

ThreeRivers

COMMUNITY ACTION



**Consolidated Financial Statements
and Supplementary Information**

December 31, 2025 and 2024

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Independent Auditor's Report

Board of Directors
Three Rivers Community Action, Inc.
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, 2025 and 2024, 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, 2025 and 2024, 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 17, 2026, 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 17, 2026

Three Rivers Community Action, Inc. and Subsidiaries
Consolidated Statements of Financial Position
As of December 31, 2025 and 2024

	2025	2024
Assets		
Current assets		
Cash and cash equivalents	\$ 11,347,007	\$ 8,882,884
Grants receivable	1,182,484	2,107,834
Accounts receivable	2,211,205	2,534,162
Current portion of contracts receivable	55,080	57,492
Prepaid expenses	389,551	467,279
Total current assets	15,185,327	14,049,651
Restricted cash and cash equivalents	5,416,178	5,009,460
Contracts receivable, net	329,568	356,107
Other assets	820,269	849,711
Right-of-use assets - operating leases	270,719	368,798
Right-of-use assets - finance leases	8,386	25,157
Property and equipment, net	5,731,784	5,790,197
Affordable housing projects, net	85,700,666	82,313,959
Total assets	\$ 113,462,897	\$ 108,763,040
Liabilities and Net Assets		
Current liabilities		
Current portion of long-term debt	\$ 774,396	\$ 458,926
Current portion of operating lease liabilities	92,648	97,196
Current portion of finance lease liabilities	7,864	17,498
Accounts payable and accrued expenses	3,714,688	3,776,862
Deferred revenue	65,105	62,423
Grant advances	877,912	697,001
Total current liabilities	5,532,613	5,109,906
Long-term liabilities		
Accrued interest	879,838	823,977
Section 1602 deferred grant	70,029	140,061
Operating lease liabilities	189,582	281,534
Finance lease liabilities	-	7,854
Long-term debt, net	39,982,288	38,788,638
Forgivable loan	74,409	74,409
Total long-term liabilities	41,196,146	40,116,473
Total liabilities	46,728,759	45,226,379
Net assets		
Without donor restrictions	21,314,881	20,099,880
With donor restrictions	1,298,402	937,050
Noncontrolling interest in consolidated subsidiaries	44,120,855	42,499,731
Total net assets	66,734,138	63,536,661
Total liabilities and net assets	\$ 113,462,897	\$ 108,763,040

See notes to consolidated financial statements.

Three Rivers Community Action, Inc. and Subsidiaries
Consolidated Statements of Activities
Years Ended December 31, 2025 and 2024

	2025	2024
Change in Net Assets Without Donor Restrictions		
Revenue		
Federal grant revenue	\$ 6,451,761	\$ 8,146,487
State grant revenue	16,924,221	9,915,954
Other grant revenue	1,276,006	712,175
Contributions	220,023	98,129
Other program revenue	1,123,497	964,383
Rental income	6,926,775	6,200,328
Investment income	328,636	318,488
Net assets released from restrictions	181,465	145,111
Total revenue	33,432,384	26,501,055
Expenses		
Program services		
Housing	9,766,283	8,872,554
Transportation	5,420,809	5,113,713
Early childhood	3,341,467	3,311,570
Community development	14,381,453	7,750,354
Older adult services	741,420	679,849
Management and general	647,294	875,222
Total expenses	34,298,726	26,603,262
Change in net assets without donor restrictions before noncontrolling interest	(866,342)	(102,207)
Change in net assets attributable to noncontrolling interests	2,081,343	2,378,814
Change in net assets without donor restrictions	1,215,001	2,276,607
Change in Net Assets With Donor Restrictions		
Contributions	\$ 542,608	\$ 92,866
Other grant revenue	209	117,312
Net assets released from restrictions	(181,465)	(145,111)
Change in net assets with donor restrictions	361,352	65,067
Change in net assets before noncontrolling interest	1,576,353	2,341,674
Net assets, beginning of year before noncontrolling interest	21,036,930	18,695,256
Net assets, end of year before noncontrolling interest	\$ 22,613,283	\$ 21,036,930
Noncontrolling Interest in Consolidated Subsidiaries		
Beginning of year	\$ 42,499,731	\$ 21,341,228
Change in noncontrolling interest in consolidated subsidiaries	(2,081,343)	(2,378,814)
Capital contributions (partner distributions), net	3,702,467	23,573,386
Syndication fees	-	(36,069)
End of year	\$ 44,120,855	\$ 42,499,731

See notes to consolidated financial statements.

Three Rivers Community Action, Inc. and Subsidiaries
Consolidated Statement of Functional Expenses
Year Ended December 31, 2025

	Program Services					Total	Management and General	Total
	Housing	Transportation	Early Childhood	Community Development	Older Adult Services			
Direct services	\$ 139	\$ 45,686	\$ 215,840	\$ 11,409,069	\$ 321,273	\$ 11,992,007	\$ -	\$ 11,992,007
Salaries and wages	365,661	2,438,917	1,592,025	1,711,388	237,492	6,345,483	292,086	6,637,569
Payroll taxes and benefits	163,976	1,399,397	946,392	856,978	121,186	3,487,929	163,033	3,650,962
Training and travel	47,870	71,072	131,093	60,590	14,562	325,187	9,075	334,262
Telephone and technology	27,942	87,049	87,361	87,132	11,387	300,871	6,811	307,682
Office supplies	6,903	66,429	46,265	23,183	7,755	150,535	418	150,953
Space costs and utilities	121,069	60,652	206,485	85,883	10,584	484,673	29,596	514,269
Equipment and maintenance	391,349	5,440	-	703	-	397,492	-	397,492
Vehicle repairs and maintenance	-	527,289	-	-	-	527,289	-	527,289
Other costs	406,645	217,834	78,933	146,527	17,181	867,120	146,275	1,013,395
Housing partnerships	3,418,812	-	-	-	-	3,418,812	-	3,418,812
Depreciation and amortization	4,014,734	501,044	37,073	-	-	4,552,851	-	4,552,851
Interest	801,183	-	-	-	-	801,183	-	801,183
Total	\$ 9,766,283	\$ 5,420,809	\$ 3,341,467	\$ 14,381,453	\$ 741,420	\$ 33,651,432	\$ 647,294	\$ 34,298,726

