,246,514
Tax Credit Fees, Net	-	-	-	-	117,291	-	117,291
Total Assets	\$ 21,275,994	\$ 7,393,899	\$ 985,257	\$ 2,388,174	\$ 32,314,409	\$ (7,604,526)	\$ 56,753,207

**ONE ROOF COMMUNITY HOUSING
CONSOLIDATING STATEMENT OF FINANCIAL POSITION (CONTINUED)
DECEMBER 31, 2024
(SEE INDEPENDENT AUDITORS' REPORT)**

	One Roof	One Roof	Common	West End	Multi-Family	Eliminations	Total
	Roof	Lending	Ground	Quad Pod	Housing		
LIABILITIES AND NET ASSETS							
CURRENT LIABILITIES							
Current Maturities of Long-Term Debt	\$ 3,022,509	\$ 173,182	\$ -	\$ 65,833	\$ 31,057	\$ -	\$ 3,292,581
Accounts Payable	478,312	16,066	56,253	3,681	44,805	(397,091)	202,026
Accounts Payable - Construction	304,473	-	-	-	1,355,066	-	1,659,539
Accruals	344,420	72,936	86,703	153	150,808	-	665,020
Accrued Interest	26,292	-	-	9,312	7,405	-	43,009
Deferred Revenue	765,555	-	-	-	-	-	765,555
Committed Loans	-	256,470	-	-	-	-	256,470
Borrower Escrows	-	11,163	-	-	-	-	11,163
Lease Liabilities, Current Portion	40,676	-	-	-	-	-	40,676
Other Current Liabilities	-	168,930	34,165	2,849	16,441	-	222,385
Due to Other Division, Current Portion	5,608	40,392	-	20,000	38,127	(104,127)	-
Total Current Liabilities	4,987,845	739,139	177,121	101,828	1,643,709	(501,218)	7,148,424
Tenant Security Deposits	-	-	-	19,554	72,313	-	91,867
Lease Liabilities, Less Current Portion	3,484	-	-	-	-	-	3,484
Accrued Interest - Deferred Loans	-	-	-	-	105,599	(105,599)	-
Accrued Developer Fee	-	-	-	-	939,728	(692,004)	247,724
Refundable Advances	-	796,396	-	-	-	-	796,396
Due to Other Division, Less Current Portion	151,281	100,506	-	-	2,393,463	(2,645,250)	-
Long-Term Debt, Net, Less Current Maturities	2,668,484	2,406,429	-	1,199,460	12,704,842	-	18,979,215
Total Liabilities	7,811,094	4,042,470	177,121	1,320,842	17,859,654	(3,944,071)	27,267,110
NET ASSETS							
Without Donor Restrictions:							
Controlling Interest:							
Undesignated	5,933,052	1,941,707	808,136	1,067,332	1,157,463	(3,660,455)	7,247,235
Board Designated - Operating Reserve	1,035,334	-	-	-	-	-	1,035,334
Board Designated - Land Held In Trust	6,246,514	-	-	-	-	-	6,246,514
Total Controlling Interest	13,214,900	1,941,707	808,136	1,067,332	1,157,463	(3,660,455)	14,529,083
Noncontrolling Interest	-	-	-	-	13,297,292	-	13,297,292
Total Without Donor Restrictions	13,214,900	1,941,707	808,136	1,067,332	14,454,755	(3,660,455)	27,826,375
With Donor Restrictions	250,000	1,409,722	-	-	-	-	1,659,722
Total Net Assets	13,464,900	3,351,429	808,136	1,067,332	14,454,755	(3,660,455)	29,486,097
Total Liabilities and Net Assets	\$ 21,275,994	\$ 7,393,899	\$ 985,257	\$ 2,388,174	\$ 32,314,409	\$ (7,604,526)	\$ 56,753,207

**ONE ROOF COMMUNITY HOUSING
CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2024
(SEE INDEPENDENT AUDITORS' REPORT)**

