



**ONE ROOF COMMUNITY HOUSING**

**CONSOLIDATED FINANCIAL STATEMENTS  
WITH SUPPLEMENTARY INFORMATION**

**FOR THE YEAR ENDED  
DECEMBER 31, 2023**



# ONE ROOF COMMUNITY HOUSING

## CONSOLIDATED FINANCIAL STATEMENTS WITH SUPPLEMENTARY INFORMATION

For the Year Ended December 31, 2023  
(With Comparative Totals for 2022)

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
One Roof Community Housing  
Duluth, Minnesota

### Opinion

We have audited the accompanying consolidated financial statements of One Roof Community Housing (a nonprofit organization) and its subsidiaries (One Roof), which comprise the consolidated statement of financial position as of December 31, 2023, and the related consolidated statements of activities, 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, 2023, 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.

### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibility under those standards are further described in the Auditor's Responsibilities for the Audit of the 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 opinions.

### 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.

(Continued)

## **Auditor’s Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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, including omissions, 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 generally accepted auditing standards, 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.

## **Other Information Included in the Organization’s Annual Report**

Management is responsible for the other information included in One Roof’s 2023 Annual Report. The other information comprises of a letter from the Executive Director, summaries of achievements by program, 2023 financial summary and report from the Treasurer, and acknowledgement of individual donors but does not include the consolidated financial statements and our auditor’s report thereon. Our opinion on the consolidated financial statements does not cover the other information, and we do not express an opinion or any form of assurance on it.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the consolidated financial statements, or the other information otherwise appears to be materially misstated.

(Continued)

## **Report on Summarized Comparative Information**

We have previously audited One Roof Community Housing's 2022 consolidated financial statements and we expressed an unmodified opinion on those audited consolidated financial statements in our report dated June 14, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

## **Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information shown on pages 37 to 46 is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, changes in net assets, and cash flows of the individual entities, and it is not a required part of the consolidated financial statements. The FHA lenders with Title 1 authority schedules on page 47, is presented for purposes of additional analysis and is also not a required part of the 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 supplementary 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 auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated June 17, 2024, on our consideration of One Roof Community Housing's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of One Roof Community Housing's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering One Roof Community Housing's internal control over financial reporting and compliance.

June 17, 2024

*Mahoney Ulbrich*  
*Christiansen & Russ, PA*

# ONE ROOF COMMUNITY HOUSING

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

December 31, 2023  
(With Comparative Totals for 2022)

	2023	2022
<b>ASSETS</b>		
Current assets:		
Cash	\$ 2,698,378	\$ 1,846,152
Cash designated for programs	1,472,089	2,248,421
Accounts receivable, net	200,524	405,972
Contributions and grants receivable	302,658	419,460
Interest receivable	15,594	54,066
Loans receivable, current portion	269,500	1,054,380
Prepaid expenses	64,994	80,395
Properties under development, net	6,839,493	2,617,931
Total current assets	11,863,230	8,726,777
Cash restricted for loan programs	1,657,810	835,678
Cash reserves and escrows	8,189,156	169,706
Contributions and grants receivable, less current portion	-	25,000
Loans receivable - net, less current portion	4,452,478	3,911,222
Leasehold improvements and equipment, net	85,143	83,275
Multifamily rental property, net	18,643,944	12,945,313
Right of use assets, net	81,251	-
Land held in trust	5,472,888	5,247,138
Tax credit fees, net	56,108	60,783
Total assets	\$ 50,502,008	\$ 32,004,892

(Continued)

# ONE ROOF COMMUNITY HOUSING

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

December 31, 2023  
(With Comparative Totals for 2022)

	2023	2022
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities:		
Current maturities of long-term debt	\$ 3,874,224	\$ 2,054,472
Accounts payable	281,901	277,819
Accounts payable - construction	1,694,600	757,926
Accrued payroll and related taxes	432,920	359,626
Accrued interest	23,564	6,681
Accrued developer fee	162,612	-
Refundable advances	3,349,684	1,302,052
Committed loans	244,407	228,356
Borrower escrows	10,498	8,817
Lease liabilities, current portion	40,372	-
Other current liabilities	107,492	157,579
Total current liabilities	10,222,274	5,153,328
Tenant security deposits	51,620	49,971
Lease liability, less current portion	41,741	-
Refundable advances, less current portion	693,925	633,646
Long-term debt, less current maturities, net	16,790,527	6,110,312
Total liabilities	27,800,087	11,947,257
Net assets:		
Without donor restrictions		
Controlling interest:		
Undesignated	5,182,662	3,583,231
Board designated - operating reserve	1,024,144	1,014,097
Board designated - land held in trust	5,472,888	5,247,138
Total controlling interest	11,679,694	9,844,466
Noncontrolling interest	8,573,831	7,338,224
Total without donor restrictions	20,253,525	17,182,690
With donor restrictions	2,448,396	2,874,945
Total net assets	22,701,921	20,057,635
Total liabilities and net assets	\$ 50,502,008	\$ 32,004,892

See accompanying notes to consolidated financial statements.

## ONE ROOF COMMUNITY HOUSING

### CONSOLIDATED STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2023  
(With Comparative Totals for 2022)

	2023			2022
	Without donor restrictions	With donor restrictions	Total	
Revenues and support:				
Contributions - development	\$ 50,000	\$ -	\$ 50,000	\$ 80,000
Government grants and contracts - development	1,783,133	-	1,783,133	1,482,470
Sales of homes	2,258,600	-	2,258,600	2,409,700
Less cost of homes sold	(3,400,829)	-	(3,400,829)	(3,453,582)
Gain on sale of homes	690,904	-	690,904	518,588
Construction revenues	16,645	-	16,645	127,510
Less construction services expense	(62,326)	-	(62,326)	(101,208)
Construction revenues, net	(45,681)	-	(45,681)	26,302
Contributions - operating	571,328	12,598	583,926	585,360
Contributions - noncash	3,065	-	3,065	1,940
Special events	33,925	-	33,925	24,855
Government grants and contracts - operating	759,743	-	759,743	1,033,973
Real estate sales commissions	164,472	-	164,472	119,002
Land lease revenues	135,483	-	135,483	127,810
Multi-family rental revenue, net	610,997	-	610,997	604,074
Interest income - loans	170,128	-	170,128	178,898
Interest income - deferred loan accretion	11,430	-	11,430	21,398
Interest income - other	32,999	-	32,999	6,266
Loan fees	93,766	-	93,766	29,932
Other revenues	128,548	-	128,548	120,943
Net assets released from restriction	30,017	(30,017)	-	-
Total revenues and support	3,391,124	(17,419)	3,373,705	3,399,341
Expenses:				
Community land trust	535,976	-	535,976	475,618
Homebuyer education and counseling	228,287	-	228,287	225,601
Lending services	650,526	-	650,526	651,659
Multi-family services	1,602,110	-	1,602,110	1,812,501
Tenant-landlord connection	133,042	-	133,042	154,252
Total program services, less cost of homes sold	3,149,941	-	3,149,941	3,319,631
Management and general	693,545	-	693,545	648,485
Fundraising	145,129	-	145,129	100,984
Total expenses	3,988,615	-	3,988,615	4,069,100
Operating loss	\$ (597,491)	\$ (17,419)	\$ (614,910)	\$ (669,759)

See accompanying notes to consolidated financial statements.

**ONE ROOF COMMUNITY HOUSING**

CONSOLIDATED STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2023  
(With Comparative Totals for 2022)

	2023			2022
	Without donor restrictions	With donor restrictions	Total	
Land cost capitalized	\$ 246,000	\$ -	\$ 246,000	\$ 183,100
Grants for loan program	-	40,870	40,870	434,933
Contributions for multi-family property in development	-	1,000,000	1,000,000	-
Forgiveness of debt	155,000	-	155,000	-
Partnership capital contributions, net	1,726,260	-	1,726,260	6,744,400
Gain on sale of multifamily property	91,066	-	91,066	119,906
Net assets released from restriction	1,450,000	(1,450,000)	-	-
	<u>3,070,835</u>	<u>(426,549)</u>	<u>2,644,286</u>	<u>6,812,580</u>
Change in net assets - consolidated				
Portion attributable to noncontrolling interests	1,235,607	-	1,235,607	6,006,537
Portion attributable to controlling interests	<u>\$ 1,835,228</u>	<u>\$ (426,549)</u>	<u>\$ 1,408,679</u>	<u>\$ 806,043</u>
Changes in net assets:				
Controlling interest:				
Beginning balance	\$ 9,844,466	\$ 2,874,945	\$ 12,719,411	\$ 11,913,368
Change in net assets	1,835,228	(426,549)	1,408,679	806,043
Ending balance	<u>11,679,694</u>	<u>2,448,396</u>	<u>14,128,090</u>	<u>12,719,411</u>
Noncontrolling interests:				
Beginning balance	7,338,224	-	7,338,224	1,331,687
Change in net assets	1,235,607	-	1,235,607	6,006,537
Ending balance	<u>8,573,831</u>	<u>-</u>	<u>8,573,831</u>	<u>7,338,224</u>
Total net assets, end of year	<u>\$ 20,253,525</u>	<u>\$ 2,448,396</u>	<u>\$ 22,701,921</u>	<u>\$ 20,057,635</u>

See accompanying notes to consolidated financial statements.