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					Total	Management and General	Total
	Housing	Transportation	Early Childhood	Community Development	Older Adult Services			
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 Statements of Cash Flows
Years Ended December 31, 2025 and 2024

	2025	2024
Cash Flows - Operating Activities		
Change in net assets	\$ 1,576,353	\$ 2,341,674
Adjustments to reconcile change in net assets to net cash flows - operating activities		
Noncontrolling interest change in net assets	(2,081,343)	(2,378,814)
Depreciation - property and equipment	656,846	444,844
Amortization - other assets	29,442	29,510
Amortization - debt issuance costs	22,553	115,622
Amortization of ROU assets - operating	98,079	164,775
Amortization of ROU assets - finance	16,771	16,771
Depreciation - affordable housing projects	3,863,982	3,433,994
Change in affordable housing projects at equity method	13,786	161,487
Disposal of debt issuance costs	-	50,391
Gain on sale of property and equipment	-	(8,846)
Loss on sale of MURL home	-	96,729
Loss on disposal of affordable housing projects	(6,783)	2,166
Section 1602 grant revenue	(70,032)	(70,032)
Change in operating assets and liabilities		
Grants receivable	925,350	(208,084)
Accounts receivable	322,957	(532,477)
Contracts receivable	28,951	490,069
Prepaid expenses	77,728	(177,384)
Other assets	-	(124,646)
Operating lease liabilities	(96,500)	(163,695)
Accounts payable and accrued expenses	(62,174)	975,021
Deferred revenue	2,682	(828)
Grant advances	180,911	(24,557)
Accrued interest	55,861	53,796
Net cash flows - operating activities	5,555,420	4,687,486
Cash Flows - Investing Activities		
Purchase of property and equipment	(598,433)	(3,334,361)
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	(5,814,332)	(14,627,597)
Net cash flows - investing activities	(6,412,765)	(17,805,154)
Cash Flows - Financing Activities		
Cash paid for debt issuance costs	(17,996)	(152,427)
Proceeds from long-term debt	519,192	21,647,168
Principal payments on long-term debt	(457,989)	(29,949,958)
Principal payments on finance lease liabilities	(17,488)	(17,204)
Proceeds from forgivable loan	-	74,409
Partner contributions	3,755,082	23,600,246
Partner distributions and syndication fees	(52,615)	(62,929)
Net cash flows - financing activities	3,728,186	15,139,305
Net change in cash, cash equivalents and restricted cash and cash equivalents	2,870,841	2,021,637

See notes to consolidated financial statements.

Three Rivers Community Action, Inc. and Subsidiaries
Consolidated Statements of Cash Flows
Years Ended December 31, 2025 and 2024

	2025	2024
Cash, Cash Equivalents and Restricted Cash and Cash Equivalents		
Beginning of year	\$ 13,892,344	\$ 11,870,707
End of year	\$ 16,763,185	\$ 13,892,344
Reconciliation of Cash, Cash Equivalents and Restricted Cash and Cash Equivalents		
Cash and cash equivalents	\$ 11,347,007	\$ 8,882,884
Restricted cash and cash equivalents	5,416,178	5,009,460
Total end of year cash, cash equivalents and restricted cash and cash equivalents	\$ 16,763,185	\$ 13,892,344
Supplemental Disclosure of Cash Flow Information		
Cash paid during the year for interest	\$ 745,322	\$ 891,070
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash outflows from finance leases	\$ 284	\$ 568
Financing cash outflows from finance leases	17,464	17,180
Operating cash outflows from operating leases	106,434	176,224
Supplemental Schedule of Noncash Investing and Financing Activities		
ROU assets obtained in exchange for operating lease liabilities	\$ -	\$ 40,002
Debt assumed for purchases of affordable housing projects	1,443,360	1,280,000
Affordable housing projects additions included in accounts payable	592,022	389,347

See notes to consolidated financial statements.

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, Restoration Glen Limited Liability 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.

Restoration Glen

Three Rivers' wholly owned subsidiary, Restoration Glen Three Rivers LLC, entered into a limited liability limited partnership agreement with Restoration Glen BCDC LLC, a wholly owned subsidiary of Bear Creek Development Center, Inc., and MHEG Fund 60, LP, to construct, develop, acquire, hold for investment, lease, and sell an affordable housing apartment complex with 48 units known as Restoration Glen in Rochester, Minnesota. The partnership is named Restoration Glen LLLP. Restoration Glen Three Rivers LLC owns 0.006% and is the managing general partner of Restoration Glen LLLP. 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.

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)

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.

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 less depreciation; Clover Patch Apartments, Deerwood Lane Townhomes, Northbridge Apartments of Albert Lea, Northern Oaks Townhomes, Southside Apartments, Stonehouse Apartments, and Three Rivers Community Investment. Operations are accounted for under Three Rivers.

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)

Projects at Cost (Continued)

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.

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.

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.

Stonehouse Apartments

Three Rivers purchased Stonehouse Apartments, a 32-unit property in Cannon Falls, Minnesota from MetroPlains. The project was converted from a historical school to housing in 1993 by MetroPlains. Three Rivers has assumed and extended existing income restrictions on the property.

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. The LLC owns and operates 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.

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)

Projects at Equity Method (Continued)

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.

Brewery Creek

Three Rivers' wholly owned subsidiary, Three Creeks LLC, entered into a Limited Liability 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. As of December 31, 2025 and 2024, the Organization estimates there were no uncollectible amounts. All accounts are reviewed annually for collectability.

