

ThreeRivers

COMMUNITY ACTION



Consolidated Financial Statements and Supplementary Information

December 31, 2024 and 2023

Three Rivers Community Action, Inc. and Subsidiaries

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Independent Auditor's Report

Board of Directors
Three Rivers Community Action, Inc. and Subsidiaries
Zumbrota, Minnesota

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Three Rivers Community Action, Inc. and Subsidiaries, which comprise the consolidated statements of financial position as of December 31, 2024 and 2023, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Three Rivers Community Action, Inc. and Subsidiaries as of December 31, 2024 and 2023, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities 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 Three Rivers Community Action, Inc. and Subsidiaries and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the 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 Three Rivers Community Action, Inc. and Subsidiaries' ability to continue as a going concern for one year after the date that the consolidated financial statements were available to be issued.

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 GAAS and *Government 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 are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS and *Government 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 Three Rivers Community Action, Inc. and Subsidiaries' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Three Rivers Community Action, Inc. and Subsidiaries' 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating financial statements are presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, and results of operations of the individual entities, and they are not a required part of the consolidated financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the 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 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 consolidating financial statements and the schedule of expenditures of federal awards are 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 30, 2025, on our consideration of Three Rivers Community Action, Inc.'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 Three Rivers Community Action, Inc.'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 Three Rivers Community Action, Inc.'s internal control over financial reporting and compliance.

BerganKDV, Ltd.

St. Cloud, Minnesota
June 30, 2025

Three Rivers Community Action, Inc. and Subsidiaries
Consolidated Statements of Financial Position
As of December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 8,882,884	\$ 7,425,558
Grants receivable	2,107,834	1,899,750
Accounts receivable	2,534,162	2,001,685
Current portion of contracts receivable	57,492	57,492
Prepaid expenses	467,279	289,895
Total current assets	<u>14,049,651</u>	<u>11,674,380</u>
Restricted cash and cash equivalents	5,009,460	4,445,149
Contracts receivable, net	356,107	846,176
Other assets	849,711	999,262
Right-of-use assets - operating leases	368,798	493,571
Right-of-use assets - finance leases	25,157	41,928
Property and equipment, net	5,790,197	2,900,680
Affordable housing projects, net	<u>82,313,959</u>	<u>71,368,086</u>
Total assets	<u><u>\$ 108,763,040</u></u>	<u><u>\$ 92,769,232</u></u>
Liabilities and Net Assets		
Current liabilities		
Current portion of long-term debt	\$ 458,926	\$ 14,060,750
Current portion of operating lease liabilities	97,196	154,918
Current portion of finance lease liabilities	17,498	17,238
Accounts payable and accrued expenses	3,776,862	4,225,755
Deferred revenue	62,423	63,251
Grant advances	697,001	721,558
Total current liabilities	<u>5,109,906</u>	<u>19,243,470</u>
Long-term liabilities		
Accrued interest	823,977	770,181
Section 1602 deferred grant	140,061	210,093
Operating lease liabilities	281,534	347,505
Finance lease liabilities	7,854	25,318
Long-term debt, net	38,788,638	32,136,181
Forgivable loan	74,409	-
Total long-term liabilities	<u>40,116,473</u>	<u>33,489,278</u>
Total liabilities	<u>45,226,379</u>	<u>52,732,748</u>
Net assets		
Without donor restrictions	21,036,930	18,695,256
Noncontrolling interest in consolidated subsidiaries	42,499,731	21,341,228
Total net assets	<u>63,536,661</u>	<u>40,036,484</u>
Total liabilities and net assets	<u><u>\$ 108,763,040</u></u>	<u><u>\$ 92,769,232</u></u>

See notes to consolidated financial statements.

Three Rivers Community Action, Inc. and Subsidiaries
Consolidated Statements of Activities
Years Ended December 2024 and 2023

	2024	2023
Revenue		
Federal grant revenue	\$ 8,146,487	\$ 7,553,147
State grant revenue	9,915,954	6,505,765
Other grant revenue	717,845	603,612
Contributions	184,382	2,177,526
In-kind contributions	-	410,000
Other program revenue	1,082,638	828,771
Rental income	6,200,328	5,048,619
Investment income	318,488	250,645
Total revenue	<u>26,566,122</u>	<u>23,378,085</u>
Expenses		
Program services		
Housing	8,872,554	6,829,002
Transportation	5,113,713	4,956,350
Early childhood	3,311,570	2,975,576
Community development	7,750,354	6,179,713
Older adult services	679,849	485,923
Management and general	875,222	683,088
Total expenses	<u>26,603,262</u>	<u>22,109,652</u>
Change in net assets before noncontrolling interest	(37,140)	1,268,433
Change in noncontrolling interest	<u>2,378,814</u>	<u>1,496,178</u>
Change in net assets without donor restrictions	2,341,674	2,764,611
Net Assets Without Donor Restrictions		
Beginning of year	<u>18,695,256</u>	<u>15,930,645</u>
End of year	<u><u>\$ 21,036,930</u></u>	<u><u>\$ 18,695,256</u></u>
Noncontrolling Interest in Consolidated Subsidiaries		
Beginning of year	\$ 21,341,228	\$ 22,446,911
Change in noncontrolling interest in consolidated subsidiaries	(2,378,814)	(1,496,178)
Capital contributions (partner distributions), net	23,573,386	462,034
Syndication fees	<u>(36,069)</u>	<u>(71,539)</u>
End of year	<u><u>\$ 42,499,731</u></u>	<u><u>\$ 21,341,228</u></u>

See notes to consolidated financial statements.

Three Rivers Community Action, Inc. and Subsidiaries
Consolidated Statement of Functional Expenses
Year Ended December 31, 2024

	Program Services						Management and General	Total
	Housing	Transportation	Early Childhood	Community Development	Older Adult Services	Total		
Direct services	\$ -	\$ 46,593	\$ 202,806	\$ 4,952,047	\$ 277,889	\$ 5,479,335	\$ -	\$ 5,479,335
Salaries and wages	216,668	2,341,567	1,502,734	1,610,142	231,191	5,902,302	450,063	6,352,365
Fringe benefits	101,612	1,403,339	906,439	820,469	110,096	3,341,955	238,608	3,580,563
Training and travel	43,873	82,700	82,261	65,684	14,981	289,499	31,467	320,966
Telephone and technology	22,039	84,308	84,551	95,310	11,178	297,386	2,358	299,744
Office supplies	5,290	52,460	36,573	21,329	7,667	123,319	90	123,409
Space costs and utilities	99,292	57,766	308,932	100,733	11,582	578,305	26,651	604,956
Equipment and maintenance	226,228	24,863	59,991	2,023	-	313,105	-	313,105
Vehicle repairs and maintenance	-	554,118	-	-	-	554,118	-	554,118
Other costs	390,043	171,344	65,695	82,617	15,265	724,964	125,985	850,949
Housing partnerships	3,260,499	-	-	-	-	3,260,499	-	3,260,499
Depreciation and amortization	3,562,144	294,655	61,588	-	-	3,918,387	-	3,918,387
Interest	944,866	-	-	-	-	944,866	-	944,866
Total	\$ 8,872,554	\$ 5,113,713	\$ 3,311,570	\$ 7,750,354	\$ 679,849	\$ 25,728,040	\$ 875,222	\$ 26,603,262

See notes to consolidated financial statements.

Three Rivers Community Action, Inc. and Subsidiaries
Consolidated Statement of Functional Expenses
Year Ended December 31, 2023

	Program Services						Management and General	Total
	Housing	Transportation	Early Childhood	Community Development	Older Adult Services	Total		
Direct services	\$ 200	\$ 64,807	\$ 173,381	\$ 3,203,895	\$ 227,814	\$ 3,670,097	\$ -	\$ 3,670,097
Salaries and wages	211,028	2,249,931	1,401,959	1,707,310	151,313	5,721,541	358,498	6,080,039
Fringe benefits	109,119	1,221,267	806,619	850,834	72,979	3,060,818	156,041	3,216,859
Training and travel	35,461	60,913	82,161	66,968	5,694	251,197	31,185	282,382
Telephone and technology	22,611	69,283	68,795	75,295	6,472	242,456	1,576	244,032
Office supplies	3,055	44,214	43,506	46,356	4,383	141,514	1,347	142,861
Space costs and utilities	106,073	66,321	258,349	133,997	7,672	572,412	18,205	590,617
Equipment and maintenance	306,818	48,194	-	10,407	-	365,419	-	365,419
Vehicle repairs and maintenance	-	744,160	-	-	-	744,160	-	744,160
Other costs	435,014	165,851	72,603	80,700	9,596	763,764	116,236	880,000
Housing partnerships	2,499,183	-	-	-	-	2,499,183	-	2,499,183
Depreciation and amortization	2,563,496	221,409	68,203	3,951	-	2,857,059	-	2,857,059
Interest	536,944	-	-	-	-	536,944	-	536,944
Total	\$ 6,829,002	\$ 4,956,350	\$ 2,975,576	\$ 6,179,713	\$ 485,923	\$ 21,426,564	\$ 683,088	\$ 22,109,652

See notes to consolidated financial statements.

Three Rivers Community Action, Inc. and Subsidiaries
Consolidated Statements of Cash Flows
Years Ended December 31, 2024 and 2023

	2024	2023
Cash Flows - Operating Activities		
Change in net assets	\$ 2,341,674	\$ 2,764,611
Adjustments to reconcile change in net assets to net cash flows - operating activities		
Noncontrolling interest change in net assets	(2,378,814)	(1,496,178)
Depreciation - property and equipment	444,844	365,327
Amortization - other assets	29,510	19,321
Amortization - debt issuance costs	115,622	119,611
Amortization of ROU assets - operating	164,775	266,900
Amortization of ROU assets - finance	16,771	16,771
Depreciation - affordable housing projects	3,433,994	2,470,131
Change in affordable housing projects at equity method	161,487	28,243
Disposal of debt issuance costs	50,391	-
Loss on sale of property and equipment	(8,846)	-
Loss on sale of MURL home	96,729	-
Loss on disposal of affordable housing projects	2,166	42,910
Noncash contribution of land for affordable housing projects	-	(410,000)
Section 1602 grant revenue	(70,032)	(70,032)
Change in operating assets and liabilities		
Grants receivable	(208,084)	(777,379)
Accounts receivable	(532,477)	(349,987)
Contracts receivable	490,069	(335,224)
Prepaid expenses	(177,384)	(38,437)
Other assets	(124,646)	(25,024)
Operating lease liabilities	(163,695)	(265,394)
Accounts payable and accrued expenses	975,021	(2,651,771)
Deferred revenue	(828)	13,024
Grant advances	(24,557)	657,481
Accrued interest	53,796	50,452
Net cash flows - operating activities	<u>4,687,486</u>	<u>395,356</u>
Cash Flows - Investing Activities		
Purchase of property and equipment	(2,054,361)	(426,293)
Payments for MURL home rehabilitation	(82,708)	-
Proceeds from sale of MURL home	230,666	-
Proceeds from sale of property and equipment	8,846	-
Purchase of affordable housing projects	(15,907,597)	(5,385,188)
Net cash flows - investing activities	<u>(17,805,154)</u>	<u>(5,811,481)</u>
Cash Flows - Financing Activities		
Cash paid for debt issuance costs	(152,427)	(125,072)
Proceeds from long-term debt	21,647,168	-
Principal payments on long-term debt	(29,949,958)	(298,741)
Payments on finance lease liabilities	(17,204)	(16,923)
Proceeds from forgivable loan	74,409	-
Payments on lines of credit	-	(557,908)
Partner contributions	23,600,246	481,390
Partner distributions and syndication fees	(62,929)	(90,895)
Net cash flows - financing activities	<u>15,139,305</u>	<u>(608,149)</u>
Net change in cash, cash equivalents and restricted cash and cash equivalents	2,021,637	(6,024,274)
See notes to consolidated financial statements.		8