**ONE ROOF COMMUNITY HOUSING**

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2023  
(With Comparative Totals for 2022)

	2023					
	Community land trust	Homebuyer education & counseling	Lending services	Multi- family housing services	Tenant- landlord connection	Total program services
Salaries	\$ 233,315	\$ 156,761	\$ 321,664	\$ 214,730	\$ 87,460	\$ 1,013,930
Payroll taxes	15,822	10,684	22,106	13,078	3,873	65,563
Employee benefits and other	31,891	14,790	55,669	36,773	19,144	158,267
<b>Salaries, payroll taxes &amp; benefits</b>	<b>281,028</b>	<b>182,235</b>	<b>399,439</b>	<b>264,581</b>	<b>110,477</b>	<b>1,237,760</b>
Professional fees	23,757	11,278	42,143	9,998	4,382	91,558
Occupancy	7,909	4,425	12,288	6,753	3,047	34,422
Office supplies	22,975	12,302	48,229	16,545	8,856	108,907
Staff travel & training	7,980	4,019	9,630	9,962	1,517	33,108
Temporary help	1,010	565	1,579	862	389	4,405
Property acquisition	1,369,943	-	-	-	-	1,369,943
Construction costs	2,237,913	-	-	-	-	2,237,913
Other development expenses	7,929	-	-	82,498	-	90,427
Holding costs & post closing costs	15,392	-	-	-	-	15,392
Home owner support	130,312	6,341	50,600	-	-	187,253
Marketing	3,606	2,641	4,423	2,503	1,281	14,454
Memberships & subscriptions	11,114	639	4,895	975	440	18,063
Board & committee expenses	1,527	854	2,387	1,304	589	6,661
Event expenses	4	2	6	4	2	18
Depreciation & amortization	2,163	1,231	-	5,849	934	10,177
Insurance	7,539	1,233	5,519	1,881	849	17,021
Interest & fees	10,970	107	78,417	148	2	89,644
Bad debt expense (recoveries)	-	-	(10,556)	-	-	(10,556)
Other	761	415	1,527	681	277	3,661
Multifamily project operating expenses:						
Office expense	-	-	-	76,776	-	76,776
Management fees	-	-	-	46,904	-	46,904
Repairs and maintenance	-	-	-	174,409	-	174,409
Utilities	-	-	-	55,702	-	55,702
Real estate taxes	-	-	-	60,476	-	60,476
Insurance	-	-	-	35,050	-	35,050
Interest expense	-	-	-	71,654	-	71,654
Other fees	-	-	-	8,609	-	8,609
Depreciation and amortization	-	-	-	667,986	-	667,986
<b>Total expenses</b>	<b>4,143,832</b>	<b>228,287</b>	<b>650,526</b>	<b>1,602,110</b>	<b>133,042</b>	<b>6,757,797</b>
Reclassify Common Ground expenses related to One Roof projects	1,311,650	-	-	-	-	1,311,650
Eliminate construction costs paid to Common Ground by One Roof	(1,764,677)	-	-	-	-	(1,764,677)
Expenses netted against revenues or reported as nonoperating:						
Cost of homes sold	(3,400,829)	-	-	-	-	(3,400,829)
Construction services expense	-	-	-	-	-	-
Land cost capitalization	246,000	-	-	-	-	246,000
<b>Expenses reported in expense section of the statement of activities</b>	<b>\$ 535,976</b>	<b>\$ 228,287</b>	<b>\$ 650,526</b>	<b>\$ 1,602,110</b>	<b>\$ 133,042</b>	<b>\$ 3,149,941</b>
% of expense (after reclassification and elimination of Common Ground expenses) Note 2:						
2023	51%	3%	9%	22%	2%	87%
2022	50%	3%	9%	24%	2%	88%

See accompanying notes to consolidated financial statements.

**ONE ROOF COMMUNITY HOUSING**

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2023  
(With Comparative Totals for 2022)

	2023					2022
	Program services	Construction services	Management and general	Fundraising	Total	
Salaries	\$ 1,013,930	\$ 344,652	\$ 460,419	\$ 94,981	\$ 1,913,982	1,815,535
Payroll taxes	65,563	63,015	30,192	6,652	165,422	178,673
Employee benefits and other	158,267	55,296	74,902	10,686	299,151	297,589
<b>Salaries, payroll taxes &amp; benefits</b>	<b>1,237,760</b>	<b>462,963</b>	<b>565,513</b>	<b>112,319</b>	<b>2,378,555</b>	<b>2,291,797</b>
Professional fees	91,558	-	27,800	3,311	122,669	124,373
Occupancy	34,422	11,696	16,803	3,083	66,004	61,652
Office supplies	108,907	9,377	32,115	10,790	161,189	151,772
Staff travel & training	33,108	6,426	7,919	1,428	48,881	57,177
Temporary help	4,405	-	1,501	394	6,300	-
Property acquisition	1,369,943	-	-	-	1,369,943	1,874,265
Construction costs	2,237,913	848,445	-	-	3,086,358	2,358,769
Other development expenses	90,427	-	-	-	90,427	16,365
Holding costs & post closing costs	15,392	-	-	-	15,392	4,243
Home owner support	187,253	-	-	2,310	189,563	70,109
Marketing	14,454	1,459	3,999	814	20,726	22,771
Memberships & subscriptions	18,063	-	1,729	579	20,371	19,573
Board & committee expenses	6,661	585	2,522	-	9,768	8,618
Event expenses	18	-	6	8,000	8,024	1,525
Depreciation & amortization	10,177	8,401	9,132	560	28,270	34,834
Insurance	17,021	16,150	10,262	859	44,292	44,188
Interest & fees	89,644	2	224	402	90,272	97,048
Bad debt expense (recoveries)	(10,556)	-	-	-	(10,556)	39,439
Other	3,661	8,472	14,020	280	26,433	12,296
Multifamily project operating expenses:						
Office expense	76,776	-	-	-	76,776	100,803
Management fees	46,904	-	-	-	46,904	45,236
Repairs and maintenance	174,409	-	-	-	174,409	145,277
Utilities	55,702	-	-	-	55,702	58,597
Real estate taxes	60,476	-	-	-	60,476	75,106
Insurance	35,050	-	-	-	35,050	32,813
Interest expense	71,654	-	-	-	71,654	328,605
Other fees	8,609	-	-	-	8,609	7,465
Depreciation and amortization	667,986	-	-	-	667,986	665,709
<b>Total expenses</b>	<b>6,757,797</b>	<b>1,373,976</b>	<b>693,545</b>	<b>145,129</b>	<b>8,970,447</b>	<b>8,750,425</b>
Reclassify Common Ground expenses related to One Roof projects	1,311,650	(1,311,650)	-	-	-	-
Eliminate construction costs paid to Common Ground by One Roof	(1,764,677)	-	-	-	(1,764,677)	(1,309,635)
Expenses netted against revenues or reported as nonoperating:						
Cost of homes sold	(3,400,829)	-	-	-	(3,400,829)	(3,453,582)
Construction services expense	-	(62,326)	-	-	(62,326)	(101,208)
Land cost capitalization	246,000	-	-	-	246,000	183,100
<b>Expenses reported in expense section of the statement of activities</b>	<b>\$ 3,149,941</b>	<b>\$ -</b>	<b>\$ 693,545</b>	<b>\$ 145,129</b>	<b>\$ 3,988,615</b>	<b>\$ 4,069,100</b>
% of expense (after reclassification and elimination of Common Ground expenses) Note 2:						
2023	87%	1%	10%	2%	100%	
2022	88%	1%	10%	1%	100%	

See accompanying notes to consolidated financial statements.