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

NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2025 and 2024.

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, 2025 and 2024:

	2025	2024
Midwest MN Community Development Corporation	29%	7%
Minnesota Department of Transportation	19%	28%
Minnesota Housing Finance Agency	13%	16%
Department of Human Services, Office of Head Start	11%	10%

The Organization had significant funding sources that accounted for the following percentage of total accounts receivable as of December 31, 2025 and 2024:

	2025	2024
Trotter Haven LLC	28%	2%
Restoration Glen LLC	22%	39%
Underwood Terrace LLC	13%	13%
Brewery Creek Apartments LLC	12%	17%
Midwest MN Community Development Corporation	10%	0%

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

NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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, 2025 and 2024.

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.

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

NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets (Continued)

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.

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 significant conditions are not recognized until the conditions on which they depend are substantially met. The federal and state contracts and grants are conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses. As of December 31, 2025 and 2024, the Organization had conditional contributions and grant awards of \$17,002,900 and \$15,362,700, respectively, for which the conditions for revenue recognition had not yet been met. Of these amounts, \$833,729 and \$697,00, respectively, had been received in advance and are recognized as grant advances 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 other program revenue category in the consolidated financial statements.

Accounts receivable totaled \$2,001,685 and deferred revenue totaled \$63,251 as of January 1, 2024.

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

NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 17, 2026, the date which the consolidated financial statements were available to be issued.

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

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, 2025 and 2024:

	2025	2024
Cash and cash equivalents	\$ 11,347,007	\$ 8,882,884
Grants receivable	1,182,484	2,107,834
Accounts receivable	2,211,205	2,534,162
Current portion of contracts receivable	55,080	57,492
Financial assets	14,795,776	13,582,372
Less net assets with donor restrictions	1,298,402	937,050
Financial assets available within one year	\$ 13,497,374	\$ 12,645,322

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

NOTE 3 - RESTRICTED CASH AND CASH EQUIVALENTS

Restricted cash and cash equivalents consists of tenant security deposits and various reserves for affordable housing projects as required by certain loan covenants and restricted by funding source agreements as of December 31, 2025 and 2024:

	2025	2024
Operating reserve	\$ 1,273,613	\$ 1,158,258
Replacement cost reserve	2,977,625	2,787,529
Tenant security deposits	474,649	452,231
Tenant protection reserve	57,307	56,695
Residual receipts reserve	111,184	116,340
Debt service reserve	41,031	41,010
Operating deficit escrow	212	79,018
Construction	-	76,417
Real estate tax and insurance escrow	480,557	241,962
Total restricted cash and cash equivalents	\$ 5,416,178	\$ 5,009,460

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

NOTE 4 - CONTRACTS RECEIVABLE

	2025	2024
Total contracts receivable	\$ 384,648	\$ 413,599
Less current portion	55,080	57,492
Contracts receivable, net of current portion	\$ 329,568	\$ 356,107

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

2026		\$ 55,080
2027		55,080
2028		51,005
2029		35,150
2030		24,468
2031 and thereafter		163,865
Total contracts receivable		\$ 384,648

NOTE 5 - OTHER ASSETS

Other assets are investments, valued at cost, less depreciation, in future affordable housing projects and consist of the following as of December 31, 2025 and 2024:

	2025	2024
1st & 3rd Apartments	\$ 90,565	\$ 97,531
Bridge Run Townhomes	-	349
Fox Pointe Townhomes	36,654	41,236
Knollwood Apartments	23,006	25,097
North & South Oak Apartments	1,939	3,878
Prairiewood Townhomes	9,075	12,100
Ridgely Park Apartments	22,705	24,770
Spring Creek Townhomes II	34,270	37,014
Rochester Multi-Family Project	528,201	528,201
Underwood Terrace	73,854	79,535
Total other assets	\$ 820,269	\$ 849,711

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

NOTE 6 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of December 31, 2025 and 2024:

	2025	2024
Land	\$ 384,201	\$ 384,201
Buildings and improvements	5,178,446	5,152,002
Furniture and equipment	4,336,224	3,712,922
Construction in progress	8,645	205,447
	9,907,516	9,454,572
Less accumulated depreciation	4,175,732	3,664,375
Property and equipment, net	\$ 5,731,784	\$ 5,790,197

NOTE 7 - AFFORDABLE HOUSING PROJECTS

Affordable housing projects consist of the following as of December 31, 2025 and 2024:

	2025	2024
Land	\$ 9,819,626	\$ 9,667,549
Buildings and improvements	95,830,596	94,096,732
Furniture and equipment	5,092,930	5,026,448
Construction in progress	5,274,816	-
	116,017,968	108,790,729
Less accumulated depreciation	30,317,302	26,476,770
Affordable housing projects, net	\$ 85,700,666	\$ 82,313,959

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

NOTE 8 - LONG-TERM DEBT

	2025	2024
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.	480,080	516,079
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.	1,230,522	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
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.	1,074,223	1,087,021

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

NOTE 8 - LONG-TERM DEBT (CONTINUED)

	2025	2024
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.	\$ 1,165,446	\$ 1,181,568
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.	67,799	75,465
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.	30,118	35,444
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.	123,260	126,396
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 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.	265,241	267,903

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

NOTE 8 - LONG-TERM DEBT (CONTINUED)

	2025	2024
Stonehouse Apartments		
Merchants Bank, mortgage payable, secured by 101 Minnesota St E, including interest at 6.50%, payable in full on October 30, 2032.	\$ 1,437,514	\$ -
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.	1,208,503	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	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.	352,597	366,199
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.	470,511	504,370
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)

	2025	2024
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.	702,563	715,503
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.	105,655	112,577
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.	496,124	501,839
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.	871,990	887,429
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.	828,271	838,759
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.	227,288	233,589

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

NOTE 8 - LONG-TERM DEBT (CONTINUED)