Three Rivers Community Action, Inc. and Subsidiaries
Consolidated Statements of Cash Flows
Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash, Cash Equivalents and Restricted Cash and Cash Equivalents		
Beginning of year	\$ 11,870,707	\$ 17,894,981
End of year	<u>\$ 13,892,344</u>	<u>\$ 11,870,707</u>
Reconciliation of Cash, Cash Equivalents and Restricted Cash and Cash Equivalents		
Cash and cash equivalents	\$ 8,882,884	\$ 7,425,558
Restricted cash and cash equivalents	<u>5,009,460</u>	<u>4,445,149</u>
Total end of year cash, cash equivalents and restricted cash and cash equivalents	<u>\$ 13,892,344</u>	<u>\$ 11,870,707</u>
Supplemental Disclosure of Cash Flow Information		
Cash paid during the year for interest	\$ 891,070	\$ 486,492
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash outflows from finance leases	\$ 568	\$ 847
Financing cash outflows from finance leases	17,180	16,901
Operating cash outflows from operating leases	176,224	266,900
Supplemental Schedule of Noncash Investing and Financing Activities		
ROU assets obtained in exchange for operating lease liabilities	\$ 40,002	\$ 330,383
Debt assumed for purchases of property and equipment	1,280,000	-
Debt assumed for purchases of affordable housing projects	-	13,297,942
Affordable housing projects additions included in accounts payable	389,347	1,813,261
Contributed land for affordable housing projects	-	410,000

Three Rivers Community Action, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

Three Rivers Community Action, Inc. and Subsidiaries (the Organization) is a nonprofit corporation implementing the policies and procedures of the Office of Economic Opportunity by providing financial assistance to individuals and communities for the development, conduct and administration of community action programs under Section 204 and 205 of Title II-A of the Economic Opportunity Act of 1964, as amended. The Organization's major programs consist of Housing, Transportation, Early Childhood, Community Development, and Older Adult Services.

Principles of Consolidation and Affordable Housing Projects and Other Assets

The Organization has consolidated all limited partnerships and limited liability companies in which Three Rivers Community Action, Inc. (Three Rivers) controls as the general partner or managing member.

The financial statements consolidate the activity of Three Rivers and its subsidiaries as follows: 1st & 3rd Apartments Limited Partnership, Bridge Run Townhomes Limited Liability Company, Eagle Ridge Apartments Limited Partnership, Fox Pointe Townhomes Limited Partnership, Harvest Ridge Townhomes Limited Partnership, Knollwood Apartments Limited Partnership, North & South Oak Apartments Limited Partnership, Prairiewood Townhomes Limited Partnership, Ridgely Park Apartments Limited Partnership, Riverwood Apartments Limited Liability Company, Spring Creek Townhomes Limited Partnership, Spring Creek II Townhomes Limited Partnership, Trailside Apartments of Albert Lea Limited Partnership, Underwood Terrace Limited Partnership and Wazuweeta Woods Limited Partnership. All significant intercompany accounts and transactions have been eliminated in the consolidated financial statements.

In addition, Three Rivers created Three Rivers Development LLC in 2019 and Three Creeks LLC in 2021. Three Rivers is the sole member of the LLCs and they are disregarded entities for tax purposes.

1st & 3rd Apartments

Three Rivers organized a limited partnership agreement (1st & 3rd Apartments, LP) to acquire, own, construct, operate and lease an affordable housing apartment complex with 40 units in Austin, Minnesota. Three Rivers is the general partner with .01 percent ownership. This partnership is reported as a consolidated subsidiary of Three Rivers due to the control Three Rivers has over the partnership as the partnership's general partner.

Bridge Run Townhomes

Three Rivers organized a limited liability company (Bridge Run Townhomes, LLC) to acquire, rehabilitate, own, maintain, and operate an 18-unit rental housing project located in Cannon Falls, Minnesota. Three Rivers is the sole member of the LLC.

Eagle Ridge Apartments

Three Rivers entered into a limited partnership agreement (Eagle Ridge Apartments, LP) to construct, develop, acquire, hold for investment, lease and sell a 48 unit residential apartment development located in Red Wing, Minnesota. Three Rivers has served as general partner with .01 percent ownership since formation. On December 31, 2019, the non-controlling interest in Eagle Ridge Apartments transferred to Three Rivers Development LLC.

Three Rivers Community Action, Inc. and Subsidiaries
Notes to Consolidated Financial Statements

NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Principles of Consolidation and Affordable Housing Projects and Other Assets (Continued)

Fox Pointe Townhomes

Three Rivers organized a limited liability company (Fox Pointe Townhomes GP, LLC) and entered into a limited partnership agreement with Wells Fargo Affordable Housing Community Development Corporation to acquire, finance, own, construct, rehabilitate, maintain, improve, operate, lease and, if appropriate or desirable, sell or otherwise dispose of a 38-unit residential rental housing development located in Austin, Minnesota. Fox Pointe Townhomes GP, LLC, serves as general partner with .01 percent ownership. This partnership is reported as a consolidated subsidiary of Three Rivers due to the control Three Rivers has over the partnership as the partnership's general partner.

Harvest Ridge Townhomes

Three Rivers entered into a limited partnership agreement (Harvest Ridge Townhomes, LP) to construct, develop, acquire, hold for investment, lease and sell a 20-unit residential townhome development located in Plainview, Minnesota. Three Rivers has served as general partner with .01 percent ownership since formation. On December 31, 2020, the non-controlling interest in Harvest Ridge Townhomes transferred to Three Rivers Development LLC.

Knollwood Apartments

Three Rivers organized a limited liability company (Knollwood Apartments GP, LLC) and entered into a limited partnership agreement with Midwest Housing Equity Group to acquire, finance, rehabilitate, own, maintain, improve, operate, lease and, if appropriate or desirable, sell or otherwise dispose of a 24-unit residential rental housing development located in Pine Island, Minnesota. Knollwood Apartments GP, LLC, serves as general partner with .01 percent ownership. This partnership is reported as a consolidated subsidiary of Three Rivers due to the control Three Rivers has over the partnership as the partnership's general partner. At the close of 2021, Three Rivers Development, LLC was temporarily serving as the limited partner, and was replaced on January 26, 2022 by Knollwood Apartments LP.

North & South Oak Apartments

Three Rivers organized a limited liability company (North & South Oak GP, LLC) and entered into a limited partnership agreement with Cinnaire fund for housing Limited Partnership 31 (North & South Oak Apartments) to acquire, rehabilitate, own, maintain & operate a 43-unit residential rental housing development located in Northfield, Minnesota. North & South Oak GP, LLC, serves as general partner with .01 percent ownership. This partnership is reported as a consolidated subsidiary of Three Rivers due to the control Three Rivers has over the partnership as the partnership's general partner.

Three Rivers Community Action, Inc. and Subsidiaries
Notes to Consolidated Financial Statements

NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Principles of Consolidation and Affordable Housing Projects and Other Assets (Continued)

Prairiewood Townhomes

Three Rivers organized a limited liability company (Prairiewood Townhomes GP, LLC) and entered into a limited partnership agreement with MEF Multi-State LIHTC Fund 1 LLLP (Prairiewood Townhomes) to construct, develop, acquire, hold for investment, lease and sell a 30-unit residential rental housing development located in Faribault, Minnesota. Prairiewood Townhomes GP, LLC, serves as general partner with .01 percent ownership. This partnership is reported as a consolidated subsidiary of Three Rivers due to the control Three Rivers has over the partnership as the partnership's general partner.

Ridgely Park Apartments

Three Rivers organized a limited liability company (Ridgely Park Apartments GP, LLC) and entered into a limited partnership agreement with Midwest Housing Equity Group to acquire, finance, rehabilitate, own, maintain, improve, operate, lease and, if appropriate or desirable, sell or otherwise dispose of a 24-unit residential rental housing development located in Kassota, Minnesota. Ridgely Park Apartments GP, LLC serves as general partner with .01 percent ownership. This partnership is reported as a consolidated subsidiary of Three Rivers due to the control Three Rivers has over the partnership as the partnership's general partner.

Riverwood Apartments

Three Rivers organized a limited liability company (Riverwood Apartments, LLC) to acquire, rehabilitate, own, maintain, and operate a 39-unit rental housing project located in Cannon Falls, Minnesota. Three Rivers is the sole member of the LLC.

Spring Creek Townhomes

Three Rivers has entered into a limited partnership agreement with NDC Corporate Equity Fund X, LP (Spring Creek Townhomes) to construct, develop, acquire, hold for investment, lease and sell a 28 unit residential rental housing development located in Northfield, Minnesota. Three Rivers serves as general partner with .01 percent ownership. This partnership is reported as a consolidated subsidiary of Three Rivers due to the control Three Rivers has over the partnership as the partnership's general partner.

Spring Creek II Townhomes

Three Rivers organized a limited liability company (Spring Creek II GP LLC) and entered into a limited partnership agreement with Cinnaire Fund for Housing Limited Partnership 39 to acquire, hold for investment, lease, and sell a 32 unit residential rental housing development located in Northfield, Minnesota. Spring Creek II GP LLC serves as general partner with .01 percent ownership. This partnership is reported as a consolidated subsidiary of Three Rivers due to the control Three Rivers has over the partnership as the partnership's general partner.