	One Roof	One Roof Lending	Common Ground	West End Quad Pod	Multi-Family Housing	Eliminations	Total
REVENUES AND SUPPORT							
Government Grants and Contracts - Development	\$ 7,113,443	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,113,443
Sales of Homes	3,604,001	215,000	-	-	-	-	3,819,001
Less Cost of Homes Sold	(9,724,937)	(130,391)	-	-	-	517,612	(9,337,716)
Gain on Sale of Homes	992,507	84,609	-	-	-	517,612	1,594,728
Development Fees - Multifamily	461,785	-	-	-	-	(334,118)	127,667
Construction Revenues	-	-	2,020,907	-	-	(1,937,704)	83,203
Less Construction Services Expense	-	-	(1,511,064)	-	-	1,158,211	(352,853)
Construction Revenues, Net	-	-	509,843	-	-	(779,493)	(269,650)
Contributions - Operating	1,236,538	25,000	-	-	-	-	1,261,538
Contributions - Noncash	5,095	-	-	-	-	-	5,095
Special Events	39,678	-	-	-	-	-	39,678
Government Grants and Contracts - Operating	639,896	608,464	-	-	-	-	1,248,360
Real Estate Sales Commissions	182,570	-	-	-	-	-	182,570
Land Lease Revenues	146,500	-	-	-	-	-	146,500
Multifamily Rental Revenue, Net	-	-	-	229,843	760,536	-	990,379
Interest Income - Loans	63,405	207,593	-	-	-	(69,098)	201,900
Interest Income - Deferred Loan Accretion	-	20,215	-	-	-	-	20,215
Interest Income - Other	27,468	13,390	-	179	538	-	41,575
Loan Fees	-	74,707	-	-	-	-	74,707
Other Revenues	67,625	6,874	21,500	4,025	74,652	(117,493)	57,183
Total Revenues and Support	3,863,067	1,040,852	531,343	234,047	835,726	(782,590)	5,722,445
EXPENSES							
Program Services	1,580,109	764,223	-	274,010	1,609,267	(93,089)	4,134,520
Management and General	579,426	-	301,070	-	56,624	(25,000)	912,120
Fundraising	123,388	-	-	-	-	-	123,388
Total Program Services, Less Cost of Homes Sold	2,282,923	764,223	301,070	274,010	1,665,891	(118,089)	5,170,028
OPERATING INCOME							
Grants for Loan Program	1,580,144	276,629	230,273	(39,963)	(830,165)	(664,501)	552,417
Contributions for Multifamily Property in Development	-	30,000	-	-	-	-	30,000
Gain (Loss) on Disposal/Sale of Assets	678,000	-	-	-	-	-	678,000
CHANGE IN NET ASSETS BEFORE NONCONTROLLING INTEREST	-	-	(390)	-	(123,485)	-	(123,875)
Noncontrolling Interest in Subsidiaries Net Loss	2,258,144	306,629	229,883	(39,963)	(953,650)	(664,501)	1,136,542
CHANGE IN NET ASSETS CONTROLLING INTEREST	\$ 2,258,144	\$ 306,629	\$ 229,883	\$ (39,963)	\$ (4,017)	\$ (664,501)	\$ 2,086,175

**ONE ROOF COMMUNITY HOUSING
FHA LENDERS WITH TITLE I AUTHORITY SCHEDULES
YEAR ENDED DECEMBER 31, 2024**

ADJUSTED NET WORTH COMPUTATION

Net Assets (Net Worth) Per Statement of Financial Position	\$ 18,266,087	(a)
Less: Unacceptable Assets	<u>(10,106,373)</u>	(b)
Adjusted Net Worth for HUD Purposes [(c) = (a) - (b)]	8,159,714	(c)
Less: Minimum Net Worth Required	<u>1,000,000</u>	(d)
Adjusted Net Worth Above or Below Minimum Net Worth Required [(e) = (c) - (d)]	<u><u>\$ 7,159,714</u></u>	(e)

LIQUID NET ASSETS COMPUTATION

Cash	\$ 1,943,740	
Cash Restricted for Loan Programs	<u>154,956</u>	
Subtotal	2,098,696	
Less: Minimum Liquid Net Assets Required	<u>200,000</u>	
Liquid Net Assets Above or Below Minimum Required	<u><u>\$ 1,898,696</u></u>	



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