	2025	2024
Restoration Glen		
MHFA, HOME mortgage payable, secured by Restoration Glen LLLP, interest at 0%, payable in full on September 18, 2057.	\$ 519,192	\$ -
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.	177,593	179,651
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.	615,908	628,808
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.	474,884	480,507
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.	399,170	412,476
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.	359,787	377,632
Spring Creek II Townhomes		
MHFA EDHC Mortgage, secured by Spring Creek II Townhomes, interest at 0%, payable in full on July 1, 2064.	6,822,000	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.	2,529,618	2,557,201

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

NOTE 8 - LONG-TERM DEBT (CONTINUED)

	2025	2024
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.	\$ 1,268,685	\$ 1,313,466
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%. Paid in full.	-	50,000
Underwood Terrace		
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.	1,078,393	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.	392,734	434,599
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	41,111,794	39,607,228
Less unamortized debt issuance costs	355,110	359,664
Less current portion	774,396	458,926
Total long-term portion of debt	\$ 39,982,288	\$ 38,788,638

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:

2026	\$ 774,396
2027	902,846
2028	729,496
2029	779,734
2030	495,574
2031 and thereafter	37,429,748
Total	\$ 41,111,794

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 was recorded as a long-term liability at December 31, 2025 and 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.

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

NOTE 11 - LEASES

The Organization has operating and finance lease agreements for land, buildings, office space, and equipment. 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, 2025 and 2024 were as follows:

	<u>2025</u>	<u>2024</u>
Finance lease costs	\$ 17,032	\$ 16,771
Operating lease cost	108,012	177,304
Short term and variable leases	<u>160,835</u>	<u>146,139</u>
Total lease cost	<u>\$ 285,879</u>	<u>\$ 340,214</u>

Future minimum lease payments under non-cancellable leases are as follows as of December 31, 2025:

	<u>Finance</u>	<u>Operating</u>
2026	\$ 7,888	\$ 98,740
2027	-	91,140
2028	-	54,153
2029	-	18,054
2030	-	18,504
Thereafter	-	<u>14,166</u>
Total lease payments	<u>7,888</u>	<u>294,757</u>
Less amount representing interest	<u>24</u>	<u>12,527</u>
Present value of lease liabilities	<u>\$ 7,864</u>	<u>\$ 282,230</u>

The weighted-average remaining lease term and discount rate for operating and finance leases was as follows as of December 31, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Operating leases - weighted-average remaining lease term	42 months	51 months
Operating leases - weighted-average discount rate	2.97%	3.12%
Finance leases - weighted-average remaining lease term	6 months	18 months
Finance leases - weighted-average discount rate	1.64%	1.64%

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

NOTE 12 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions for the years ended December 31, 2025 and 2024 were as follows:

	2025	2024
Evidence Based Home Visitors reserve	\$ 56,018	\$ 63,644
Achieve Home Ownership reserve	104,719	52,481
Head Start reserve	200	-
Mobile Home Rehab reserve	56,794	40,596
Meals on Wheels reserve	54,607	-
Public Transit reserve	1,026,064	780,329
Total net assets with donor restrictions	\$ 1,298,402	\$ 937,050

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 \$305,774 and \$284,905 to the Plan for 2025 and 2024, 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 \$52,571 and \$195,340 in benefits under this program for 2025 and 2024, respectively, and benefits accrued for are \$379,550 and \$290,930 as of December 31, 2025 and 2024, 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 2025 and 2024 were \$178,681 and \$55,459, respectively, and unemployment costs accrued for are \$25,945 and \$4,984 as of December 31, 2025 and 2024, respectively.

NOTE 15 - DEVELOPER FEES ELIMINATED

In accordance with accounting principles generally accepted in the United States of America, 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 \$1,033,045 and \$963,295 for 2025 and 2024, respectively.

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

NOTE 16 - RECLASSIFICATIONS

During the year ended December 31, 2025, the Organization identified a restatement necessary to the beginning net assets classification. As a result, the Organization increased net assets with donor restrictions and decreased net assets without donor restrictions by \$873,406 for contributions and grants for government transit and other reserves. Certain amounts in the consolidated statement of financial position, activities, and cash flows were reclassified for the prior year to conform to the presentation in the current year. This reclassification had no effect on total net assets as of December 31, 2024.

NOTE 17 - SUBSEQUENT EVENTS

Robinwood Manor

Three Rivers applied for funding in April 2024 from the Federal Home Loan Bank of Des Moines for a \$3 million grant to purchase and rehabilitate Robinwood Manor which is a 51-unit senior housing site in Faribault, Minnesota. Robinwood was built in 1978 by the Faribault HRA through a legal entity, the Elderly Housing Corporation. On March 11, 2025, Three Rivers formed Robinwood Manor LLC (the Company), a Minnesota limited liability company.

Robinwood Manor LLC purchased Robinwood Manor on February 27, 2026, from the Housing and Redevelopment Authority of Faribault, Minnesota. The total purchase price for the property was \$1,370,000.

The acquisition was financed in part through loan proceeds from Three Rivers, utilizing Federal Home Loan Bank funds. The transaction also included the transfer of the related operating account, replacement reserve, construction/capital reserve, developer fee and tenant deposit accounts, as well as prorations of rent and real estate taxes as of the closing date.

Management has evaluated this transaction as a non-recognized subsequent event as of the reporting date, and therefore no amounts have been recorded in the accompanying financial statements. However, the acquisition is disclosed herein due to its significance.

Trotter Haven

Three Rivers owns four parcels of land and has an agreement to acquire a fifth parcel from First Homes along 4th ST SE, Rochester, Minnesota between 7th Ave SE and 8th Ave SE. The site currently has four single-family homes that Three Rivers operates as market rate rental property. Three Rivers was awarded 4% tax credits, a state tax-exempt bond, LMIR mortgage, and deferred loans through Minnesota Housing's 2024 RFP/ 2025 HTC application process to redevelop the site into a low-income 36-unit multifamily apartment building. The expected start date and closing on construction financing is September 2026.