Three Rivers Community Action, Inc. and Subsidiaries
Notes to Consolidated Financial Statements

NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Principles of Consolidation and Affordable Housing Projects and Other Assets (Continued)

Trailside of Albert Lea

Three Rivers entered into a limited partnership agreement with NDC Corporate Equity Fund VII, LP (Trailside of Albert Lea, LP) to construct, develop, acquire, hold for investment, lease and sell a 110-unit residential rental housing development located in Albert Lea, Minnesota. Three Rivers serves as general partner with .01 percent ownership. This partnership is reported as a consolidated subsidiary of Three Rivers due to the control Three Rivers has over the partnership as the partnership's general partner. Effective January 1, 2022, NDC Corporate Equity Fund VII, LP assigned its limited partnership interest to Three Rivers Development LLC.

Underwood Terrace

Three Rivers organized a limited liability company (Underwood Terrace GP, LLC) and entered into a limited partnership agreement with MHEG Fund 56, LP as the limited partner and Midwest Housing Assistance Corporation as the special limited partner to acquire, finance, construct, own, maintain, improve, operate, lease and sell or dispose of a 32-unit residential rental housing development located in Lake City, Minnesota. Underwood Terrace GP, LLC, serves as general partner with .01 percent ownership. This partnership is reported as a consolidated subsidiary of Three Rivers due to the control Three Rivers has over the partnership as the partnership's general partner.

Wazuweeta Woods

Three Rivers has entered into a limited partnership agreement with Ron Carlsen (Wazuweeta Woods Apartments) to construct, develop, acquire, hold for investment, lease, and sell a 24-unit residential apartment development located in Pine Island, Minnesota. Three Rivers serves as the general partner with 1 percent ownership. This partnership is reported as a consolidated subsidiary of Three Rivers due to the control Three Rivers has over the partnership as the partnership's general partner.

Projects at Cost

Affordable housing projects owned solely by Three Rivers are valued at cost; Northern Oaks Townhomes, Clover Patch Apartments, Southside Apartments, Deerwood Lane Townhomes, Northbridge Apartments of Albert Lea, and Three Rivers Community Investment. Operations are accounted for under Three Rivers.

Northern Oaks Townhomes

Three Rivers completed construction on a large-family affordable rental housing project in Northfield, Minnesota (Northern Oaks). Northern Oaks resulted in the development of eight units (two triplexes and one duplex) of large-family affordable housing.

Clover Patch Apartments

Three Rivers has completed acquisition and rehabilitation of a multi-family affordable rental housing project financed by Rural Development in St. Charles, Minnesota (Clover Patch). Clover Patch resulted in the development of 32 affordable units.

Three Rivers Community Action, Inc. and Subsidiaries
Notes to Consolidated Financial Statements

NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Principles of Consolidation and Affordable Housing Projects and Other Assets (Continued)

Southside Apartments

Three Rivers completed acquisition and rehabilitation of a multi-family affordable housing project financed by Rural Development in Lonsdale, Minnesota (Southside). Southside resulted in the development of 12 affordable units.

Deerwood Lane Townhomes

Three Rivers completed acquisition of a multi-family market rate housing project in Faribault, Minnesota (Deerwood). Deerwood resulted in the development of 4 market rate units.

Northbridge Apartments of Albert Lea

Three Rivers organized a single-member limited liability company (Northbridge) to acquire, rehabilitate, own, maintain, and operate a 48-unit rental housing project located in Albert Lea, Minnesota.

Three Rivers Community Investment

Three Rivers formed a limited liability company, Three Rivers Community Investment LLC, for the purpose of purchasing, owning and renting small multi-family properties in Rochester, Minnesota to participants in the Housing Justice Program, targeting participants in the Three Rivers and partner agency's programs who are difficult to house in the traditional rental market and in government financed affordable housing. At the end of 2023, the LLC owned and operated 4 units of housing.

Projects at Equity Method

The Organization recognizes its interest in the following entities as an asset and annually adjusts that interest for its share of the change in the entities' equity for Hayfield Greens Partnership, Opportunity Homes, LLC, and Brewery Creek LLLP.

Hayfield Greens Partnership

Three Rivers entered into a general partnership agreement with Hayfield Greens to construct, develop, acquire, hold for investment, lease, and sell a 24-unit residential apartment development located in Hayfield, Minnesota. Three Rivers owns 50% of Hayfield Greens and it continues to be accounted for using the equity method of accounting due to the substantial participating rights of all partners. Hayfield Greens exited its 30-year affordability commitment on March 1, 2024, and was sold to an unrelated entity. Three Rivers no longer holds an interest in this property.

Opportunity Homes

Three Rivers entered into a limited partnership agreement with Opportunity Homes to construct, develop, acquire, hold for investment, lease, and sell five residential homes located in Kasson, Rochester and Faribault, Minnesota. Three Rivers owns 50% of Opportunity Homes and it continues to be accounted for using the equity method of accounting due to the substantial participating rights of all partners.

Three Rivers Community Action, Inc. and Subsidiaries
Notes to Consolidated Financial Statements

NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Projects at Equity Method (Continued)

Brewery Creek

Three Rivers' wholly owned subsidiary, Three Creeks LLC, entered into a limited partnership agreement with Brewery Creek G.P. LLC, a wholly owned subsidiary of One Roof Community Housing, and MHEG Fund 54, LP, to construct, develop, acquire, hold for investment, lease, and sell a multi-family apartment building known as Brewery Creek located in Duluth, Minnesota. Three Creeks LLC owns 0.004% of Brewery Creek and it continues to be accounted for using the equity method of accounting due to the substantial participating rights of all partners.

Accounting 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash Equivalents

Cash equivalents include highly liquid investments with original maturities of three months or less, that are recorded at cost plus accrued interest, which approximates fair value. The Organization limits credit exposure to any one financial institution by spreading the balances among many financial institutions using the InterFi network. Balances are limited to less than \$250,000 each, making all funds eligible for FDIC protection.

Grants Receivable

Grants receivable are due primarily from the federal and state government and other nonprofit organizations and arise primarily from the Organization's grants and contracts with those agencies to administer various programs and as of December 31, 2024 and 2023, the Organization estimates there were no uncollectible amounts. All accounts are reviewed annually for collectability.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances from contractual agreements and from the sale of transportation tokens and passes at posted rates to program participants or their representatives. The Organization uses historical loss information based on the aging of receivables as the basis to determine expected credit losses and believes that the composition of receivables at year-end is consistent with historical conditions as there have been no significant changes in pay sources, credit terms and collection practices, or economic conditions. Based upon prior experience and continual assessments of future collections, the Organization determined there was no allowance for expected credit losses necessary as of December 31, 2024 and 2023.

Three Rivers Community Action, Inc. and Subsidiaries
Notes to Consolidated Financial Statements

NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contracts Receivable

Contracts receivable arise from the sale of rehabilitated homes to low-income persons on a contract for deed basis. Contracts that are part of the low-income housing rehabilitation program bear no interest and payment terms are based on the purchaser's income. Due to program restrictions, contract for deed receivables are reported at outstanding principal. No allowance for estimated defaults is provided as each loan is secured by the property allowing for immediate property repossession. Repossession only occurs if a contract falls into contractual default and a repayment plan cannot be agreed upon. Houses held for resale are repossessed homes from the low-income purchaser housing rehabilitation program. Houses held for resale are recorded at carrying cost.

Concentrations

The Organization had significant funding sources that provided the following percentage of total grant and contributions revenue for the years ended December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Minnesota Department of Transportation	28%	23%
Minnesota Housing Finance Agency	16%	17%
Department of Human Services, Office of Head Start	10%	11%

The Organization had significant funding sources that accounted for the following percentage of total accounts receivable as of December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Restoration Glen LLC	39%	2%
Underwood Terrace LLC	13%	39%
Austin 1st & 3rd Apartments LLC	7%	22%
Brewery Creek Apartments LLC	17%	20%

Leases

The Organization recognizes a right-of-use (ROU) asset and lease liability for each operating and finance lease with a term greater than 12 months at the time of lease inception. The Organization does not record a ROU asset or lease liability for leases with an initial term of 12 months or less but continues to record rent expense on a straight-line basis over the lease term. Options to extend or terminate at the sole discretion of the Organization are included in the determination of lease term when they are reasonably certain to be exercised. The lease liability represents the present value of future lease payments over the lease term. The Organization has elected the practical expedients (1) to discount the lease liability using the risk-free rate for all asset classes, (2) to use hindsight for assessing the lease term and impairment of the ROU asset, and (3) to not separate lease and non-lease components for all asset classes.

Three Rivers Community Action, Inc. and Subsidiaries
Notes to Consolidated Financial Statements

NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

Property and equipment are carried at cost, or fair value if donated, with depreciation computed under the straight-line method over the economic useful lives of the assets. The Organization follows the policy of capitalizing all property and equipment expenditures over \$5,000 and with an estimated useful life greater than one year.

The property and equipment acquired is owned by the Organization while used in the program for which it was purchased or in other future authorized programs. However, certain funding sources have a revisionary interest in the property and equipment purchased with grant funds; their disposition, as well as the ownership of any proceeds and the assets, are subject to the regulations of the funding source.

Long-Lived Assets

The Organization records impairment losses on long-lived assets used in operations when events and circumstances indicate that the assets might be impaired and the undiscounted cash flows estimated to be generated by those assets are less than the carrying amounts of those assets. There were no impairment losses for the years ended December 31, 2024 and 2023.

Affordable Housing Project, Notes, and Mortgages

The Organization does not discount noninterest or low interest loans for affordable housing projects due to legal restrictions prescribed by governmental agencies.

Net Assets

Net assets and revenue are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions

Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions

Net assets subject to donor or grantor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends, or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Three Rivers Community Action, Inc. and Subsidiaries
Notes to Consolidated Financial Statements

NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

Contributions and grants are recognized when cash, securities, or other assets, an unconditional promise to give, or notification of an irrevocable beneficial interest is received. Contributions and grants with substantial conditions are not recognized until the conditions on which they depend are met. The federal and state contracts and grants are conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses. Consequently, as of December 31, 2024 and 2023, conditional contributions and grants of \$14,665,700 and \$18,320,200, for which no amounts have been received in advance, have not been recognized in the accompanying consolidated financial statements.

Other program revenue is earned by a number of Three Rivers programs, often as a secondary or supplemental source of funding for a program. The transaction price is based either on a set price per unit for the transaction (per ride, per child, per meal, per loan) or on a negotiated contract amount. Program service fees revenue is recognized as performance obligations are satisfied. In most instances, individual contracts determine when performance obligations are satisfied. For services to the general public such as transportation, performance obligations are considered satisfied as the goods or services (tokens, passes or rides) are provided to the customer.

Affordable housing units are leased by tenants under operating leases for periods of up to one year. Rental income is recognized during the period it relates to, and advance payments of rent are deferred until earned. In addition to rent, affordable housing properties may earn revenue through tenant charges including late fees, recovery of the cost of cleaning and other damages, pay per use laundry facilities, pet fees and garage rents. Each property records this revenue by category, and it is consolidated into the single "other program revenue" category in the consolidated financial statements.