# ONE ROOF COMMUNITY HOUSING

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2023  
(With Comparative Totals for 2022)

	2023	2022
Cash flows from operating activities:		
Change in net assets	\$ 2,644,286	\$ 6,812,580
Adjustments to reconcile the change in net assets to net cash from operating activities:		
Depreciation and amortization of tax credit fees	696,256	700,543
Interest expense - amortization of finance fees	11,458	59,474
Gain on sale of multifamily property	(91,066)	(119,906)
Loss on disposal of leasehold improvements and equipment	12,533	-
Insurance proceeds received	(33,229)	-
Partnership capital contributions, net	(1,726,260)	(6,744,400)
Grants for loan program	(40,870)	(434,933)
Change in discount on deferred loans receivable	(11,430)	(21,398)
Bad debt expense (recoveries)	(10,556)	39,762
Forgiveness of debt	(165,000)	-
Changes in operating assets and liabilities:		
Receivables	253,239	548,867
Prepaid expenses	15,401	(42,575)
Properties under development and for sale	(4,221,562)	186,614
Land held in trust	(246,000)	(183,100)
Right of use assets	35,914	-
Lease liabilities	(34,050)	-
Accounts payable	4,082	(3,014)
Accrued expenses	90,177	(79,595)
Refundable advances	2,107,911	(464,148)
Borrower escrows	1,681	(2,574)
Other liabilities	(50,087)	65,568
Tenant security deposits	1,649	4,741
Net cash from operating activities	(755,523)	322,506
Cash flows from investing activities:		
Issuance of loans receivable	(889,121)	(1,057,613)
Collection of loans receivable	1,044,597	641,427
Proceeds from sale of loans receivable	126,185	-
Purchase of multi-family property	(5,246,613)	(36,725)
Proceeds from sale of multi-family property	180,000	419,000
Sales tax rebate for multi-family property	132,483	88,134
Purchase of leasehold improvements and equipment	(39,056)	(39,583)
Insurance proceeds received	33,229	-
Net cash from investing activities	(4,658,296)	14,640
Cash flows from financing activities:		
Grants for loan program	40,870	434,933
Proceeds from issuance of debt	16,691,451	3,584,673
Partnership capital contributions, net	1,726,260	6,744,400
Payment of finance fees	(272,585)	-
Payment of principal on finance leases	(1,002)	-
Repayment of debt	(3,853,699)	(10,905,853)
Net cash from financing activities	14,331,295	(141,847)
Net increase in cash	8,917,476	195,299
Cash, cash equivalents, and restricted cash, beginning of year	5,099,957	4,904,658
Cash, cash equivalents, and restricted cash, end of year	\$ 14,017,433	\$ 5,099,957
Supplemental cash flow information:		
Lease assets obtained in exchange for lease obligations	\$ 117,165	\$ -
Multi-family property additions in payables	\$ 1,694,600	\$ -

See accompanying notes to consolidated financial statements.

# ONE ROOF COMMUNITY HOUSING

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023  
(With Comparative Totals for 2022)

### 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 *“enriching lives and communities, one home at a time”*. 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.

(Continued)

# ONE ROOF COMMUNITY HOUSING

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023  
(With Comparative Totals for 2022)

### 1. ORGANIZATION (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 multi-family 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 began construction in 2023 and are expected to open in 2024. One Roof continues to work on additional new multi-family projects.

**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.

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

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Accounting Standard Adopted** - Effective January 1, 2023, One Roof adopted Accounting Standards Update (ASU) 2016-13, *Financial Instruments - Measurement of Credit Losses on Financial Instruments (Topic 326)*. ASU 2016-13 requires entities to utilize an “expected losses” model for estimating most credit losses. The adoption did not result in a significant change in amounts reported in the statement of activities and there was no cumulative-effect adjustment to net assets at the time of adoption.

**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 the One Roof Community Housing has control (collectively One Roof). Significant inter-entity accounts and transactions have been eliminated.

(Continued)

# ONE ROOF COMMUNITY HOUSING

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023  
(With Comparative Totals for 2022)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2023, One Roof consolidated four limited partnerships in which it is the general partner (\*).

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:

<b>Entity</b>	<b>Purpose</b>
One Roof Community Realty, LLC (no activity in 2023 or 2022);	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 is expected to open 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 currently under construction. Committed to be sold at completion (Note 15). ^

(^) These entities have no assets, liabilities, or activities as of December 31, 2023.

(Continued)

# ONE ROOF COMMUNITY HOUSING

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023  
(With Comparative Totals for 2022)

### 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 the 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, 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 loan 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 \$1,338,266 related to the CLT program and \$133,823 related to other programs at December 31, 2023, and \$2,097,550 related to the CLT program, \$13,839 related to the Multifamily Housing program and \$137,032 related to other programs at December 31, 2022.

(Continued)

# ONE ROOF COMMUNITY HOUSING

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023  
(With Comparative Totals for 2022)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

	<u>2023</u>	<u>2022</u>
Cash	\$ 2,698,378	\$ 1,846,152
Cash designated for programs	1,472,089	2,248,421
Cash restricted for loan programs	1,657,810	835,678
Cash reserves and escrows	<u>8,189,156</u>	<u>169,706</u>
Total cash, cash equivalents, and restricted cash	<u>\$ 14,017,433</u>	<u>\$ 5,099,957</u>

**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. At December 31, 2023 and 2022, deposits exceeded the insured limit by approximately \$1,484,717 and \$3,507,158.

**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 and \$8,187 at December 31, 2023 and 2022.

**Loans Receivable and Related Discount** - Amortizing loans are stated at the amount of unpaid principal, reduced by an allowance for loan 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 which is 19.2 years in 2023 and 2022. 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.

(Continued)

# ONE ROOF COMMUNITY HOUSING

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023  
(With Comparative Totals for 2022)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

**Allowance for Loan Losses** - The allowance for loan 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, specific impaired loans, economic conditions, and other risks inherent in the portfolio. Allowances for impaired loans are generally determined based on collateral values. The allowance is increased by a provision for loan 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 receivable is worthless. One Roof does not have a policy for placing loans on non-accrual status.

**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 2023 or 2022.

**Multifamily Rental Property, Leasehold Improvements and Equipment** - 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	20-30 years
Leasehold improvements	5 years
Equipment	3-7 years

(Continued)

# ONE ROOF COMMUNITY HOUSING

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023  
(With Comparative Totals for 2022)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 2023 or 2022 .

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 operations.

**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.

(Continued)

# ONE ROOF COMMUNITY HOUSING

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023  
(With Comparative Totals for 2022)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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 multi-family 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 held in perpetuity. 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.

(Continued)

# ONE ROOF COMMUNITY HOUSING

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023  
(With Comparative Totals for 2022)

### 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 multi-family 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.

(Continued)

# ONE ROOF COMMUNITY HOUSING

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023  
(With Comparative Totals for 2022)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

**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 did not have material unrelated business income in 2023 or 2022.

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 income 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, 2022.

**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.

(Continued)

# ONE ROOF COMMUNITY HOUSING

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023  
(With Comparative Totals for 2022)

### 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 \$986,000. 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.

(Continued)

# ONE ROOF COMMUNITY HOUSING

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023  
(With Comparative Totals for 2022)

### 3. AVAILABILITY AND LIQUIDITY (Continued)

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.

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

	2023	2022
Financial assets at year end:		
Cash	\$ 2,698,378	\$ 1,846,152
Cash designated for programs	1,472,089	2,238,416
Accounts receivable, net	200,524	405,972
Contributions and grants receivable	302,658	444,460
Interest receivable	15,594	54,066
Total financial assets	<u>4,689,243</u>	<u>4,989,066</u>
Less amounts not available to be used within a year:		
Cash designated/restricted for CLT homes	1,338,266	2,097,550
Long-term contributions receivable	-	25,000
Receivables for loans in process	<u>41,207</u>	<u>132,785</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 3,309,770</u>	<u>\$ 2,733,731</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.

### 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.

(Continued)

# ONE ROOF COMMUNITY HOUSING

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023  
(With Comparative Totals for 2022)

### 4. CASH RESERVES AND ESCROWS (Continued)

Cash reserves and escrows consist of the following:

	2023	2022
Tenant security deposits	\$ 52,843	\$ 49,037
Replacement reserve	50,496	31,514
Tax escrow	18,899	22,458
Debt service	10,011	39,782
Construction escrow	8,029,867	-
Other	27,040	26,915
	\$ 8,189,156	\$ 169,706

The construction escrow is held by Minnesota Housing Finance Agency (MHFA) in a bond fund which is 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.