SUPPLEMENTARY INFORMATION

Three Rivers Community Action, Inc. and Subsidiaries
Consolidating Statement of Financial Position
As of December 31, 2025

	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	\$ 9,529,140	\$ 24,118	\$ 108,516	\$ 210,991	\$ 109,636	\$ 70,040	\$ 16,962	\$ 6,019
Grants receivable	1,182,484	-	-	-	-	-	-	-
Accounts receivable	2,096,146	8,637	371	2,852	8,226	6,474	11,732	15,032
Current portion of contracts receivable	55,080	-	-	-	-	-	-	-
Prepaid expenses	163,252	8,813	21,621	17,663	9,857	15,695	13,534	6,115
Total current assets	<u>13,026,102</u>	<u>41,568</u>	<u>130,508</u>	<u>231,506</u>	<u>127,719</u>	<u>92,209</u>	<u>42,228</u>	<u>27,166</u>
Restricted cash and cash equivalents	875,341	72,185	129,961	273,253	277,352	66,702	403,965	855,842
Contracts receivable, net	1,413,911	-	-	-	-	-	-	-
Other assets	528,201	90,565	-	-	36,654	-	23,006	1,939
Right of use assets - operating leases	270,719	-	-	-	-	-	-	-
Right of use assets - finance leases	8,386	-	-	-	-	-	-	-
Property and equipment, net	5,731,784	-	-	-	-	-	-	-
Affordable housing projects, net	14,367,527	15,318,096	1,216,674	2,391,948	6,807,918	1,217,445	2,962,726	3,066,092
Total assets	<u>\$ 36,221,971</u>	<u>\$ 15,522,414</u>	<u>\$ 1,477,143</u>	<u>\$ 2,896,707</u>	<u>\$ 7,249,643</u>	<u>\$ 1,376,356</u>	<u>\$ 3,431,925</u>	<u>\$ 3,951,039</u>
Liabilities and Net Assets								
Current liabilities								
Current portion of long-term debt	\$ 469,426	\$ 7,793	\$ 14,369	\$ 35,861	\$ 13,501	\$ 7,352	\$ 21,294	\$ 10,794
Current portion of operating lease liabilities	92,648	-	-	-	-	-	-	-
Current portion of finance lease liabilities	7,864	-	-	-	-	-	-	-
Accounts payable and accrued expenses	1,657,574	280,723	26,744	60,649	63,061	29,110	23,742	178,530
Deferred revenue	12,985	3,626	1,011	10,637	1,442	2,465	2,455	2,891
Grant advances	877,912	-	-	-	-	-	-	-
Total current liabilities	<u>3,118,409</u>	<u>292,142</u>	<u>42,124</u>	<u>107,147</u>	<u>78,004</u>	<u>38,927</u>	<u>47,491</u>	<u>192,215</u>
Long-term liabilities								
Accrued interest	50,778	11,788	77,614	236,623	-	196,631	-	127,363
Section 1602 deferred grant	-	-	70,029	-	-	-	-	-
Operating lease liabilities	189,582	-	-	-	-	-	-	-
Long-term debt, net	10,249,919	1,883,755	1,010,218	1,540,194	808,589	1,045,869	1,330,914	2,012,272
Forgivable loan	-	-	-	-	-	74,409	-	-
Total long-term liabilities	<u>10,490,279</u>	<u>1,895,543</u>	<u>1,157,861</u>	<u>1,776,817</u>	<u>808,589</u>	<u>1,316,909</u>	<u>1,330,914</u>	<u>2,139,635</u>
Total liabilities	<u>13,608,688</u>	<u>2,187,685</u>	<u>1,199,985</u>	<u>1,883,964</u>	<u>886,593</u>	<u>1,355,836</u>	<u>1,378,405</u>	<u>2,331,850</u>
Net assets (deficits)								
Without donor restrictions	21,314,881	2,354,998	277,158	1,012,743	244,596	20,520	(2,088)	(120)
With donor restrictions	1,298,402	-	-	-	-	-	-	-
Noncontrolling interest in consolidated subsidiaries	-	10,979,731	-	-	6,118,454	-	2,055,608	1,619,309
Total net assets (deficits)	<u>22,613,283</u>	<u>13,334,729</u>	<u>277,158</u>	<u>1,012,743</u>	<u>6,363,050</u>	<u>20,520</u>	<u>2,053,520</u>	<u>1,619,189</u>
Total liabilities and net assets	<u>\$ 36,221,971</u>	<u>\$ 15,522,414</u>	<u>\$ 1,477,143</u>	<u>\$ 2,896,707</u>	<u>\$ 7,249,643</u>	<u>\$ 1,376,356</u>	<u>\$ 3,431,925</u>	<u>\$ 3,951,039</u>