Accounts receivable totaled \$1,651,698 and deferred revenue totaled \$50,227 as of January 1, 2023.

In-Kind Contributions

Each program is responsible for keeping records to support the in-kind contribution claimed. To calculate the value of services, space, or material donated, a rate at or below the current market rate is used. Volunteers contribute significant amounts of time to program services and administration activities; however, the consolidated financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by accounting principles generally accepted in the United States of America. Contributed goods and property and equipment are recorded at fair value at the date of donation. The fair value of land donated for the development of income based multi-family housing is set in each project's limited partnership agreement and is supported by expert appraisals and brokers opinions.

Three Rivers Community Action, Inc. and Subsidiaries
Notes to Consolidated Financial Statements

NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses

The costs of providing the Organization's various programs have been summarized on a functional basis in the consolidated statement of activities. The consolidated statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The Organization charges costs to various programs using various bases, such as number of users, according to its internal policy. Costs, which are common to more than one program, have been identified and have been charged to the programs based on metrics that benefit the programs.

Tax Status

Three Rivers has received notification that it qualifies as a tax-exempt organization under Section 501(c)(3) of the U.S. Internal Revenue Code and corresponding provisions of State law and accordingly, is not subject to federal or state income taxes. However, unrelated business income may be subject to taxation. The subsidiaries are not taxpaying entities and therefore, no provision for income taxes have been recorded in the consolidated financial statements.

Subsequent Events

The Organization has evaluated subsequent events through June 30, 2025, the date which the consolidated financial statements were available to be issued.

NOTE 2 - LIQUIDITY AND AVAILABILITY

The following reflects the Organization's financial assets, available within one year of the consolidated statements of financial position date as of December 31, 2024 and 2023:

	2024	2023
Cash and cash equivalents	\$ 8,882,884	\$ 7,425,558
Grants receivable	2,107,834	1,899,750
Accounts receivable	2,534,162	2,001,685
Current portion of contracts receivable	57,492	57,492
Total financial assets available for general expenditures	<u>\$ 13,582,372</u>	<u>\$ 11,384,485</u>

The Organization generally structures its financial assets to be available as its general expenditures, liabilities and other obligations come due.

Three Rivers Community Action, Inc. and Subsidiaries
Notes to Consolidated Financial Statements

NOTE 3 - RESTRICTED CASH AND CASH EQUIVALENTS

Restricted cash and cash equivalents consists of the following as of December 31, 2024 and 2023:

	2024	2023
Operating reserve	\$ 1,158,258	\$ 850,317
Replacement cost reserve	2,787,529	2,903,462
Tenant security deposits	452,231	383,267
Tenant protection reserve	56,695	56,070
Residual receipts reserve	116,340	110,586
Debt service reserve	41,010	-
Operating deficit escrow	79,018	-
Construction	76,417	-
Real estate tax and insurance escrow	241,962	141,447
	<u>\$ 5,009,460</u>	<u>\$ 4,445,149</u>
Total restricted cash and cash equivalents		

NOTE 4 - CONTRACTS RECEIVABLE

	2024	2023
Total contracts receivable	\$ 413,599	\$ 903,668
Less current portion	<u>57,492</u>	<u>57,492</u>
Contracts receivable, net of current portion	<u>\$ 356,107</u>	<u>\$ 846,176</u>

Estimated future collections are as follows for the years ending December 31:

2025	\$ 57,492
2026	57,492
2027	63,800
2028	20,880
2029	20,880
2030 and thereafter	<u>193,055</u>
Total contracts receivable	<u>\$ 413,599</u>

Three Rivers Community Action, Inc. and Subsidiaries
Notes to Consolidated Financial Statements

NOTE 5 - OTHER ASSETS

Other assets are investments, valued at cost less depreciation, in future affordable housing projects and various reserves for affordable housing projects as required by certain loan covenants and restricted by funding source agreements. Other assets consist of the following as of December 31, 2024 and 2023:

	2024	2023
1st & 3rd Apartments	\$ 97,531	\$ -
Bridge Run Townhomes	349	766
Fox Pointe Townhomes	41,236	45,818
Knollwood Apartments	25,097	27,188
North & South Oak Apartments	3,878	5,817
Prairiewood Townhomes	12,100	15,125
Ridgely Park Apartments	24,770	26,834
Spring Creek Townhomes II	37,014	19,610
Rochester Multi-Family Project	528,201	528,201
MURL contract for deed home	-	244,687
Underwood Terrace	79,535	85,216
	<u> </u>	<u> </u>
Total other assets	<u>\$ 849,711</u>	<u>\$ 999,262</u>

NOTE 6 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of December 31, 2024 and 2023:

	2024	2023
Land	\$ 384,201	\$ 110,925
Buildings and improvements	5,152,002	3,799,583
Furniture and equipment	3,712,922	2,688,947
Construction in progress	205,447	1,000
	<u>9,454,572</u>	<u>6,600,455</u>
Less accumulated depreciation	<u>3,664,375</u>	<u>3,699,775</u>
	<u> </u>	<u> </u>
Property and equipment, net	<u>\$ 5,790,197</u>	<u>\$ 2,900,680</u>

Three Rivers Community Action, Inc. and Subsidiaries
Notes to Consolidated Financial Statements

NOTE 7 - AFFORDABLE HOUSING PROJECTS

Affordable housing projects consist of the following as of December 31, 2024 and 2023:

	2024	2023
Land	\$ 9,667,549	\$ 8,335,046
Buildings and improvements	94,096,732	81,638,045
Furniture and equipment	5,026,448	4,468,217
	<u>108,790,729</u>	<u>94,441,308</u>
Less accumulated depreciation	<u>26,476,770</u>	<u>23,073,222</u>
Affordable housing projects, net	<u>\$ 82,313,959</u>	<u>\$ 71,368,086</u>

NOTE 8 - LONG-TERM DEBT

	2024	2023
Three Rivers Community Action, Inc.		
SWMHP, EMHI downpayment assistance of \$2,500 per client, interest at 0%, payable at sale of property.	\$ 2,500	\$ 2,500
Bremer Bank, mortgage payable, secured by 1414 North Star Drive, Zumbrota, MN payable in monthly installments of \$3,390, including interest at 3.8%, payable in full on April 30, 2027.	516,079	552,079
MMCDC, mortgage payable, secured by 1810 30th St NW, Faribault, MN payable in monthly installments of \$9,479, including interest at 6.3%, payable in full on July 1, 2034.	1,264,622	-
Clover Patch Apartments		
USDA Rural Development, mortgage payable, secured by Clover Patch Apartments, payable in monthly installments of \$2,619, including interest at 2.75%, payable in full on April 1, 2040.	837,090	837,090
MHFA Preservation Affordable Rental Investment Fund Program, mortgage payable, secured by Clover Patch Apartments, interest at 0%, payable in full on November 2, 2040.	350,000	350,000
Greater Minnesota Housing Fund, mortgage payable, secured by Clover Patch Apartments, interest at 0%, payable in full on November 2, 2040.	120,000	120,000
First Homes Properties, mortgage payable, secured by Clover Patch Apartments, interest at 0%, payable in full on November 2, 2040.	50,000	50,000
MHFA Asset Management mortgage payable, secured by Clover Patch Apartments, including interest at 0%, payable in full on November 2, 2040.	1,167,000	1,167,000

Three Rivers Community Action, Inc. and Subsidiaries
Notes to Consolidated Financial Statements

NOTE 8 - LONG-TERM DEBT (CONTINUED)

	<u>2024</u>	<u>2023</u>
Clover Patch Apartments (Continued)		
USDA Rural Development 515 loan, secured by Clover Patch Apartments, payable in monthly payments of \$3,232, including interest at 2.5%, payable in full on November 2, 2040.	\$ 1,087,021	\$ 1,099,504
Northbridge Apartments of Albert Lea		
USDA Rural Development, mortgage payable, secured by Northbridge Apartments, payable in monthly installments of \$4,392, including interest at 3.125%, payable in full on May 31, 2043.	1,181,568	1,197,194
MHFA PARIF, mortgage payable, secured by Northbridge Apartments, interest at 0%, payable in full on May 31, 2043.	480,250	480,250
MHFA HOME, mortgage payable, secured by Northbridge Apartments, interest at 0%, payable in full on May 31, 2043.	1,000,000	1,000,000
GMHF, deferred loan, secured by Northbridge Apartments, interest at 0%, payable in full on May 31, 2043.	200,000	200,000
GMHF, mortgage payable, secured by Northbridge Apartments, payable in monthly installments of \$759, including interest at 2%, payable in full on May 31, 2033.	75,465	82,980
Northern Oaks Townhomes		
MHFA, Home Targeted Program, forgivable loan, proceeds used for Northern Oaks purchase. This loan is to be forgiven if all conditions are met December 31, 2026.	320,000	320,000
Community Resource Bank mortgage, secured by Northern Oaks, payable in monthly installments of \$651, including interest at 4.9%, payable in full on February 10, 2030.	35,444	41,328
Southside Apartments		
USDA Rural Development, mortgage payable, secured by Southside Apartments, payable in monthly installments of \$821, including interest at 4%, payable in full on March 1, 2049.	126,396	129,409
MHFA, Preservation Affordable Rental Investment Fund Program Loan, secured by Southside Apartments, interest at 0%, payable in full on December 9, 2048.	175,000	175,000
GMHF mortgage payable, secured by Southside Apartments, interest at 0%, payable in full on December 9, 2048.	175,000	175,000
SWMHP mortgage payable, secured by Southside Apartments, interest at 0%, payable in full on December 9, 2048.	16,000	16,000

Three Rivers Community Action, Inc. and Subsidiaries
Notes to Consolidated Financial Statements

NOTE 8 - LONG-TERM DEBT (CONTINUED)