### 5. CONTRIBUTIONS AND GRANTS RECEIVABLE

All contributions and grants receivable as of December 31, 2023 are expected to be received in 2024.

### 6. LOANS RECEIVABLE

Loans receivable by portfolio consist of the following:

	2023	2022
Amortizing mortgages	\$ 3,712,258	\$ 3,315,781
Deferred loans	744,341	1,453,926
Due on sale loans	4,784	4,784
Non-amortizing non-recourse loans	657,424	622,379
	5,118,807	5,396,870
Total loans receivable	5,118,807	5,396,870
Less discount on deferred and due on sale loans	(308,791)	(320,221)
Less allowance for loan losses	(88,038)	(111,047)
	4,721,978	4,965,602
Total loans receivable, net	4,721,978	4,965,602
Less current portion	(269,500)	(1,054,380)
	\$ 4,452,478	\$ 3,911,222
Noncurrent portion	\$ 4,452,478	\$ 3,911,222

(Continued)

# ONE ROOF COMMUNITY HOUSING

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023  
(With Comparative Totals for 2022)

### 6. LOANS RECEIVABLE (Continued)

The loan pool consists of the following types of loans:

	2023	2022
Unsecured loans	\$ 112,424	\$ 223,773
Secured by real estate mortgages	5,006,383	5,173,097
Ending balance	\$ 5,118,807	\$ 5,396,870

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

	2023	2022
Beginning balance	\$ 111,047	\$ 98,417
Loans charged off	(12,453)	(24,382)
Provision for losses	(10,556)	37,012
Ending balance	\$ 88,038	\$ 111,047

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

	2023			2022
	Amortizing mortgages	Other loans	Total	
Current	\$ 3,551,153	\$ 207,000	\$ 3,758,153	\$ 3,894,111
31 - 60 days	9,281	-	9,281	17,247
61 - 90 days	12,984	-	12,984	67,796
Over 90 days	138,840	-	138,840	101,535
Due on maturity	-	1,199,549	1,199,549	1,316,181
Total	\$ 3,712,258	\$ 1,406,549	\$ 5,118,807	\$ 5,396,870

Other loans consists of the deferred loans, due on sale loans, and non-amortizing non-recourse loans.

Management has evaluated loans individually and has determined that there are no impaired loans as of December 31, 2023.

(Continued)

# ONE ROOF COMMUNITY HOUSING

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023  
(With Comparative Totals for 2022)

### 6. LOANS RECEIVABLE (Continued)

One Roof was awarded several government grants to make loans to low income individual 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 loan loss on these loans receivable.

### 7. PROPERTIES UNDER DEVELOPMENT AND REFUNDABLE ADVANCES

Properties under development consist of the following:

	2023	2022
Houses under development and for sale - 24 in 2023 and 15 in 2022	\$ 4,380,844	\$ 1,929,354
Vacant lots held for development - 1 in 2023 and 1 in 2022	28,532	28,228
Multi-family development:		
Plover Place	1,854,527	-
Brewery Creek	-	139,509
Grand Marais	304,555	296,013
Other multi-family projects	271,035	224,827
	<u>\$ 6,839,493</u>	<u>\$ 2,617,931</u>

One Roof, through Plover Place LLC, has entered into a construction contract for \$2,839,697 to construct the project. At December 31, 2023, \$1,690,380 of this contract has been completed.

(Continued)

# ONE ROOF COMMUNITY HOUSING

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023  
(With Comparative Totals for 2022)

### 7. **PROPERTIES UNDER DEVELOPMENT AND REFUNDABLE ADVANCES (Continued)**

Current refundable advances 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. Current refundable advances are for the following:

	2023	2022
Houses under development and for sale – Individual homes	\$ 1,238,372	\$ 340,000
Multi-family developments:		
Plover Place	1,196,844	-
Brewery Creek	825,500	825,500
Unspent loan funds	-	40,870
Home ownership classes	10,000	57,077
Credit builder program	63,000	15,000
Land acquisition	14,364	10,000
Prepaid rent	1,604	13,605
	\$ 3,349,684	\$ 1,302,052

### 8. **LEASEHOLD IMPROVEMENTS AND EQUIPMENT**

Leasehold improvements and equipment consists of the following:

	2023	2022
Equipment	\$ 226,458	\$ 223,057
Leasehold improvements	34,229	27,161
Less accumulated depreciation	(175,544)	(166,943)
	\$ 85,143	\$ 83,275

(Continued)

# ONE ROOF COMMUNITY HOUSING

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023  
(With Comparative Totals for 2022)

### 9. MULTIFAMILY RENTAL PROPERTY

Multifamily rental property consists of the following:

	2023	2022
Buildings	\$ 9,758,510	\$ 10,655,702
Land	1,133,987	371,987
Land improvements	966,414	980,406
Equipment	1,360,368	1,363,062
Construction in progress	7,222,046	757,926
Less accumulated depreciation	(1,797,381)	(1,183,770)
	<u>\$ 18,643,944</u>	<u>\$ 12,945,313</u>

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.

Brewery Creek Apartments were leased to residential tenants under one year leases. This project was sold in June 2022. Total sales proceeds were \$419,000 which resulted in a gain on sale of \$119,906.

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 has been 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.

(Continued)

# ONE ROOF COMMUNITY HOUSING

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023  
(With Comparative Totals for 2022)

### 9. **MULTIFAMILY RENTAL PROPERTY (Continued)**

Construction in progress mostly consists of costs for Brewery Creek LLLP, a planned tax credit deal with One Roof as the Managing General Partner. Funding has 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, 2023, \$5,593,156 of this contract has been completed.

Brewery Creek LLLP capitalized interest costs of \$308,826, interest income of \$308,826, and finance fees of \$88,341 in 2023.

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 between during the one-year period after the end of the compliance period at a price determined in accordance with the partnership agreement.

### 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 340 lots at December 31, 2023 and 331 lots at December 31, 2022.

(Continued)

# ONE ROOF COMMUNITY HOUSING

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023  
(With Comparative Totals for 2022)

### 11. DEBT

Debt consists of the following:

	2023	2022
MHFA CRV Funds	\$ 735,000	\$ 950,000
MHFA EDHC Loan	1,910,951	1,947,000
MHFA HOME Loan	580,595	-
MHFA Bridge Loan	10,640,000	-
Local Initiatives Support Corporation (LISC)	-	30,442
City of Duluth HIF	63,242	218,242
City of Duluth HTF	356,491	84,278
North Shore Bank	1,567,900	720,400
MMCDC	2,134,634	2,299,020
Cook County/Grand Marais Joint EDA	1,451,969	1,489,469
Cook County HRA	61,541	-
Members Cooperative Credit Union	52,362	52,362
National Bank of Commerce LOC	1,210,818	551,538
Opportunity Finance Network Loan	250,000	-
	21,015,503	8,342,751
Less unamortized finance fees	(350,752)	(177,967)
Less current maturities	(3,874,224)	(2,054,472)
	\$ 16,790,527	\$ 6,110,312

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

- \$350,000 is for the development of new homes with interest at 3.00%. The outstanding balance was \$350,000 at December 31, 2022. The note was repaid in full in 2023.
- \$250,000 is for the development of new homes with interest at 3.00%. The outstanding balance was \$100,000 at December 31, 2022. The note was repaid in full in 2023.
- \$500,000 is for the development of new homes with interest at 3.75%. The outstanding balance was \$500,000 at December 31, 2023 and 2022. The note is due June 1, 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.

(Continued)

# ONE ROOF COMMUNITY HOUSING

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023  
(With Comparative Totals for 2022)

### 11. DEBT (Continued)

**MHFA EDHC** - Non-interest 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 principal is due on October 6, 2050. Secured by a mortgage on the Decker Dwellings project.

**MHFA HOME** - Non-interest 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. \$580,595 has been advanced as of December 31, 2023.

**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.

**LISC** - Project investment (forgivable loan) due to the Local Initiative Support Corporation (LISC) without interest in the original amount of \$45,000 for Brewery Creek due on the close of the construction financing or December 31, 2022. Secured by the property. The loan was repaid in 2023.

**City of Duluth HIF** - Mortgages payable to the City of Duluth under the Housing Investment Fund (HIF) program without interest. The mortgages are secured by the related properties.

- \$105,000 used for new home construction due on December 16, 2036. The mortgage was forgiven in 2023.
- \$50,000 used for new home construction due December 16, 2035. The mortgage was forgiven in 2023.
- \$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%. \$356,491 has been advanced as of December 31, 2023.