Prairiewood Townhomes	Restoration Glen	Ridgely Park Apartments	Riverwood Apartments	Spring Creek Townhomes	Spring Creek II Townhomes	Trailside of Albert Lea	Underwood Terrace	Wazuweeta Woods	Eliminations	Consolidated Total
\$ 102,870	\$ -	\$ 45,804	\$ 85,300	\$ 166,466	\$ 6,261	\$ 781,936	\$ 40,981	\$ 41,967	\$ -	\$ 11,347,007
-	-	-	-	-	-	-	-	-	-	1,182,484
207	-	4,872	9,293	22,149	20,181	7,348	8,392	2,158	(12,865)	2,211,205
-	-	-	-	-	-	-	-	-	-	55,080
4,698	-	3,117	2,682	23,814	13,544	48,967	21,199	14,980	-	389,551
107,775	-	53,793	97,275	212,429	39,986	838,251	70,572	59,105	(12,865)	15,185,327
178,556	-	478,330	614,701	269,020	340,969	184,312	274,059	121,630	-	5,416,178
-	-	-	-	-	-	-	-	-	(1,084,343)	329,568
9,075	-	22,705	-	-	34,270	-	73,854	-	-	820,269
-	-	-	-	-	-	-	-	-	-	270,719
-	-	-	-	-	-	-	-	-	-	8,386
-	-	-	-	-	-	-	-	-	-	5,731,784
3,555,250	5,254,816	2,891,763	2,883,589	3,185,701	12,514,517	3,862,885	9,748,239	903,640	(6,448,160)	85,700,666
<u>\$ 3,850,656</u>	<u>\$ 5,254,816</u>	<u>\$ 3,446,591</u>	<u>\$ 3,595,565</u>	<u>\$ 3,667,150</u>	<u>\$ 12,929,742</u>	<u>\$ 4,885,448</u>	<u>\$ 10,166,724</u>	<u>\$ 1,084,375</u>	<u>\$ (7,545,368)</u>	<u>\$ 113,462,897</u>
\$ 6,690	\$ -	\$ 15,458	\$ 19,203	\$ 18,952	\$ 28,398	\$ 48,605	\$ 12,363	\$ 44,337	\$ -	\$ 774,396
-	-	-	-	-	-	-	-	-	-	92,648
-	-	-	-	-	-	-	-	-	-	7,864
55,496	851,441	26,909	60,896	78,736	104,449	100,826	74,909	53,758	(12,865)	3,714,688
3,811	-	3,382	3,826	3,461	2,995	7,956	89	2,073	-	65,105
-	-	-	-	-	-	-	-	-	-	877,912
65,997	851,441	45,749	83,925	101,149	135,842	157,387	87,361	100,168	(12,865)	5,532,613
-	-	-	-	-	-	306,404	-	-	(127,363)	879,838
-	-	-	-	-	-	-	-	-	-	70,029
-	-	-	-	-	-	-	-	-	-	189,582
317,778	519,192	1,594,832	3,523,408	339,096	9,266,561	2,803,158	1,030,981	1,662,532	(956,980)	39,982,288
-	-	-	-	-	-	-	-	-	-	74,409
317,778	519,192	1,594,832	3,523,408	339,096	9,266,561	3,109,562	1,030,981	1,662,532	(1,084,343)	41,196,146
383,775	1,370,633	1,640,581	3,607,333	440,245	9,402,403	3,266,949	1,118,342	1,762,700	(1,097,208)	46,728,759
161,501	570,109	24,268	(11,768)	(244)	(166)	1,618,499	152,001	26,153	(6,448,160)	21,314,881
-	-	-	-	-	-	-	-	-	-	1,298,402
3,305,380	3,314,074	1,781,742	-	3,227,149	3,527,505	-	8,896,381	(704,478)	-	44,120,855
3,466,881	3,884,183	1,806,010	(11,768)	3,226,905	3,527,339	1,618,499	9,048,382	(678,325)	(6,448,160)	66,734,138
<u>\$ 3,850,656</u>	<u>\$ 5,254,816</u>	<u>\$ 3,446,591</u>	<u>\$ 3,595,565</u>	<u>\$ 3,667,150</u>	<u>\$ 12,929,742</u>	<u>\$ 4,885,448</u>	<u>\$ 10,166,724</u>	<u>\$ 1,084,375</u>	<u>\$ (7,545,368)</u>	<u>\$ 113,462,897</u>

Three Rivers Community Action, Inc. and Subsidiaries
Consolidating Statement of Activities
Year Ended December 31, 2025

	Three Rivers	1st & 3rd Apartments	Bridge Run Townhomes	Eagle Ridge Apartments	Fox Pointe Townhomes	Harvest Ridge Townhomes	Knollwood Apartments	North & South Oak Apartments
Change in Net Assets Without Donor Restrictions								
Revenue								
Federal grant revenue	\$ 6,451,761	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State grant revenue	16,924,221	-	-	-	-	-	-	-
Other grant revenue	1,132,525	-	-	-	-	-	-	-
Contributions	220,023	-	-	-	-	-	-	-
Other program revenue	2,053,098	25,712	104,066	15,252	19,173	5,620	3,758	10,031
Rental income	1,105,757	384,615	239,271	536,374	410,430	230,126	246,105	370,176
Investment income	215,732	65	5,135	13,414	3,880	3,406	4,660	5,925
Net assets released from restrictions	181,465	-	-	-	-	-	-	-
Total revenue	<u>28,284,582</u>	<u>410,392</u>	<u>348,472</u>	<u>565,040</u>	<u>433,483</u>	<u>239,152</u>	<u>254,523</u>	<u>386,132</u>
Expenses								
Direct services	11,992,007	-	-	-	-	-	-	-
Salaries and wages	6,856,101	-	-	-	-	-	-	-
Fringe benefits	3,731,123	-	-	-	-	-	-	-
Training and travel	334,262	-	-	-	-	-	-	-
Telephone and technology	307,682	-	-	-	-	-	-	-
Office supplies	150,953	-	-	-	-	-	-	-
Space costs and utilities	514,269	-	-	-	-	-	-	-
Equipment and maintenance	397,492	-	-	-	-	-	-	-
Vehicle repairs and maintenance	527,289	-	-	-	-	-	-	-
Other costs	1,010,848	-	-	-	-	-	2,547	-
Housing partnerships	-	341,161	129,134	289,119	273,391	168,001	175,796	365,641
Depreciation and amortization	1,043,950	619,667	73,230	112,092	226,150	56,611	129,632	143,888
Interest	203,605	71,183	22,010	42,210	31,746	17,964	8,155	26,490
Total expenses	<u>27,069,581</u>	<u>1,032,011</u>	<u>224,374</u>	<u>443,421</u>	<u>531,287</u>	<u>242,576</u>	<u>316,130</u>	<u>536,019</u>
Change in net assets without donor restrictions before noncontrolling interest	##### ####	(621,619)	124,098	121,619	(97,804)	(3,424)	(61,607)	(149,887)
Change in net assets attributable to noncontrolling interests	-	621,557	-	-	97,794	-	61,601	149,872
Change in net assets without donor restrictions	1,215,001	(62)	124,098	121,619	(10)	(3,424)	(6)	(15)
Net Assets (Deficits) Without Donor Restrictions								
Beginning of year	20,099,880	2,355,060	156,691	1,040,883	271,351	44,910	(2,082)	(105)
Capital contributions (distributions)	-	-	(3,631)	(149,759)	(26,745)	(20,966)	-	-
End of year	<u>\$ 21,314,881</u>	<u>\$ 2,354,998</u>	<u>\$ 277,158</u>	<u>\$ 1,012,743</u>	<u>\$ 244,596</u>	<u>\$ 20,520</u>	<u>\$ (2,088)</u>	<u>\$ (120)</u>
Net Assets With Donor Restrictions								
Beginning of year	\$ 937,050	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions	542,608	-	-	-	-	-	-	-
Other grant revenue	209	-	-	-	-	-	-	-
Net assets released from restrictions	(181,465)	-	-	-	-	-	-	-
End of year	<u>\$ 1,298,402</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Noncontrolling Interest in Consolidated Subsidiaries								
Beginning of year	\$ -	\$ 11,601,288	\$ -	\$ -	\$ 6,220,537	\$ -	\$ 2,118,959	\$ 1,769,181
Change in noncontrolling interest in consolidated subsidiaries	-	(621,557)	-	-	(97,794)	-	(61,601)	(149,872)
Capital contributions (distributions)	-	-	-	-	(4,289)	-	(1,750)	-
End of year	<u>\$ -</u>	<u>\$ 10,979,731</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,118,454</u>	<u>\$ -</u>	<u>\$ 2,055,608</u>	<u>\$ 1,619,309</u>