	2024	2023
Three Rivers Community Investment		
Altra Federal Credit Union, mortgage payable, secured by 416 Zumbro Hills Drive NW, monthly installments of \$1,941 including interest at 6.96%, payable in full on November 20, 2028.	\$ 267,903	\$ 275,000
1st & 3rd Apartments		
GMHF, mortgage payable, secured by 1st & 3rd Apartments, payable interest only at 4.75% through August 1, 2025, and then monthly payments of \$6,604, including interest at 5.93% payable in full on July 20, 2040.	1,211,000	-
City of Austin, tax increment financing note payable, secured by 1st & 3rd Partments payable semi-annual (Feb 1 & Aug 1) beginning August 1, 2026, payments equal the difference between the available tax increment financing received by the City less the required note payment then due, including interest at 1%, payable in full on February 1, 2051.	615,000	-
Bridge Run Townhomes		
MHFA mortgage payable, secured by Bridge Run Townhomes, LLC, interest at 0%, payable in full on November 4, 2040.	360,000	360,000
MHFA mortgage payable, secured by Bridge Run Townhomes, LLC, interest at 0%, payable in full on November 4, 2040.	252,000	252,000
MHFA mortgage payable, secured by Bridge Run Townhomes, LLC, payable in monthly installments of \$2,784, including interest at 5.5%, payable in full on October 1, 2041.	366,199	379,075
GMHF mortgage payable, secured by Bridge Run Townhomes, LLC, interest at 0%, payable in full on November 4, 2040.	60,000	60,000
SWMHP mortgage payable, secured by Bridge Run Townhomes, LLC, interest at 0%, payable in full on November 4, 2040.	18,000	18,000
Eagle Ridge Apartments		
MHFA mortgage payable, secured by Eagle Ridge Apartments, LP, payable in monthly installments of \$5,165, including interest at 5.75%, payable in full on November 1, 2035.	504,370	536,341
MHFA mortgage payable, secured by Eagle Ridge Apartments, LP, interest at 1%, principal and interest payable in full on November 1, 2035.	456,670	456,670
GMHF mortgage payable, secured by Eagle Ridge Apartments, LP, interest at 1%, principal and interest payable in full on September 16, 2034.	665,000	665,000

Three Rivers Community Action, Inc. and Subsidiaries
Notes to Consolidated Financial Statements

NOTE 8 - LONG-TERM DEBT (CONTINUED)

	<u>2024</u>	<u>2023</u>
Fox Pointe Townhomes		
MHFA, Economic Development Housing Challenge (EDHC) Program loan, secured by Fox Pointe Townhomes, interest at 0%, payable in full on March 1, 2059.	\$ 121,600	\$ 121,600
MHFA, HUD Risk Sharing Loan, secured by Fox Pointe Townhomes, payable in monthly installments of \$3,592 through March 1, 2046, including interest at 4.25%, and payments of \$2,203 including interest at 4.25% through February 1, 2060, payable in full on March 1, 2060.	715,503	727,906
Harvest Ridge Townhomes		
GMHF, mortgage payable, secured by Harvest Ridge Townhomes, interest at 1%, principal and interest payable in full on June 8, 2035.	400,000	400,000
First Homes, mortgage payable, secured by Harvest Ridge Townhomes, interest at 1%, principal and interest payable in full on June 8, 2035.	300,000	300,000
MHFA, mortgage payable, secured by Harvest Ridge Townhomes, interest at 1%, principal and interest payable in full on March 1, 2036.	262,031	262,031
MHFA, mortgage payable, secured by Harvest Ridge Townhomes, payable in monthly installments of \$1,128, including interest at 6.05%, payable in full on March 1, 2036.	112,577	119,093
Knollwood Apartments		
USDA Rural Development, mortgage payable, secured by Knollwood Apartments, payable in monthly installments of \$1,516, including interest at 2.5%, payable in full on October 1, 2051.	501,839	507,412
Minnesota Housing Finance Agency - PARIF, secured by Knollwood Apartments, loan payable in annual installments of \$15,439 principal, at 0% interest, payable in full on January 26, 2052.	887,429	902,868
North & South Oak Apartments		
USDA Rural Development, mortgage payable, secured by North & South Oak Apartments, payable in monthly installments of \$2,867, including interest at 2.875%, payable in full on October 3, 2046.	838,759	848,951
MHFA PARIF, mortgage payable, secured by North & South Oak Apartments, interest at 0%, payable in full on October 4, 2046.	505,888	505,888
Prairiewood Townhomes		
GMHF, mortgage payable, secured by Prairiewood Townhomes, payable in monthly installments of \$1,679, including interest at 6%, payable in full on May 20, 2031.	233,589	239,524

Three Rivers Community Action, Inc. and Subsidiaries
Notes to Consolidated Financial Statements

NOTE 8 - LONG-TERM DEBT (CONTINUED)

	<u>2024</u>	<u>2023</u>
Ridgely Park Apartments		
USDA Rural Development, mortgage payable, secured by Ridgely Park Apartments, payable in monthly installments of \$544 including interest at 2.5%, payable in full on August 31, 2051.	\$ 179,651	\$ 181,206
GMHF, mortgage payable, secured by Ridgely Park Apartments, payable in monthly installments of \$3,281 including interest at 4.25%, payable in full on August 31, 2046 and is extendable to August 31, 2051.	628,808	641,172
MHFA, PARIF mortgage payable, secured by Ridgely Park Apartments, interest at 0%, due in full on September 29, 2052.	840,000	840,000
Riverwood Apartments		
USDA Rural Development, mortgage payable, secured by Rivers Edge & Woodknoll (Riverwood) Apartments, payable in monthly installments of \$1,062, including interest at 2.5%, payable in full on January 28, 2051.	480,507	485,992
MHFA, PARIF mortgage payable, secured by Riverwood Apartments, interest at 0%, payable in full on February 1, 2051.	2,686,474	2,686,474
MHFA, PARIF mortgage payable, secured by Riverwood Apartments, payable in monthly installments of \$1,447, including interest at 1%, payable in full on February 1, 2051.	412,476	425,647
Spring Creek Townhomes		
First National Bank of Northfield, mortgage payable, collateralized by all by all property and equipment, payable in monthly installments of \$2,892, including interest at 4.5%, payable in full on January 10, 2029.	377,632	394,634
Spring Creek II Townhomes		
MHFA, bridge loan, paid from proceeds of bond issuance, principal and interest of 3.3%, paid in full on July 1, 2024.	-	7,190,000
MHFA, HOME loan secured by Spring Creek II Townhomes, in the amount of \$6,478,887, interest at 0% interest, paid in full in 2024.	-	5,054,234
MHFA EDHC Mortgage, secured by Spring Creek II Townhomes, interest at 0%, payable in full on July 1, 2064.	6,822,000	-
MHFA HRS Mortgage note, secured by Spring Creek II Townhomes, payments of \$11,806, including interest at 4.5% through January 1, 2050 and payments of \$10,376, including interest at 4.5% through June 1, 2064, payable in full on July 1, 2064.	2,557,201	-

Three Rivers Community Action, Inc. and Subsidiaries
Notes to Consolidated Financial Statements

NOTE 8 - LONG-TERM DEBT (CONTINUED)

	<u>2024</u>	<u>2023</u>
Trailside of Albert Lea		
Minnwest Bank, mortgage payable, secured by Trailside of Albert Lea apartments, payable in monthly installments of \$12,850, including interest at 5.65%, payable in full on June 10, 2037.	\$ 1,313,466	\$ 1,355,533
MHFA HOME, mortgage payable, secured by Trailside of Albert Lea apartments, interest at 1%, payable in full on December 31, 2036.	1,184,921	1,184,921
GMHF, mortgage payable, secured by Trailside of Albert Lea, apartments, interest at 1%, payable in full on December 19, 2036.	400,000	400,000
SWMHP, mortgage payable, secured by Trailside of Albert Lea apartments interest at 1%, principal and interest payable in full on December 19, 2025.	50,000	50,000
Underwood Terrace		
GMHF Construction Loan in the amount of \$7,250,000 dated October 3, 2022, with interest at 4%, to be repaid with proceeds of the investor limited partner's construction completion capital contribution. Paid in full October 3, 2024.	-	6,928,100
GMHF mortgage payable, secured by Underwood Terrace, payable in monthly installments of \$5,952 including interest at 5.52%, payable in full on October 3, 2046.	1,089,000	1,089,000
Wazuweeta Woods		
MHFA mortgage payable, secured by Wazuweeta Woods, personally guaranteed by two limited partners and the assignment of the Contract for Private Development and Tax Increment Revenue Note with Pine Island Economic Development Authority, payable in monthly installments of \$5,480, including interest at 5.75%, payable in full on April 1, 2033.	434,599	474,130
MHFA, Challenge Program, secured by Wazuweeta Woods, interest at 0%, payable in full on July 1, 2032.	567,701	567,701
GMHF, mortgage payable, secured by Wazuweeta Woods, interest at 0%, payable in full on July 1, 2032.	360,000	360,000
First Home Properties, mortgage payable, secured by Wazuweeta Woods, interest at 0%, payable in full on July 1, 2032.	388,000	388,000
Total long-term debt	39,607,228	46,629,437
Less unamortized debt issuance costs	359,664	432,506
Less current portion	458,926	14,060,750
Total long-term portion of debt	<u>\$ 38,788,638</u>	<u>\$ 32,136,181</u>

Three Rivers Community Action, Inc. and Subsidiaries
Notes to Consolidated Financial Statements

NOTE 8 - LONG-TERM DEBT (CONTINUED)

Future long-term debt maturities are as follows the years ending December 31:

2025	\$ 458,926
2026	432,981
2027	878,864
2028	702,351
2029	1,071,645
2030 and thereafter	<u>36,062,461</u>
Total	<u><u>\$ 39,607,228</u></u>

NOTE 9 - FORGIVABLE LOAN

Harvest Ridge Townhomes received a forgivable loan dated January 8, 2024 in an amount up to \$76,000 to make repairs and replace the sidewalk and parking lots areas of the project. The loan requires that the units remain affordable for a period of 20 years and repairs must be completed within one year of receiving the loan. The project completed the repairs and made draws on the loan totaling \$74,409 during 2024, of which \$2,562 was included in receivables as of December 31, 2024.

NOTE 10 - SECTION 1602 DEFERRED GRANT

Bridge Run Townhomes, LLC was awarded a government grant under the Section 1602 Grants to States for Low-Income Housing Projects in Lieu of Low-Income Housing Credits for 2009 Program in the amount of \$1,050,473. This grant program was created under the American Recovery and Reinvestment Act of 2009 to provide funds for low-income housing projects and is administered by MN Housing.

The grant requires that the property be used as low-income housing for a 15-year compliance period plus the extended use period. The grant will not be required to be repaid unless there is a recapture event during the 15-year compliance period ending December 31, 2027. A recapture event takes place any time occupancy by low-income tenants falls below the required percentage as defined in the mortgage agreement (75%). If a recapture event takes place, the full amount of the grant is repayable, less 6.67% (1/15th) for each full year the property has complied with the prescribed occupancy requirements. The grant is secured by a mortgage on the property. Revenue from the Section 1602 grant is deferred and recognized using the straight-line method over the 15-year time of the compliance period.

In connection with the grant, Bridge Run Townhomes, LLC is required to pay an annual asset management fee of \$3,000, payable from available cash flow, which will accrue without interest.