(Continued)

# ONE ROOF COMMUNITY HOUSING

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023  
(With Comparative Totals for 2022)

### 11. DEBT (Continued)

**North Shore Bank** - \$2,500,000 commitment to provide financing through July 2024. 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. 10 and 6 individual loans were outstanding at December 31, 2023 and 2022, respectively.

**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 \$1,708,510 and \$1,842,855 are outstanding at December 31, 2023 and 2022.

- \$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. \$426,124 and \$456,165 was outstanding at December 31, 2023 and 2022.

**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.

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.

(Continued)

# ONE ROOF COMMUNITY HOUSING

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023  
(With Comparative Totals for 2022)

### 11. DEBT (Continued)

**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 predevelopment activities for a planned multifamily project known as Birchwood Apartments. All outstanding loan principal is due March 31, 2025 (maturity date), with the option to extend the note an additional year if agreed to by both parties. 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. \$61,541 has been advanced as of December 31, 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. \$250,000 has been advanced as of December 31, 2023.

Future maturities of debt are as follows:

2024	\$ 3,874,224
2025	11,181,146
2026	255,385
2027	318,711
2028	278,345
Thereafter	<u>5,107,692</u>
	<u>\$ 21,015,503</u>

**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.

**North Shore Bank LOC** - \$150,000 revolving line of credit with North Shore Bank with variable interest at prime (8.50% at December 31, 2023) maturing June 30, 2024. No balance was outstanding at December 31, 2023 and 2022.

**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 April 5, 2024. In April 2024, the agreement was extended to July 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, 2023 and 2022.

(Continued)

# ONE ROOF COMMUNITY HOUSING

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023  
(With Comparative Totals for 2022)

### 11. DEBT (Continued)

Interest was \$346,187 in 2023 and \$257,422 in 2022, of which \$134,663 and \$60,329 was capitalized to properties under development in 2023 and 2022. \$123,656 and \$103,038 of interest from both 2023 and previous years was included in the cost of homes sold in 2023 and 2022.

### 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%.

Consolidated statement of financial position amounts recorded for leases are as follows as of December 31, 2023:

#### Assets:

Right of use assets - operating leases	\$	74,645
Right of use assets - finance leases		6,606
	\$	<u>81,251</u>

#### Current liabilities:

Lease liability - operating leases	\$	38,752
Lease liability - finance leases		1,620
	\$	<u>40,372</u>

#### Long-term liabilities:

Lease liability - operating leases	\$	37,046
Lease liability - finance leases		4,695
	\$	<u>41,741</u>

(Continued)

# ONE ROOF COMMUNITY HOUSING

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023  
(With Comparative Totals for 2022)

### 12. LEASE COMMITMENTS (Continued)

Lease expense (included in occupancy expense in the consolidated statement of functional expenses) consists of the following for the year ended December 31, 2023:

Operating lease expense	\$ 38,767
Finance lease expense:	
Amortization expense	711
Interest expense	213

The average remaining lease term (in years) is 2.0 for the operating lease and 4.2 for the finance lease.

Minimum future rental payments are as follows:

	Operating	Finance
2024	\$ 38,752	\$ 1,620
2025	39,936	1,620
2026	-	1,620
2027	-	1,620
2028	-	405
	78,688	6,885
Less: present value discount	(2,890)	(570)
	\$ 75,798	\$ 6,315

### 13. NET ASSETS

Net assets with donor restrictions are as follows:

	2023	2022
<b>Restricted for Loans in perpetuity</b>		
CDFI funds	\$ 1,410,697	\$ 1,382,280
<b>Expendable for specified purposes</b>		
Brewery Creek project capital	1,000,000	1,425,000
Housing development	25,000	50,000
Other	12,699	17,665
	\$ 2,448,396	\$ 2,874,945

(Continued)

# ONE ROOF COMMUNITY HOUSING

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023  
(With Comparative Totals for 2022)

### 13. **NET ASSETS (Continued)**

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.

### 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 \$100,025 in 2023 and \$100,752 in 2022.

### 15. **COMMITMENTS, CONTINGENCIES AND CONCENTRATIONS**

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.

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 91% (43%, 26%, 12%, 10%) of government grants from four agencies during 2023 and 94% (30%, 30%, 22%, 12%) of government grants from four agencies during 2022.

One Roof received 75% (62%, 13%) of contributions from two contributors during 2023 and 56% (33%, 12%, 11%) of contributions from three contributors during 2022.

(Continued)

# ONE ROOF COMMUNITY HOUSING

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023  
(With Comparative Totals for 2022)

### 15. COMMITMENTS, CONTINGENCIES AND CONCENTRATIONS (Continued)

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, 2023, 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. No provision for possible warranty costs has been recorded in 2023 or 2022.

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 unearned conditional contributions from cost-reimbursable grants of the following at December 31, 2023:

Home rehabilitation	\$ 15,588,277
Capacity building	45,000
Homebuyer education	349,668
Family Homeless Prevention and Assistance Program	152,000
Lending	67,925
Multi-family pre-development	30,000
Credit builder	25,000
	<hr/>
	\$ 16,257,870

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

At December 31, 2023, \$1,311,372 of the unearned conditional contributions from cost reimbursable grants is included in refundable advances.

(Continued)

# ONE ROOF COMMUNITY HOUSING

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023  
(With Comparative Totals for 2022)

### 15. **COMMITMENTS, CONTINGENCIES AND CONCENTRATIONS (Continued)**

One Roof and the Salvation Army have entered into an agreement for One Roof to sell Plover Place to the Salvation Army for \$1 when construction is completed and the certificate of occupancy has been received. One Roof will have 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.

### 16. **SUBSEQUENT EVENTS**

One Roof acquired the General Partner interest in Birchwood of Grand Marais Limited Partnership in January 2024. This General Partner interest gives One Roof 6% ownership in a project with the 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 (part of the \$63 million award described in Note 15), as well as low-income housing tax credits, 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.

Management has evaluated subsequent events through June 17, 2024, the date on which the financial statements were made available for issue, and identified no further significant events or transactions to disclose.

## **SUPPLEMENTARY INFORMATION**

**ONE ROOF COMMUNITY HOUSING**

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

December 31, 2023

	One Roof	One Roof Lending	Common Ground	West End Quad Pod	Eliminations	Total	Brewery Creek LLLP	Decker Dwellings LLLP	Eliminations	Total
<b>ASSETS</b>										
Current assets:										
Cash	\$ 2,114,428	\$ 40,889	\$ 399,297	\$ 66,318	\$ -	\$ 2,620,932	\$ -	\$ 77,446	\$ -	\$ 2,698,378
Cash designated for programs	1,474,924	-	-	-	(2,835)	1,472,089	-	-	-	1,472,089
Accounts receivable, net	96,452	47,071	7,986	168	-	151,677	-	48,847	-	200,524
Contributions and grants receivable, current portion	279,846	22,812	-	-	-	302,658	-	-	-	302,658
Due from other division, current portion	593,922	36,521	209,011	-	(275,119)	564,335	-	-	(564,335)	-
Interest receivable	42,194	15,594	-	-	-	57,788	-	-	(42,194)	15,594
Loans receivable, current portion	-	269,500	-	-	-	269,500	-	-	-	269,500
Prepaid expenses and other	35,403	1,537	12,211	584	-	49,735	-	15,259	-	64,994
Properties under development, net	7,031,605	-	-	-	(192,112)	6,839,493	-	-	-	6,839,493
Total current assets	<u>11,668,774</u>	<u>433,924</u>	<u>628,505</u>	<u>67,070</u>	<u>(470,066)</u>	<u>12,328,207</u>	<u>-</u>	<u>141,552</u>	<u>(606,529)</u>	<u>11,863,230</u>
Cash restricted for loan programs	-	1,657,810	-	-	-	1,657,810	-	-	-	1,657,810
Cash reserves and escrows	-	-	-	30,367	-	30,367	8,029,867	128,922	-	8,189,156
Investment in subsidiaries	1,420,698	-	-	-	(233,598)	1,187,100	-	-	(1,187,100)	-
Due from other division, less current portion	1,413,463	151,230	104,000	-	(275,230)	1,393,463	-	-	(1,393,463)	-
Loans receivable - net, less current portion	-	4,452,478	-	-	-	4,452,478	-	-	-	4,452,478
Leasehold improvements and equipment, net	53,579	-	31,564	-	-	85,143	-	-	-	85,143
Multifamily rental property, net	-	-	-	2,381,923	-	2,381,923	8,385,023	9,260,142	(1,383,144)	18,643,944
Right of use assets, net	81,251	-	-	-	-	81,251	-	-	-	81,251
Land held in trust	5,472,888	-	-	-	-	5,472,888	-	-	-	5,472,888
Tax credit fees, net	-	-	-	-	-	-	-	56,108	-	56,108
Total assets	<u>\$ 20,110,653</u>	<u>\$ 6,695,442</u>	<u>\$ 764,069</u>	<u>\$ 2,479,360</u>	<u>\$ (978,894)</u>	<u>\$ 29,070,630</u>	<u>\$ 16,414,890</u>	<u>\$ 9,586,724</u>	<u>\$ (4,570,236)</u>	<u>\$ 50,502,008</u>

See independent auditor's report.