Prairiewood Townhomes	Restoration Glen	Ridgely Park Apartments	Riverwood Apartments	Spring Creek Townhomes	Spring Creek II Townhomes	Trailside of Albert Lea	Underwood Terrace	Wazuweeta Woods	Eliminations	Consolidated Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,451,761
-	-	-	-	-	-	-	-	-	-	16,924,221
-	143,490	-	-	-	-	-	-	-	(9)	1,276,006
-	-	-	-	-	-	-	-	-	-	220,023
1,393	-	13,009	11,963	27,666	22,914	34,217	37,335	20,423	(1,282,133)	1,123,497
404,874	-	266,610	352,715	345,322	491,406	1,081,651	344,334	285,286	(168,277)	6,926,775
6,206	-	13,191	23,262	3,748	12,427	10,025	2,418	5,142	-	328,636
-	-	-	-	-	-	-	-	-	-	181,465
<u>412,473</u>	<u>143,490</u>	<u>292,810</u>	<u>387,940</u>	<u>376,736</u>	<u>526,747</u>	<u>1,125,893</u>	<u>384,087</u>	<u>310,851</u>	<u>(1,450,419)</u>	<u>33,432,384</u>
-	-	-	-	-	-	-	-	-	-	11,992,007
-	-	-	-	-	-	-	-	-	(218,532)	6,637,569
-	-	-	-	-	-	-	-	-	(80,161)	3,650,962
-	-	-	-	-	-	-	-	-	-	334,262
-	-	-	-	-	-	-	-	-	-	307,682
-	-	-	-	-	-	-	-	-	-	150,953
-	-	-	-	-	-	-	-	-	-	514,269
-	-	-	-	-	-	-	-	-	-	397,492
-	-	-	-	-	-	-	-	-	-	527,289
-	-	-	-	-	-	-	-	-	-	1,013,395
322,551	-	203,411	257,494	318,232	306,028	762,863	239,542	216,993	(950,545)	3,418,812
184,482	-	148,699	120,540	216,770	706,877	311,252	400,948	58,063	-	4,552,851
14,383	-	30,727	11,881	17,502	126,697	90,815	61,511	24,304	-	801,183
<u>521,416</u>	<u>-</u>	<u>382,837</u>	<u>389,915</u>	<u>552,504</u>	<u>1,139,602</u>	<u>1,164,930</u>	<u>702,001</u>	<u>299,360</u>	<u>(1,249,238)</u>	<u>34,298,726</u>
(108,943)	143,490	(90,027)	(1,975)	(175,768)	(612,855)	(39,037)	(317,914)	11,491	(201,181)	(866,342)
108,932	(143,481)	90,018	-	175,750	612,794	-	317,882	(11,376)	-	2,081,343
(11)	9	(9)	(1,975)	(18)	(61)	(39,037)	(32)	115	(201,181)	1,215,001
161,512	-	24,277	(9,793)	(221)	(105)	1,845,005	152,033	26,160	(6,065,576)	20,099,880
-	570,100	-	-	(5)	-	(187,469)	-	(122)	(181,403)	-
<u>\$ 161,501</u>	<u>\$ 570,109</u>	<u>\$ 24,268</u>	<u>\$ (11,768)</u>	<u>\$ (244)</u>	<u>\$ (166)</u>	<u>\$ 1,618,499</u>	<u>\$ 152,001</u>	<u>\$ 26,153</u>	<u>\$ (6,448,160)</u>	<u>\$ 21,314,881</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 937,050
-	-	-	-	-	-	-	-	-	-	542,608
-	-	-	-	-	-	-	-	-	-	209
-	-	-	-	-	-	-	-	-	-	(181,465)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,298,402</u>
\$ 3,414,312	\$ -	\$ 1,872,743	\$ -	\$ 3,448,492	\$ 3,865,585	\$ -	\$ 8,904,488	\$ (715,854)	\$ -	\$ 42,499,731
(108,932)	143,481	(90,018)	-	(175,750)	(612,794)	-	(317,882)	11,376	-	(2,081,343)
-	3,170,593	(983)	-	(45,593)	274,714	-	309,775	-	-	3,702,467
<u>\$ 3,305,380</u>	<u>\$ 3,314,074</u>	<u>\$ 1,781,742</u>	<u>\$ -</u>	<u>\$ 3,227,149</u>	<u>\$ 3,527,505</u>	<u>\$ -</u>	<u>\$ 8,896,381</u>	<u>\$ (704,478)</u>	<u>\$ -</u>	<u>\$ 44,120,855</u>