NOTE 11 - IN-KIND CONTRIBUTIONS

In-kind contributions consisted of contributed land totaling \$410,000 for the year ending December 31, 2023. The land was contributed to Three Rivers and transferred to 1st & 3rd Apartments in 2023. The contributions were unrestricted. There were no in-kind contributions for the year ending December 31, 2024.

Three Rivers Community Action, Inc. and Subsidiaries
Notes to Consolidated Financial Statements

NOTE 12 - LEASES

The Organization has operating and finance lease agreements for land, buildings, office space, and equipment with remaining lease terms of one to seven years. Some leases include options to extend, minimum annual rental payment increases, and requires the Organization to pay real estate taxes, insurance, and repairs.

Lease costs for the years ended December 31, 2024 and 2023 were as follows:

	2024	2023
Finance lease costs	\$ 16,771	\$ 17,595
Operating lease cost	177,304	268,406
Short term and variable leases	146,139	92,839
	<u>340,214</u>	<u>378,840</u>
Total lease cost	<u>\$ 340,214</u>	<u>\$ 378,840</u>

Future minimum lease payments under non-cancellable leases are as follows as of December 31:

	Finance	Operating
2025	\$ 17,748	\$ 106,434
2026	7,888	98,740
2027	-	91,140
2028	-	54,153
2029	-	18,054
Thereafter	-	32,670
Total lease payments	<u>25,636</u>	<u>401,191</u>
Less amount representing interest	<u>284</u>	<u>22,461</u>
Present value of lease liabilities	<u>\$ 25,352</u>	<u>\$ 378,730</u>

The weighted-average remaining lease term and discount rate for operating and finance leases was as follows as of December 31, 2024 and 2023:

	2024	2023
Operating leases - weighted-average remaining lease term	51 months	56 months
Operating leases - weighted-average discount rate	3.12%	2.78%
Finance leases - weighted-average remaining lease term	18 months	30 months
Finance leases - weighted-average discount rate	1.64%	1.64%

Three Rivers Community Action, Inc. and Subsidiaries
Notes to Consolidated Financial Statements

NOTE 13 - RETIREMENT PLAN

Three Rivers maintains a 403(b) defined contribution retirement plan (the Plan) covering substantially all employees. Three Rivers' contributions to the Plan are based on employee contributions and length of service. Three Rivers contributed \$284,905 and \$232,861 to the Plan for 2024 and 2023, respectively.

NOTE 14 - CONTINGENCIES AND COMMITMENTS

Three Rivers provides a self-insured short-term income continuation program to certain qualifying employees, which may provide 67% of an employee's weekly earnings up to a maximum of 12 weeks. Three Rivers paid out \$195,340 and \$102,950 in benefits under this program for 2024 and 2023, respectively, and benefits accrued for are \$290,930 and \$194,607 as of December 31, 2024 and 2023, respectively.

Three Rivers is a reimbursing employer for Minnesota state unemployment insurance and must reimburse (pay) the state for unemployment benefits paid to former employees based on wages earned while in their employ. Three Rivers was a recipient of federal financial relief during both years, reducing the cost of unemployment benefits to the agency. Unemployment costs paid during 2024 and 2023 were \$55,459 and \$59,723, respectively, and unemployment costs accrued for are \$4,984 and \$16,757 as of December 31, 2024 and 2023, respectively.

Three Rivers and its partner, Bear Creek Development Center (BCDC), were awarded LIHTC from Minnesota Housing in December 2023 to construct Restoration Glen in Rochester, Minnesota. The project will develop a 48-unit apartment building with 1- 2- 3- and 4- bedroom units. 12 units will provide supportive housing for tenants who have a disability or who have experienced housing instability. The total development cost is approximately \$23.6 million. Primary sources include a \$2.9 million first mortgage, \$15.7 million in private equity, and \$3.7 million of federal HOME funds awarded through Minnesota Housing. Three Rivers and BCDC will be Co-Developers and Co-General Partners with benefits generally split 60% to Three Rivers and 40% to BCDC. Close of financing and construction start is expected in Summer 2025. Three Rivers formed Restoration Glen Three Rivers LLC in March 2024. Restoration Glen Three Rivers LLC will be a partial owner, with Bear Creek Development Center, of Restoration Glen when it is built.

In December 2024, Federal Home Loan Bank of Des Moines (FHLB) awarded \$3 million to Three Rivers for the purchase and renovation of Robinwood Manor, which is a 51-unit senior housing site in Faribault, Minnesota. Three Rivers has negotiated a purchase agreement to buy the property from the Faribault HRA contingent on FHLB funding. The HRA, in turn, has negotiated a purchase agreement to buy the property from the Elderly Housing Corporation contingent on the FHLB funding. Three Rivers formed Robinwood Manor LLC in March 2025. Robinwood Manor LLC will be the owner of the property upon sale. Three Rivers is currently obtaining approval from HUD to transfer the Housing Assistance Program (HAP) contracts at Robinwood to Three Rivers. Upon HUD approval, the negotiated purchase agreement will be enacted resulting in the sale. A closing date has not yet been scheduled.

Three Rivers Community Action, Inc. and Subsidiaries
Notes to Consolidated Financial Statements

NOTE 14 - CONTINGENCIES AND COMMITMENTS (CONTINUED)

In December 2024, Minnesota Housing awarded a finance package including LIHTC for Trotter Haven, then known as Eastside, a 36-unit apartment building in Rochester, Minnesota. The project will offer 1- 2- 3- and 4- bedroom units with 9 units providing supportive housing for tenants who have a disability or who have experienced housing instability. The total development cost is approximately \$20 million. Primary sources include a \$1.6 million first mortgage, \$7.4 million private equity, \$5.5 million Economic Development and Housing Challenge funds from Minnesota Housing, and \$4 million in HUD HOME funds. Close of financing and construction start is expected in 2026. Three Rivers formed Trotter Haven Apartments General Partner LLC in May 2025. Trotter Haven Apartments General Partner LLC will be a partial owner of Trotter Haven when it is built.

NOTE 15 - DEVELOPER FEES ELIMINATED

In accordance with ASC 323-10-35-10, the consolidated financial statements eliminate fees earned for acting as the developer on multi-family housing projects where Three Rivers is the controlling partner. The fees earned by Three Rivers are capitalized as part of the partnership's depreciable asset on each property's individual financial statements. Eliminated developer fees were \$963,295 and \$1,152,564 for 2024 and 2023, respectively.

SUPPLEMENTARY INFORMATION

Three Rivers Community Action, Inc. and Subsidiaries
Consolidating Statement of Financial Position
As of December 31, 2024

	Three Rivers	1st & 3rd Apartments	Bridge Run Townhomes	Eagle Ridge Apartments	Fox Pointe Townhomes	Harvest Ridge Townhomes	Knollwood Apartments	North & South Oak Apartments
Assets								
Current assets								
Cash and cash equivalents	\$ 7,019,905	\$ 246,337	\$ 13,365	\$ 172,693	\$ 68,970	\$ 33,260	\$ 50,028	\$ 6,068
Grants receivable	2,107,834	-	-	-	-	-	-	-
Accounts receivable	2,090,322	366,781	923	218	2,991	7,673	9,586	14,663
Current portion of contracts receivable	57,492	-	-	-	-	-	-	-
Prepaid expenses	143,146	3,425	21,420	22,197	7,902	15,767	23,007	24,690
Total current assets	11,418,699	616,543	35,708	195,108	79,863	56,700	82,621	45,421
Restricted cash and cash equivalents	816,424	55,389	113,926	304,208	259,685	73,414	317,055	826,945
Contracts receivable, net	1,838,213	-	-	-	-	-	-	-
Other assets	528,201	97,531	349	-	41,236	-	25,097	3,878
Right of use assets - operating leases	368,798	-	-	-	-	-	-	-
Right of use assets - finance leases	25,157	-	-	-	-	-	-	-
Property and equipment, net	5,790,197	-	-	-	-	-	-	-
Affordable housing projects, net	12,540,336	15,930,797	1,289,555	2,448,035	7,015,639	1,274,056	3,090,267	3,199,747
Total assets	\$ 33,326,025	\$ 16,700,260	\$ 1,439,538	\$ 2,947,351	\$ 7,396,423	\$ 1,404,170	\$ 3,515,040	\$ 4,075,991
Liabilities and Net Assets								
Current liabilities								
Current portion of long-term debt	\$ 122,606	\$ 363,039	\$ 13,602	\$ 33,863	\$ 12,940	\$ 6,922	\$ 21,150	\$ 10,488
Current portion of operating lease liabilities	97,196	-	-	-	-	-	-	-
Current portion of finance lease liabilities	17,498	-	-	-	-	-	-	-
Accounts payable and accrued expenses	1,723,671	481,189	28,089	64,112	69,037	36,109	23,545	156,371
Deferred revenue	11,032	2,400	998	10,073	2,100	3,345	1,936	3,405
Grant advances	697,001	-	-	-	-	-	-	-
Total current liabilities	2,669,004	846,628	42,689	108,048	84,077	46,376	46,631	170,264
Long-term liabilities								
Accrued interest	38,253	5,638	77,614	225,406	-	187,011	-	113,585
Section 1602 deferred grant	-	-	140,061	-	-	-	-	-
Operating lease liabilities	281,534	-	-	-	-	-	-	-
Finance lease liabilities	7,854	-	-	-	-	-	-	-
Long-term debt, net	9,292,450	1,891,646	1,022,483	1,573,014	820,458	1,051,464	1,351,532	2,023,066
Forgivable loan	-	-	-	-	-	74,409	-	-
Total long-term liabilities	9,620,091	1,897,284	1,240,158	1,798,420	820,458	1,312,884	1,351,532	2,136,651
Total liabilities	12,289,095	2,743,912	1,282,847	1,906,468	904,535	1,359,260	1,398,163	2,306,915
Net assets (deficits)								
Without donor restrictions	21,036,930	2,355,060	156,691	1,040,883	271,351	44,910	(2,082)	(105)
Noncontrolling interest in consolidated subsidiaries	-	11,601,288	-	-	6,220,537	-	2,118,959	1,769,181
Total net assets (deficits)	21,036,930	13,956,348	156,691	1,040,883	6,491,888	44,910	2,116,877	1,769,076
Total liabilities and net assets	\$ 33,326,025	\$ 16,700,260	\$ 1,439,538	\$ 2,947,351	\$ 7,396,423	\$ 1,404,170	\$ 3,515,040	\$ 4,075,991