**ONE ROOF COMMUNITY HOUSING**

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

December 31, 2023

	One Roof	One Roof Lending	Common Ground	West End Quad Pod	Eliminations	Total	Brewery Creek LLLP	Decker Dwellings LLLP	Eliminations	Total
<b>LIABILITIES AND NET ASSETS</b>										
Current liabilities:										
Current maturities of long-term debt	\$ 3,635,209	\$ 173,182	\$ -	\$ 65,833	\$ -	\$ 3,874,224	\$ -	\$ -	\$ -	\$ 3,874,224
Accounts payable	179,082	1,818	110,042	5,554	(29,587)	266,909	-	14,992	-	281,901
Accounts payable - construction	635,852	-	-	-	-	635,852	1,058,748	-	-	1,694,600
Accrued payroll and related taxes	325,621	41,367	65,932	-	-	432,920	-	-	-	432,920
Accrued interest	1,802	7,306	-	14,456	-	23,564	-	-	-	23,564
Accrued developer fee	-	-	-	-	-	-	406,530	320,417	(564,335)	162,612
Refundable advances, current portion	3,348,080	-	-	1,604	-	3,349,684	-	-	-	3,349,684
Committed loans	-	244,407	-	-	-	244,407	-	-	-	244,407
Borrower escrows	-	10,498	-	-	-	10,498	-	-	-	10,498
Lease liabilities, current portion	40,372	-	-	-	-	40,372	-	-	-	40,372
Other current liabilities	-	47,083	9,842	-	-	56,925	-	50,567	-	107,492
Due to other division, current portion	248,367	-	-	20,000	(268,367)	-	-	-	-	-
Total current liabilities	8,414,385	525,661	185,816	107,447	(297,954)	8,935,355	1,465,278	385,976	(564,335)	10,222,274
Tenant security deposits	-	-	-	19,973	-	19,973	-	31,647	-	51,620
Lease liabilities, less current portion	41,741	-	-	-	-	41,741	-	-	-	41,741
Accrued interest - deferred loans	-	-	-	-	-	-	-	42,194	(42,194)	-
Refundable advances, less current portion	-	693,925	-	-	-	693,925	-	-	-	693,925
Due to other division, less current portion	151,230	104,000	-	-	(255,230)	-	1,000,000	393,463	(1,393,463)	-
Long-term debt, net, less current maturities	296,541	2,327,056	-	1,244,645	-	3,868,242	11,036,352	1,885,933	-	16,790,527
Total liabilities	8,903,897	3,650,642	185,816	1,372,065	(553,184)	13,559,236	13,501,630	2,739,213	(1,999,992)	27,800,087
Net assets:										
Without donor restrictions:										
Controlling interest:										
Undesignated	3,672,025	1,634,103	578,253	1,107,295	(425,710)	6,565,966	1,187,000	(60)	(2,570,244)	5,182,662
Board designated - operating reserve	1,024,144	-	-	-	-	1,024,144	-	-	-	1,024,144
Board designated - land held in trust	5,472,888	-	-	-	-	5,472,888	-	-	-	5,472,888
Total controlling interest	10,169,057	1,634,103	578,253	1,107,295	(425,710)	13,062,998	1,187,000	(60)	(2,570,244)	11,679,694
Noncontrolling interest	-	-	-	-	-	-	1,726,260	6,847,511	-	8,573,831
Total without donor restrictions	10,169,057	1,634,103	578,253	1,107,295	(425,710)	13,062,998	2,913,260	6,847,511	(2,570,244)	20,253,525
With donor restrictions	1,037,699	1,410,697	-	-	-	2,448,396	-	-	-	2,448,396
Total net assets	11,206,756	3,044,800	578,253	1,107,295	(425,710)	15,511,394	2,913,260	6,847,511	(2,570,244)	22,701,921
Total liabilities and net assets	\$ 20,110,653	\$ 6,695,442	\$ 764,069	\$ 2,479,360	\$ (978,894)	\$ 29,070,630	\$ 16,414,890	\$ 9,586,724	\$ (4,570,236)	\$ 50,502,008

See independent auditor's report.

**ONE ROOF COMMUNITY HOUSING**

CONSOLIDATING STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2023

	One Roof	One Roof Lending	Common Ground	West End Quad Pod	Eliminations	Total	Brewery Creek LLLP	Decker Dwellings LLLP	Eliminations	Total
<b>Revenues and support:</b>										
Contributions - development	\$ 50,000	\$ -	\$ -	\$ -	\$ -	\$ 50,000	\$ -	\$ -	\$ -	\$ 50,000
Government grants and contracts - development	1,783,133	-	-	-	-	1,783,133	-	-	-	1,783,133
Sales of homes	2,258,600	-	-	-	-	2,258,600	-	-	-	2,258,600
Less cost of homes sold	(3,853,856)	-	-	-	453,027	(3,400,829)	-	-	-	(3,400,829)
Gain on sale of homes	237,877	-	-	-	453,027	690,904	-	-	-	690,904
Development fees - multi-family	400,977	-	-	-	-	400,977	-	-	(400,977)	-
Construction revenues	-	-	1,817,620	-	(1,800,975)	16,645	-	-	-	16,645
Less construction services expense	-	-	(1,373,976)	-	1,311,650	(62,326)	-	-	-	(62,326)
Construction revenues, net	-	-	443,644	-	(489,325)	(45,681)	-	-	-	(45,681)
Contributions - operating	508,926	75,000	-	-	-	583,926	-	-	-	583,926
Contributions - noncash	3,065	-	-	-	-	3,065	-	-	-	3,065
Special events	33,925	-	-	-	-	33,925	-	-	-	33,925
Government grants and contracts - operating	462,263	297,480	-	-	-	759,743	-	-	-	759,743
Real estate sales commissions	164,472	-	-	-	-	164,472	-	-	-	164,472
Land lease revenues	135,483	-	-	-	-	135,483	-	-	-	135,483
Multi-family rental revenue, net	14,700	-	-	219,509	-	234,209	-	376,788	-	610,997
Interest income - loans	15,739	177,348	-	-	(7,220)	185,867	-	-	(15,739)	170,128
Interest income - deferred loan accretion	-	11,430	-	-	-	11,430	-	-	-	11,430
Interest income - other	28,800	293	-	117	-	29,210	-	3,789	-	32,999
Loan fees	-	93,766	-	-	-	93,766	-	-	-	93,766
Other revenues	84,665	6,122	10,010	14,656	(42,529)	72,924	-	55,624	-	128,548
<b>Total revenues and support</b>	<b>2,090,892</b>	<b>661,439</b>	<b>453,654</b>	<b>234,282</b>	<b>(86,047)</b>	<b>3,354,220</b>	<b>-</b>	<b>436,201</b>	<b>(416,716)</b>	<b>3,373,705</b>
<b>Expenses:</b>										
Program services	1,305,887	653,482	-	317,864	(2,956)	2,274,277	-	926,903	(51,239)	3,149,941
Management and general	473,775	-	244,770	-	(25,000)	693,545	-	-	-	693,545
Fundraising	145,129	-	-	-	-	145,129	-	-	-	145,129
<b>Total program services, less cost of homes sold</b>	<b>1,924,791</b>	<b>653,482</b>	<b>244,770</b>	<b>317,864</b>	<b>(27,956)</b>	<b>3,112,951</b>	<b>-</b>	<b>926,903</b>	<b>(51,239)</b>	<b>3,988,615</b>
<b>Operating income</b>	<b>166,101</b>	<b>7,957</b>	<b>208,884</b>	<b>(83,582)</b>	<b>(58,091)</b>	<b>241,269</b>	<b>-</b>	<b>(490,702)</b>	<b>(365,477)</b>	<b>(614,910)</b>
Land cost capitalized	246,000	-	-	-	-	246,000	-	-	-	246,000
Grants for loan program	-	40,870	-	-	-	40,870	-	-	-	40,870
Contributions for multi-family property in development	1,000,000	-	-	-	-	1,000,000	-	-	-	1,000,000
Forgiveness of debt	155,000	-	-	-	-	155,000	-	-	-	155,000
Land contributed from One Roof	-	-	-	-	-	-	762,000	-	(762,000)	-
Partnership capital contributions, net	-	-	-	-	-	-	2,151,260	-	(425,000)	1,726,260
Gain on sale of multifamily property	91,066	-	-	-	-	91,066	-	-	-	91,066
<b>Change in net assets</b>	<b>1,658,167</b>	<b>48,827</b>	<b>208,884</b>	<b>(83,582)</b>	<b>(58,091)</b>	<b>1,774,205</b>	<b>2,913,260</b>	<b>(490,702)</b>	<b>(1,552,477)</b>	<b>2,644,286</b>
Net assets, beginning of year	9,548,589	2,995,973	369,369	1,190,877	(367,619)	13,737,189	-	7,338,213	(1,017,767)	20,057,635
<b>Net assets, end of year</b>	<b>\$ 11,206,756</b>	<b>\$ 3,044,800</b>	<b>\$ 578,253</b>	<b>\$ 1,107,295</b>	<b>\$ (425,710)</b>	<b>\$ 15,511,394</b>	<b>\$ 2,913,260</b>	<b>\$ 6,847,511</b>	<b>\$ (2,570,244)</b>	<b>\$ 22,701,921</b>