Three Rivers Community Action, Inc.
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2025

Fund #	Pass-Through Grantor	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			1,087,021
912		Rural Rental Housing Loans - Southside Apartments	10.415			126,396
914		Rural Rental Housing Loans - Northbridge Apartments of Albert Lea	10.415			1,181,568
		Total Assistance Listing No. 10.415				<u>3,232,075</u>
110,140	MDE	Child and Adult Care Food Program (CACFP)	10.558	441603		<u>111,054</u>
		<i>SNAP Cluster:</i>				
610, 611	MN DHS	State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.561	1000003565		67,962
		Total SNAP Cluster				<u>67,962</u>
Total U.S. Department of Agriculture						<u>3,411,091</u>
U.S. Housing and Urban Development						
375	MNHOC	Housing Counseling Program Homeownership Initiative	14.022	N/A		<u>15,000</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			285,879
670		Continuum of Care Program - Rapid Rehousing	14.267		\$ 56,933	303,207
		Total Assistance Listing No. 14.267			<u>56,933</u>	<u>589,086</u>
Total U.S. Housing and Urban Development						<u>\$ 56,933</u> <u>1,924,086</u>
U.S. Department of Transportation						
730	MN DOT	Formula Grants for Rural Areas and Tribal Transit Program	20.509	MN-2021-036-02, MN-2023-045-00		845,079
770	MN DOT	Formula Grants for Rural Areas and Tribal Transit Program	20.509	MN-2023-026		163,440
		Total Assistance Listing No. 20.509				<u>1,008,519</u>
		<i>Federal Transit Cluster:</i>				
770	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		316,948
		Total Federal Transit Cluster				<u>316,948</u>
Total U.S. Department of Transportation						<u>1,325,467</u>
U.S. Department of Energy						
510, 511	MN DOC	Weatherization Assistance for Low-Income Persons	81.042	A2500		182,186
520	MN DOC	Weatherization Assistance for Low-Income Persons	81.042	N/A		184,742
539	MN DOC	Weatherization Assistance for Low-Income Persons	81.042	N/A		121,477
		Total Assistance Listing No. 81.042				<u>488,405</u>
Total U.S. Department of Energy						<u>488,405</u>

See notes to schedule of expenditures of federal awards.

Three Rivers Community Action, Inc.
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2025

Fund #	Pass-Through Grantor	Cluster/Program Title	Assistance Listing No.	Agency or Pass-Through Number	Passed Through to Subrecipients	Federal Expenditures
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	310-25-003B-063		26,664
410	SEMAAA	Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	310-25-03C2-002		205,726
420	SEMAAA	National Family Caregiver Support, Title III, Part E	93.052	310-25-003E-005		70,149
410	SEMAAA	Nutrition Services Incentive Program (Meals on Wheels)	93.053	310-25-03C2-002		14,418
						<u>316,957</u>
540, 541	MN DOC	Low-Income Home Energy Assistance	93.568	A2122, A2124		191,784
580	MN DOC	Low-Income Home Energy Assistance	93.568	N/A		581,681
	MN DOC	Low-Income Home Energy Assistance - Direct Client Benefits	93.568	N/A		3,681,670
						<u>4,455,135</u>
210, 230	MN DHS	Community Services Block Grant	93.569	3000085933		410,810
<i>Head Start Cluster:</i>						
140		Head Start	93.600			2,072,722
						<u>2,072,722</u>
120, 121	MN Health	Maternal, Infant, and Early Childhood Home Visiting Grant	93.870	X1043589		280,833
Total U.S. Department of Health and Human Services						<u>7,536,457</u>
Total Expenditures of Federal Awards					<u>\$ 56,933</u>	<u>\$ 14,685,506</u>

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, 2025. 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. For awards issued after October 15, 2024, Three Rivers Community Action, Inc. has elected not to use the 15% de minimis rate allowed.

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, 2025:

<u>Program Title</u>	<u>Assistance Listing Number</u>	<u>Amount Outstanding</u>
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	1,074,223
Rural Rental Housing Loan - Southside Apartments	10.415	123,260
Rural Rental Housing Loan - Northbridge Apartments of Albert Lea	10.415	1,165,446
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	\$ 14,685,506
Less direct client benefits - assistance listing numbers 93.568	(3,681,670)
Less beginning balance rural rental housing loans - Clover Patch	(1,924,111)
Less beginning balance rural rental housing loan - Southside Apartments	(126,396)
Less beginning balance rural rental housing loan - Northbridge Apartments of Albert Lea	(1,181,568)
Less beginning balance HOME investment partnerships program	(1,320,000)
Total federal grant revenue per consolidated statement of activities	<u>\$ 6,451,761</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, 2025, 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 17, 2026. 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 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 or significant deficiencies 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 17, 2026



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, 2025. 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, 2025.

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 17, 2026

**Three Rivers Community Action, Inc.
Schedule of Findings and Questioned Costs
Year Ended December 31, 2025**

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued on whether the consolidated 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.:	10.415
Name of Federal Program or Cluster	Rural Rental Housing Loans
Dollar threshold used to distinguish between type A and type B programs?	\$1,000,000
Auditee qualified as low risk auditee?	Yes

SECTION II - FINANCIAL STATEMENT FINDINGS

No matters were reported.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.