Prairiewood Townhomes	Ridgely Park Apartments	Riverwood Apartments	Spring Creek Townhomes	Spring Creek II Townhomes	Trailside of Albert Lea	Underwood Terrace	Wazuweeta Woods	Eliminations	Consolidated Total
\$ 36,723	\$ 40,652	\$ 52,240	\$ 176,967	\$ 95,548	\$ 851,768	\$ 9,182	\$ 9,178	\$ -	\$ 8,882,884
-	-	-	-	-	-	-	-	-	2,107,834
1,075	4,069	11,697	21,456	5,404	3,936	(839)	4,207	(10,000)	2,534,162
-	-	-	-	-	-	-	-	-	57,492
4,978	23,408	2,362	29,506	38,661	56,133	27,504	23,173	-	467,279
42,776	68,129	66,299	227,929	139,613	911,837	35,847	36,558	(10,000)	14,049,651
174,226	413,837	552,827	270,907	226,287	159,139	316,059	129,132	-	5,009,460
-	-	-	-	-	-	-	-	(1,482,106)	356,107
12,100	24,770	-	-	37,014	-	79,535	-	-	849,711
-	-	-	-	-	-	-	-	-	368,798
-	-	-	-	-	-	-	-	-	25,157
-	-	-	-	-	-	-	-	-	5,790,197
3,736,707	3,038,397	3,004,129	3,402,471	13,194,955	4,109,235	10,143,506	961,703	(6,065,576)	82,313,959
<u>\$ 3,965,809</u>	<u>\$ 3,545,133</u>	<u>\$ 3,623,255</u>	<u>\$ 3,901,307</u>	<u>\$ 13,597,869</u>	<u>\$ 5,180,211</u>	<u>\$ 10,574,947</u>	<u>\$ 1,127,393</u>	<u>\$ (7,557,682)</u>	<u>\$ 108,763,040</u>
\$ 6,301	\$ 14,851	\$ 18,928	\$ 18,120	\$ 27,151	\$ 95,941	\$ 61,014	\$ 41,866	\$ (409,856)	\$ 458,926
-	-	-	-	-	-	-	-	-	97,196
-	-	-	-	-	-	-	-	-	17,498
55,348	21,359	67,969	74,732	410,196	92,247	415,954	66,934	(10,000)	3,776,862
4,439	3,128	4,254	3,030	3,024	6,527	896	1,836	-	62,423
-	-	-	-	-	-	-	-	-	697,001
66,088	39,338	91,151	95,882	440,371	194,715	477,864	110,636	(419,856)	5,109,906
-	-	-	-	-	290,055	-	-	(113,585)	823,977
-	-	-	-	-	-	-	-	-	140,061
-	-	-	-	-	-	-	-	-	281,534
-	-	-	-	-	-	-	-	-	7,854
323,897	1,608,775	3,541,897	357,154	9,292,018	2,850,436	1,040,562	1,706,451	(958,665)	38,788,638
-	-	-	-	-	-	-	-	-	74,409
323,897	1,608,775	3,541,897	357,154	9,292,018	3,140,491	1,040,562	1,706,451	(1,072,250)	40,116,473
389,985	1,648,113	3,633,048	453,036	9,732,389	3,335,206	1,518,426	1,817,087	(1,492,106)	45,226,379
161,512	24,277	(9,793)	(221)	(105)	1,845,005	152,033	26,160	(6,065,576)	21,036,930
3,414,312	1,872,743	-	3,448,492	3,865,585	-	8,904,488	(715,854)	-	42,499,731
3,575,824	1,897,020	(9,793)	3,448,271	3,865,480	1,845,005	9,056,521	(689,694)	(6,065,576)	63,536,661
<u>\$ 3,965,809</u>	<u>\$ 3,545,133</u>	<u>\$ 3,623,255</u>	<u>\$ 3,901,307</u>	<u>\$ 13,597,869</u>	<u>\$ 5,180,211</u>	<u>\$ 10,574,947</u>	<u>\$ 1,127,393</u>	<u>\$ (7,557,682)</u>	<u>\$ 108,763,040</u>

Three Rivers Community Action, Inc. and Subsidiaries
Consolidating Statement of Activities
Year Ended December 31, 2024

	Three Rivers	1st & 3rd Apartments	Bridge Run Townhomes	Eagle Ridge Apartments	Fox Pointe Townhomes	Harvest Ridge Townhomes	Knollwood Apartments	North & South Oak Apartments
Revenue								
Federal grant revenue	\$ 8,146,487	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State grant revenue	9,915,954	-	-	-	-	-	-	-
Other grant revenue	717,845	-	-	-	-	-	-	-
Contributions	184,382	-	-	-	-	-	-	-
Other program revenue	1,926,517	6,641	72,725	20,285	25,201	2,909	5,296	12,682
Rental income	1,017,031	79,165	220,034	509,749	383,770	211,468	227,214	369,245
Investment income	201,180	7	5,618	15,247	3,810	3,900	5,886	6,973
Total revenue	22,109,396	85,813	298,377	545,281	412,781	218,277	238,396	388,900
Expenses								
Direct services	5,479,337	-	-	-	-	-	-	-
Salaries and wages	6,619,185	-	-	-	-	-	-	-
Fringe benefits	3,658,992	-	-	-	-	-	-	-
Training and travel	320,966	-	-	-	-	-	-	-
Telephone and technology	299,744	-	-	-	-	-	-	-
Office supplies	123,409	-	-	-	-	-	-	-
Space costs and utilities	604,957	-	-	-	-	-	-	-
Equipment and maintenance	313,106	-	-	-	-	-	-	-
Vehicle repairs and maintenance	554,118	-	-	-	-	-	-	-
Other costs	846,282	-	-	-	-	-	2,497	-
Housing partnerships	-	197,646	178,475	299,183	293,798	157,026	152,560	341,144
Depreciation and amortization	793,859	200,255	73,617	113,224	239,738	53,048	129,632	165,660
Interest	153,767	87,831	22,730	44,311	32,313	18,415	8,264	26,787
Total expenses	19,767,722	485,732	274,822	456,718	565,849	228,489	292,953	533,591
Total change in net assets before noncontrolling interest	2,341,674	(399,919)	23,555	88,563	(153,068)	(10,212)	(54,557)	(144,691)
Change in noncontrolling interest in consolidated subsidiaries	-	399,879	-	-	153,053	-	54,552	144,677
Total change in net assets	2,341,674	(40)	23,555	88,563	(15)	(10,212)	(5)	(14)
Net Assets (Deficits) Without Donor Restrictions								
Beginning of year	18,695,256	-	159,111	1,069,113	271,806	55,122	(2,077)	(91)
Capital contributions (distributions)	-	2,355,100	(25,975)	(116,793)	(440)	-	-	-
End of year	\$ 21,036,930	\$ 2,355,060	\$ 156,691	\$ 1,040,883	\$ 271,351	\$ 44,910	\$ (2,082)	\$ (105)
Noncontrolling Interest in Consolidated Subsidiaries								
Beginning of year	\$ -	\$ -	\$ -	\$ -	\$ 6,374,078	\$ -	\$ 2,173,511	\$ 1,913,858
Change in noncontrolling interest in consolidated subsidiaries	-	(399,879)	-	-	(153,053)	-	(54,552)	(144,677)
Capital contributions (distributions)	-	12,037,236	-	-	(488)	-	-	-
Syndication costs	-	(36,069)	-	-	-	-	-	-
End of year	\$ -	\$ 11,601,288	\$ -	\$ -	\$ 6,220,537	\$ -	\$ 2,118,959	\$ 1,769,181

Prairiewood Townhomes	Ridgely Park Apartments	Riverwood Apartments	Spring Creek Townhomes	Spring Creek II Townhomes	Trailside of Albert Lea	Underwood Terrace	Wazuweeta Woods	Eliminations	Consolidated Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,146,487
-	-	-	-	-	-	-	-	-	9,915,954
-	-	-	-	-	-	-	-	-	717,845
-	-	-	-	-	-	-	-	-	184,382
1,876	10,126	7,572	35,591	9,543	34,134	18,663	25,558	(1,132,681)	1,082,638
370,378	250,628	355,255	326,286	431,874	1,018,896	316,433	255,347	(142,445)	6,200,328
7,647	12,975	22,836	4,098	4,398	15,008	2,716	6,189	-	318,488
379,901	273,729	385,663	365,975	445,815	1,068,038	337,812	287,094	(1,275,126)	26,566,122
-	-	-	-	-	-	-	-	-	5,479,337
-	-	-	-	-	-	-	-	(266,820)	6,352,365
-	-	-	-	-	-	-	-	(78,429)	3,580,563
-	-	-	-	-	-	-	-	-	320,966
-	-	-	-	-	-	-	-	-	299,744
-	-	-	-	-	-	-	-	-	123,409
-	-	-	-	-	-	-	-	-	604,957
-	-	-	-	-	-	-	-	-	313,106
-	-	-	-	-	-	-	-	-	554,118
-	-	-	-	-	2,166	-	-	-	850,945
320,216	180,099	221,347	259,053	326,735	744,420	253,066	213,717	(877,986)	3,260,499
188,218	148,699	120,540	216,771	708,683	308,050	400,788	57,605	-	3,918,387
14,765	33,065	12,152	18,308	230,658	94,696	120,138	26,666	-	944,866
523,199	361,863	354,039	494,132	1,266,076	1,149,332	773,992	297,988	(1,223,235)	26,603,262
(143,298)	(88,134)	31,624	(128,157)	(820,261)	(81,294)	(436,180)	(10,894)	(51,891)	(37,140)
143,284	88,125	-	128,144	820,179	-	436,136	10,785	-	2,378,814
(14)	(9)	31,624	(13)	(82)	(81,294)	(44)	(109)	(51,891)	2,341,674
113,772	24,286	(41,417)	(207)	(23)	2,084,372	152,077	26,269	(3,912,113)	18,695,256
47,754	-	-	(1)	-	(158,073)	-	-	(2,101,572)	-
\$ 161,512	\$ 24,277	\$ (9,793)	\$ (221)	\$ (105)	\$ 1,845,005	\$ 152,033	\$ 26,160	\$ (6,065,576)	\$ 21,036,930
\$ 3,557,596	\$ 1,960,868	\$ -	\$ 3,590,970	\$ 737,229	\$ -	\$ 1,726,149	\$ (693,031)	\$ -	\$ 21,341,228
(143,284)	(88,125)	-	(128,144)	(820,179)	-	(436,136)	(10,785)	-	(2,378,814)
-	-	-	(14,334)	3,948,535	-	7,614,475	(12,038)	-	23,573,386
-	-	-	-	-	-	-	-	-	(36,069)
\$ 3,414,312	\$ 1,872,743	\$ -	\$ 3,448,492	\$ 3,865,585	\$ -	\$ 8,904,488	\$ (715,854)	\$ -	\$ 42,499,731