See independent auditor's report.

**ONE ROOF COMMUNITY HOUSING**

STATEMENTS OF FUNCTIONAL EXPENSES BY ENTITY

For the Year Ended December 31, 2023  
(With Comparative Totals for 2022)

	One Roof					One Roof Lending					Common Ground				Multi-Family Projects*	
	2023					2023					2023				2023	
	Program services	Management and general	Fundraising	Total expenses	2022	Program services	Management and general	Total expenses	2022	Program services	Management and general	Total expenses	2022	Program services	2022	
Salaries	\$ 692,266	\$ 311,269	\$ 94,981	\$ 1,098,516	\$ 1,057,956	\$ 321,664	\$ -	\$ 321,664	\$ 323,787	\$ 344,652	\$ 149,150	\$ 493,802	\$ 433,792	\$ -	\$ -	
Payroll taxes	43,457	18,478	6,652	68,587	81,687	22,106	-	22,106	26,215	63,015	11,714	74,729	70,771	-	-	
Employee benefits and other	102,598	50,972	10,686	164,256	154,233	55,669	-	55,669	65,751	55,296	23,930	79,226	77,605	-	-	
Salaries, payroll taxes & benefits	838,321	380,719	112,319	1,331,359	1,293,876	399,439	-	399,439	415,753	462,963	184,794	647,757	582,168	-	-	
Professional fees	49,415	16,390	3,311	69,116	77,512	42,143	-	42,143	37,172	-	11,410	11,410	9,689	-	-	
Occupancy	22,134	11,741	3,083	36,958	34,845	12,288	-	12,288	10,662	11,696	5,062	16,758	16,145	-	-	
Office supplies	60,678	28,057	10,790	99,525	99,447	48,229	-	48,229	42,278	9,377	4,058	13,435	10,047	-	-	
Staff travel & meal expenses	23,478	5,138	1,428	30,044	40,490	9,630	-	9,630	6,874	6,426	2,781	9,207	9,813	-	-	
Temporary help	2,826	1,501	394	4,721	-	1,579	-	1,579	-	-	-	-	-	-	-	
Property acquisition	1,369,943	-	-	1,369,943	1,874,265	-	-	-	-	-	-	-	-	-	-	
Construction costs	2,237,913	-	-	2,237,913	1,721,137	-	-	-	-	848,445	-	848,445	637,632	-	-	
Other development costs	90,427	-	-	90,427	16,365	-	-	-	-	-	-	-	-	-	-	
Holding costs & post closing costs	15,392	-	-	15,392	4,243	-	-	-	-	-	-	-	-	-	-	
Home owner support	136,653	-	-	136,653	69,104	50,600	-	50,600	1,005	-	-	-	-	-	-	
Marketing	10,031	3,368	814	14,213	15,264	4,423	-	4,423	5,252	1,459	631	2,090	2,255	-	-	
Memberships & subscriptions	13,168	1,729	579	15,476	16,384	4,895	-	4,895	3,189	-	-	-	-	-	-	
Board & committee expenses	4,274	2,269	2,310	8,853	6,759	2,387	-	2,387	1,609	585	253	838	250	-	-	
Event expenses	12	6	8,000	8,018	1,525	6	-	6	-	-	-	-	-	-	-	
Depreciation & amortization	10,177	5,496	560	16,233	24,785	-	-	-	-	8,401	3,636	12,037	10,049	-	-	
Insurance	11,502	3,273	859	15,634	15,460	5,519	-	5,519	5,985	16,150	6,989	23,139	22,743	-	-	
Interest & fees	11,227	223	402	11,852	15,097	78,417	-	78,417	81,057	2	1	3	894	-	-	
Bad debt expense (recoveries)	-	-	-	-	-	(10,556)	-	(10,556)	39,762	-	-	-	-	-	-	
Other	2,134	13,865	280	16,279	2,043	4,483	-	4,483	3,604	8,472	25,155	33,627	34,192	-	-	
Multifamily project operating expenses:																
Office expense	-	-	-	-	12,424	-	-	-	-	-	-	-	-	76,776	88,379	
Management fees	-	-	-	-	-	-	-	-	-	-	-	-	-	46,904	45,236	
Repairs and maintenance	341	-	-	341	2,200	-	-	-	-	-	-	-	-	174,068	143,077	
Utilities	-	-	-	-	270	-	-	-	-	-	-	-	-	55,702	58,327	
Real estate taxes	1,833	-	-	1,833	14,028	-	-	-	-	-	-	-	-	58,643	61,078	
Insurance	-	-	-	-	-	-	-	-	-	-	-	-	-	35,050	32,813	
Interest expense	1,029	-	-	1,029	11,339	-	-	-	-	-	-	-	-	86,364	333,005	
Other fees	835	-	-	835	-	-	-	-	-	-	-	-	-	7,774	7,465	
Depreciation and amortization	-	-	-	-	-	-	-	-	-	-	-	-	-	703,486	701,209	
Total expenses	4,913,743	473,775	145,129	5,532,647	5,368,862	653,482	-	653,482	654,202	1,373,976	244,770	1,618,746	1,335,877	1,244,767	1,470,589	
Reclassify Common Ground expenses related to One Roof projects	-	-	-	-	-	-	-	-	-	(1,311,650)	-	(1,311,650)	(984,715)	-	-	
Expenses netted against revenues or reported as nonoperating:																
Cost of homes sold	(3,853,856)	-	-	(3,853,856)	(3,778,502)	-	-	-	-	-	-	-	-	-	-	
Construction services expense	-	-	-	-	-	-	-	-	-	(62,326)	-	(62,326)	(101,208)	-	-	
Land cost capitalization	246,000	-	-	246,000	183,100	-	-	-	-	-	-	-	-	-	-	
	<u>\$ 1,305,887</u>	<u>\$ 473,775</u>	<u>\$ 145,129</u>	<u>1,924,791</u>	<u>1,773,460</u>	<u>653,482</u>	<u>-</u>	<u>653,482</u>	<u>654,202</u>	<u>\$ -</u>	<u>\$ 244,770</u>	<u>\$ 244,770</u>	<u>\$ 249,954</u>	<u>\$ 1,244,767</u>	<u>\$ 1,470,589</u>	

\* Multi-Family Projects consists of West End Quad Pods, Decker Dwellings LLLP, and Brewery Creek LLLP

See independent auditor's report.

# ONE ROOF COMMUNITY HOUSING

## STATEMENTS OF FINANCIAL POSITION - COMMON GROUND

December 31, 2023 and 2022

	2023	2022
<b>ASSETS</b>		
Current assets:		
Cash	\$ 399,297	\$ 313,864
Accounts receivable, net	7,986	23,748
Due from One Roof and Lending	313,011	86,863
Prepaid expenses	12,211	8,915
Total current assets	732,505	433,390
Equipment, net	31,564	43,601
Total assets	\$ 764,069	\$ 476,991
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities:		
Accounts payable	\$ 110,042	\$ 55,335
Accrued payroll and related taxes	65,932	45,858
Other current liabilities	9,842	6,429
Total current liabilities	185,816	107,622
Total liabilities	185,816	107,622
Net assets without donor restrictions	578,253	369,369
Total liabilities and net assets	\$ 764,069	\$ 476,991

See independent auditor's report.