**Three Rivers Community Action, Inc.
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2024**

Fund #	Pass-Through	Cluster/Program Title	Assistance Listing No.	Agency or Pass-Through Number	Passed Through to Subrecipients	Federal Expenditures
U.S. Department of Agriculture						
911		Rural Rental Housing Loans - Clover Patch	10.415			\$ 457,541
911		Rural Rental Housing Loans - Clover Patch	10.415			379,549
911		Rural Rental Housing Loans - Clover Patch	10.415			1,099,504
912		Rural Rental Housing Loans - Southside Apartments	10.415			129,409
914		Rural Rental Housing Loans - Northbridge Apartments of Albert Lea	10.415			1,197,194
		Total Assistance Listing No. 10.415				<u>3,263,197</u>
110,140	MDE	Child and Adult Care Food Program (CACFP)	10.558	441603		<u>113,399</u>
		<i>SNAP Cluster:</i>				
610	MN DHS	State Administrative Matching Grants for SNAP	10.561	1000003565		<u>98,744</u>
		Total SNAP Cluster				<u>98,744</u>
		Total U.S. Department of Agriculture				<u>3,475,340</u>
U.S. Housing and Urban Development						
375	MNHOC	Housing Counseling Program	14.169	N/A		<u>10,500</u>
914	MHFA	Home Investment Partnerships Program	14.239	Northbridge Apartments		1,000,000
915	MHFA	Home Investment Partnerships Program	14.239	Northern Oaks		320,000
		Total Assistance Listing No. 14.239				<u>1,320,000</u>
630		Continuum of Care Program - Permanent Supportive Housing	14.267			251,380
670		Continuum of Care Program - Rapid Rehousing	14.267		\$ 71,532	<u>221,301</u>
		Total Assistance Listing No. 14.267				<u>71,532</u>
		Total U.S. Housing and Urban Development			\$ 71,532	<u>1,803,181</u>
U.S. Department of Transportation						
		<i>Federal Transit Cluster:</i>				
770.2	MN DOT	Federal Transit Capital Investment Grants (Fixed Guideway Capital Investment Grants)	20.500	MN-2020-020-00		<u>305,888</u>
760.24	MN DOT	Buses and Bus Facilities Formula, Competitive, and Low or No Emissions Programs (Buses and Bus Facilities Program)	20.526	MN-2023-033-00		80,000
761.24	MN DOT	Buses and Bus Facilities Formula, Competitive, and Low or No Emissions Programs (Buses and Bus Facilities Program)	20.526	MN-2023-033-00		41,600
770.21	MN DOT	Buses and Bus Facilities Formula, Competitive, and Low or No Emissions Programs (Buses and Bus Facilities Program)	20.526	MN-2021-017-00		<u>331,424</u>
		Total Assistance Listing No. 20.526				<u>453,024</u>
		Total Federal Transit Cluster				<u>758,912</u>
730	MN DOT	Formula Grants for Rural Areas and Tribal Transit Program	20.509	MN-2021-036-02, MN-2023-045-00		1,695,450
770.22	MN DOT	Formula Grants for Rural Areas and Tribal Transit Program	20.509	MN-2020-020-02		165,627
771.21	MN DOT	Formula Grants for Rural Areas and Tribal Transit Program	20.509	MN-2020-020-01		152,760
		Total Assistance Listing No. 20.509				<u>2,013,837</u>
		Total U.S. Department of Transportation				<u>2,772,749</u>
U.S. Department of Energy						
510	MN DOC	Weatherization Assistance for Low-Income Persons	81.042	A2500		116,994
520	MN DOC	Weatherization Assistance for Low-Income Persons	81.042	N/A		294,234
537	MN DOC	Weatherization Assistance for Low-Income Persons	81.042	N/A		9,965
		Total Assistance Listing No. 81.042				<u>421,193</u>
		Total U.S. Department of Energy				<u>421,193</u>
U.S. Department of Health and Human Services						
		<i>Aging Cluster:</i>				
720	SEMAAA	Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	310-21-003B-063		31,293
720	SEMAAA	COVID-19 Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	N/A		<u>22,287</u>
		Total Assistance Listing No. 93.044				<u>53,580</u>
410	SEMAAA	Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	310-24-03C2-002		219,298
410	SEMAAA	COVID-19 Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	310-024-ARC2-002		<u>30,653</u>
		Total Assistance Listing No. 93.045				<u>249,951</u>
410	SEMAAA	Nutrition Services Incentive Program (Meals on Wheels)	93.053	310-24-03C2-002		<u>24,414</u>
		Total Aging Cluster				<u>327,945</u>
420	SEMAAA	National Family Caregiver Support, Title III, Part E	93.052	310-20-003E-005		<u>61,300</u>
540	MN DOC	Low-Income Home Energy Assistance	93.568	A2119,A2122		436,138
580	MN DOC	Low-Income Home Energy Assistance	93.568	N/A		642,192
		Low-Income Home Energy Assistance - Direct Client Benefits	93.568	N/A		<u>3,762,339</u>
		Total Assistance Listing No. 93.568				<u>4,840,669</u>
230	MN DHS	Community Services Block Grant	93.569	3000085933		<u>395,842</u>
		<i>Head Start Cluster:</i>				
140		Head Start	93.600			<u>2,154,185</u>
		Total Head Start Cluster				<u>2,154,185</u>
120	MN Health	Maternal, Infant, and Early Childhood Home Visiting Grant	93.870	210898		<u>239,619</u>
		Total U.S. Department of Health and Human Services				<u>8,019,560</u>
Total Expenditures of Federal Awards					\$ 71,532	<u>\$ 16,492,023</u>

See notes to schedule of expenditures of federal awards.

Three Rivers Community Action, Inc.
Notes to Schedule of Expenditures of Federal Awards

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Three Rivers Community Action, Inc. under programs of the federal government for the year ended December 31, 2024. The information in this Schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Three Rivers Community Action, Inc. it is not intended to and does not present the financial position, changes in net assets, or cash flows of Three Rivers Community Action, Inc.

The Schedule does not include the subsidiaries as these entities did not receive federal funding.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting, which conform to accounting principles generally accepted in the United States of America. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3 - INDIRECT COST RATE

Three Rivers Community Action, Inc. has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 4 - PASS-THROUGH ENTITY IDENTIFICATION NUMBERS

Several of the programs, grants and/or awards included in the Schedule are missing the pass-through entity identification numbers. The missing numbers are due to the pass-through entities not providing the pass-through entity identification numbers.

Three Rivers Community Action, Inc.
Notes to Schedule of Expenditures of Federal Awards

NOTE 5 - FEDERAL LOAN PROGRAMS

The federal loan programs balances and transactions relating to these programs are included in the Organization's consolidated financial statements. Loans outstanding at the beginning of the year and loans made during the year are included in the federal expenditures presented in the Schedule. The balance of loans outstanding consists of the following as of December 31, 2024:

Program Title	Assistance Listing Number	Amount Outstanding
Rural Rental Housing Loan - Clover Patch	10.415	\$ 457,541
Rural Rental Housing Loan - Clover Patch	10.415	379,549
Rural Rental Housing Loan - Clover Patch	10.415	1,087,021
Rural Rental Housing Loan - Southside Apartments	10.415	126,396
Rural Rental Housing Loan - Northbridge Apartments of Albert Lea	10.415	1,181,568
HOME Investment Partnerships Program	14.239	1,320,000

Three Rivers Community Action, Inc. is obligated on five Rental Assistance and Interest Credit loans. Three Rivers Community Action, Inc. is also obligated on a HOME Targeted deferred loan. These loans are subject to continuing compliance requirements, primarily eligibility and allowability.

NOTE 6 - RECONCILIATION TO THE CONSOLIDATED STATEMENT OF ACTIVITIES

Total expenditures of federal awards	\$ 16,492,023
Less direct client benefits - assistance listing numbers 93.568, 93.499	(3,762,339)
Less beginning balance rural rental housing loans - Clover Patch	(1,936,594)
Less beginning balance rural rental housing loan - Southside Apartments	(129,409)
Less beginning balance rural rental housing loan - Northbridge Apartments of Albert Lea	(1,197,194)
Less beginning balance HOME investment partnerships program	<u>(1,320,000)</u>
Total federal grant revenue per consolidated statement of activities	<u>\$ 8,146,487</u>



**Independent Auditor's Report on Internal Control over Financial Reporting
and on Compliance and Other Matters Based on an Audit
of Financial Statements Performed in Accordance with
*Government Auditing Standards***

Board of Directors
Three Rivers Community Action, Inc.
Zumbrota, Minnesota

We have audited, 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, the consolidated financial statements of Three Rivers Community Action, Inc. and Subsidiaries, which comprise the consolidated statement of financial position as of December 31, 2024, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to consolidated financial statements and have issued our report thereon dated June 30, 2025. The financial statements of the subsidiaries were not audited in accordance with *Government Auditing Standards* as these entities did not receive federal funding and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with these entities.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Three Rivers Community Action, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Three Rivers Community Action, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Three Rivers Community Action, Inc.'s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of Three Rivers Community Action, Inc.'s financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Three Rivers Community Action, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BerganKDV, Ltd.

St. Cloud, Minnesota
June 30, 2025



**Independent Auditor's Report on Compliance for Each Major Federal
Program and on Internal Control over
Compliance Required by the Uniform Guidance**

Board of Directors
Three Rivers Community Action, Inc.
Zumbrota, Minnesota

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Three Rivers Community Action, Inc.'s compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of Three Rivers Community Action, Inc.'s major federal programs for the year ended December 31, 2024. Three Rivers Community Action, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Three Rivers Community Action, Inc. complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended December 31, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Three Rivers Community Action, Inc. and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of Three Rivers Community Action, Inc.'s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Three Rivers Community Action, Inc.'s federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Three Rivers Community Action, Inc.'s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Three Rivers Community Action, Inc.'s compliance with the requirements of each major federal program.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Three Rivers Community Action, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Three Rivers Community Action, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Three Rivers Community Action, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

BerganKDV, Ltd.

St. Cloud, Minnesota
June 30, 2025

Three Rivers Community Action, Inc.
Schedule of Findings and Questioned Costs
Year Ended December 31, 2024

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with U.S. GAAP:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major federal programs:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	None reported
Type of auditor's report issued on compliance for major federal programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No

Identification of Major Federal Programs

Assistance Listing No.:	20.500, 20.526
Name of Federal Program or Cluster	Federal Transit Cluster
Assistance Listing No.:	93.600
Name of Federal Program or Cluster	Head Start
Assistance Listing No.:	93.568
Name of Federal Program or Cluster	Low-Income Home Energy Assistance Program
Dollar threshold used to distinguish between type A and type B programs?	\$750,000
Auditee qualified as low risk auditee?	Yes

**Three Rivers Community Action, Inc.
Schedule of Findings and Questioned Costs
Year Ended December 31, 2024**

SECTION II - FINANCIAL STATEMENT FINDINGS

No matters were reported.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.