# ONE ROOF COMMUNITY HOUSING

## STATEMENTS OF ACTIVITIES - COMMON GROUND

For the Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Revenues and support:		
Contributions - operating	\$ -	\$ 10,000
Construction revenues	1,817,620	1,438,007
Other revenues	<u>10,010</u>	<u>11,678</u>
Total revenues and support	<u>1,827,630</u>	<u>1,459,685</u>
Expenses:		
Construction services	1,373,976	1,085,923
Management and general	<u>244,770</u>	<u>249,954</u>
Total expenses	<u>1,618,746</u>	<u>1,335,877</u>
Change in net assets	208,884	123,808
Net assets, beginning of year	<u>369,369</u>	<u>245,561</u>
Net assets, end of year	<u>\$ 578,253</u>	<u>\$ 369,369</u>

See independent auditor's report.

# ONE ROOF COMMUNITY HOUSING

## STATEMENTS OF FINANCIAL POSITION - NEIGHBORHOOD HOUSING SERVICES OF DULUTH, INC. DBA ONE ROOF COMMUNITY LENDING

December 31, 2023 and 2022

	2023	2022
<b>ASSETS</b>		
Current assets:		
Cash	\$ 40,889	\$ 269,111
Accounts receivable	47,071	115,572
Contributions and grants receivable	22,812	34,978
Interest receivable	15,594	54,066
Due from other division, current portion	36,521	22,928
Loans receivable, current portion	269,500	1,054,380
Prepaid expenses and other current assets	1,537	14,438
Total current assets	433,924	1,565,473
Cash restricted for loan programs	1,657,810	835,678
Due from other division, less current portion	151,230	192,914
Loans receivable - net, less current portion	4,452,478	3,911,222
 Total assets	 \$ 6,695,442	 \$ 6,505,287
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities:		
Current maturities of long-term debt	\$ 173,182	\$ 166,564
Accounts payable	1,818	7,715
Accrued interest	7,306	6,506
Refundable advances, current portion	-	40,870
Committed loans	244,407	228,356
Borrower escrows	10,498	8,817
Other current liabilities	88,450	168,780
Total current liabilities	525,661	627,608
Due to Common Ground	104,000	-
Refundable advances, less current portion	693,925	633,646
Long-term debt, less current maturities	2,327,056	2,248,060
Total liabilities	3,650,642	3,509,314
Net assets:		
Without donor restrictions	1,634,103	1,613,693
With donor restrictions	1,410,697	1,382,280
Total net assets	3,044,800	2,995,973
 Total liabilities and net assets	 \$ 6,695,442	 \$ 6,505,287

See independent auditor's report.

## ONE ROOF COMMUNITY HOUSING

### STATEMENTS OF ACTIVITIES - NEIGHBORHOOD HOUSING SERVICES OF DULUTH, INC. DBA ONE ROOF COMMUNITY LENDING

For the Year Ended December 31, 2023  
(With Comparative Totals for 2022)

	2023			2022
	Without donor restrictions	With donor restrictions	Total	
<b>Revenues and support:</b>				
Contributions - operating	\$ 75,000	\$ -	\$ 75,000	\$ 1,800
Government grants and contracts - operating	297,480	-	297,480	463,815
Interest income - loans	177,348	-	177,348	187,045
Interest income - deferred loan accretion	11,430	-	11,430	21,398
Interest income - other	293	-	293	79
Loan fees	93,766	-	93,766	29,932
Other revenues	6,122	-	6,122	3,935
Net assets released from restriction	12,453	(12,453)	-	-
Total revenues and support	<u>673,892</u>	<u>(12,453)</u>	<u>661,439</u>	<u>708,004</u>
<b>Expenses:</b>				
Salaries, payroll taxes and benefits	399,439	-	399,439	415,753
Occupancy and office supplies	60,517	-	60,517	52,939
Professional and consulting fees	42,143	-	42,143	37,172
Interest and bank fees	78,417	-	78,417	79,124
Marketing	4,423	-	4,423	5,252
Bad debt expense (recoveries)	(10,556)	-	(10,556)	39,762
Other expenses	79,099	-	79,099	24,200
Total expenses	<u>653,482</u>	<u>-</u>	<u>653,482</u>	<u>654,202</u>
Operating income	20,410	(12,453)	7,957	53,802
Grants for loan program	-	40,870	40,870	434,933
Change in net assets	20,410	28,417	48,827	488,735
Net assets, beginning of year	<u>1,613,693</u>	<u>1,382,280</u>	<u>2,995,973</u>	<u>2,507,238</u>
Net assets, end of year	<u>\$ 1,634,103</u>	<u>\$ 1,410,697</u>	<u>\$ 3,044,800</u>	<u>\$ 2,995,973</u>

See independent auditor's report.

# ONE ROOF COMMUNITY HOUSING

## STATEMENTS OF FINANCIAL POSITION - WEST END QUAD POD

December 31, 2023 and 2022

	2023	2022
<b>ASSETS</b>		
Current assets:		
Cash	\$ 66,318	\$ 34,962
Tenant receivables	168	3,117
Prepaid expenses	584	769
Total current assets	67,070	38,848
Security deposits	20,356	18,850
Debt service reserve	10,011	10,035
Operating reserve	-	29,748
Total deposits and funded reserves	30,367	58,633
Property and equipment	2,891,508	2,891,508
Accumulated depreciation	(509,585)	(398,664)
Net property and equipment	2,381,923	2,492,844
Total assets	\$ 2,479,360	\$ 2,590,325
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities:		
Current maturities	\$ 65,833	\$ 51,250
Accounts payable	5,554	7,571
Accrued interest	14,456	-
Due to One Roof	20,000	20,000
Prepaid rents	1,604	13,605
Total current liabilities	107,447	92,426
Tenant security deposits	19,973	20,108
Long-term debt, less current maturities, net	1,244,645	1,286,914
Total liabilities	1,372,065	1,399,448
Net assets without donor restrictions	1,107,295	1,190,877
Total liabilities and net assets	\$ 2,479,360	\$ 2,590,325

See independent auditor's report.

# ONE ROOF COMMUNITY HOUSING

## STATEMENTS OF ACTIVITIES - WEST END QUAD POD

For the Years Ended December 31, 2023 and 2022

	2023	2022
Revenues and support:		
Apartment rent:		
Rent revenue	\$ 219,582	\$ 210,765
Less vacancies and allowances	(73)	(900)
Net rental revenue	219,509	209,865
Tenant charges	11,464	4,732
Interest income	117	80
Other income	3,192	-
	234,282	214,677
Expenses:		
Administrative	22,885	17,327
Utilities	23,088	22,402
Maintenance and operating	69,898	42,637
Real estate taxes	15,238	16,078
Insurance	6,865	6,126
	137,974	104,570
Operating income	96,308	110,107
Interest expense - finance fees amortization	(9,815)	(9,815)
Interest expense	(59,154)	(60,737)
	27,339	39,555
Depreciation	(110,921)	(109,459)
	(83,582)	(69,904)
Change in net assets without restrictions		
Net assets without restrictions, beginning of year	1,190,877	1,260,781
Net assets without restrictions, end of year	\$ 1,107,295	\$ 1,190,877

See independent auditor's report.

**ONE ROOF COMMUNITY HOUSING**

FHA LENDERS WITH TITLE I AUTHORITY SCHEDULES

December 31, 2023

ADJUSTED NET WORTH COMPUTATION

Net assets (net worth) per balance sheet	<u>15,511,394</u>	(a)
Less unacceptable assets	<u>(8,125,419)</u>	(b)
Adjusted net worth for HUD purposes [(c) = (a) - (b)]	<u>7,385,975</u>	(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>6,385,975</u>	(e)

LIQUID NET ASSETS COMPUTATION

Cash	2,620,932
Cash restricted for loan programs	490,644
Less: restricted cash	<u>(138)</u>
	<u>3,111,438</u>
Less minimum liquid net assets required	<u>200,000</u>
Liquid net assets above or below minimum required	<u>2,911,438</u>

See independent auditor's report.