

GREATER MINNESOTA HOUSING FUND
CONSOLIDATED FINANCIAL STATEMENTS
AND SINGLE AUDIT COMPLIANCE REPORTS
YEARS ENDED DECEMBER 31, 2023 AND 2022



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INDEPENDENT AUDITORS' REPORT

Board of Directors
Greater Minnesota Housing Fund
Saint Paul, Minnesota

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Greater Minnesota Housing Fund which comprise the consolidated balance sheets as of December 31, 2023 and 2022, 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Greater Minnesota Housing Fund as of December 31, 2023 and 2022, and the changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We did not audit the financial statements of the NOAH Impact Fund LLC, for which Greater Minnesota Housing Fund is the sole member, which statements reflect total assets of \$(2,470,983) and \$565,314 as of December 31, 2023 and 2022, respectively, and total revenues of \$(2,845,218) and \$432,970 for the years then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for NOAH Impact Fund LLC, is based solely on the report of other auditors.

Basis for Opinion

We conducted our audit 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Greater Minnesota Housing Fund and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Greater Minnesota Housing Fund's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 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 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 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 Greater Minnesota Housing Fund's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Greater Minnesota Housing Fund's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating balance sheet and the consolidating statement of activities, which are the responsibility of management, are presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information has not been subjected to the auditing procedures applied in the consolidated financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 10, 2024, on our consideration of Greater Minnesota Housing Fund'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 Greater Minnesota Housing Fund'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 Greater Minnesota Housing Fund's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Minneapolis, Minnesota
May 10, 2024

**GREATER MINNESOTA HOUSING FUND
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2023 AND 2022**

| ASSETS | <u>2023</u> | <u>2022</u> |
|--|------------------------------|------------------------------|
| CURRENT ASSETS | | |
| Cash | \$ 9,130,600 | \$ 998,673 |
| Restricted Cash | 5,391,319 | 11,836,996 |
| Total Cash | <u>14,521,919</u> | <u>12,835,669</u> |
| Interest Receivable on Investments | 226,208 | 110,864 |
| Investments, Current | 24,523,962 | 23,716,809 |
| Other Assets | 272,157 | 414,558 |
| Contributions Receivable, Current | 2,335,000 | 250,000 |
| Right-to-Use Asset - Operating, Current | 88,235 | 82,235 |
| Loans and Interest Receivable, Current (Net of \$633,400 Allowance for Credit Losses in 2023 and 2022) | <u>23,540,863</u> | <u>25,038,996</u> |
| Total Current Assets | <u>65,508,344</u> | <u>62,449,131</u> |
| PROPERTY AND EQUIPMENT | | |
| Furniture, Fixtures, and Equipment (Net of Accumulated Depreciation of \$445,214 and \$464,232 in 2023 and 2022, Respectively) | 81,018 | 46,934 |
| RIGHT-TO-USE ASSET - OPERATING, NET OF CURRENT | 33,530 | 123,547 |
| LONG-TERM CONTRIBUTIONS RECEIVABLE | | |
| Contributions Receivable, Long-Term (Net of \$142,197 and \$-0- Present Value Discount in 2023 and 2022, Respectively) | 1,942,803 | - |
| INVESTMENTS, NET OF CURRENT | 20,302,563 | 26,798,286 |
| INVESTMENT IN NOAH IMPACT FUND LLC | (944,275) | 2,315,358 |
| INVESTMENT IN MINNESOTA HOUSING FINANCE AGENCY | 1,041,231 | 824,904 |
| LONG-TERM LOANS RECEIVABLE | | |
| Loans and Interest Receivable, Long-Term (Net of \$27,299,986 and \$28,787,167 Present Value Discount and \$4,216,387 and \$5,609,082 Allowance for Credit Losses in 2023 and 2022, Respectively) | <u>148,570,510</u> | <u>125,334,887</u> |
| Total Long-Term Assets | <u>171,027,380</u> | <u>155,443,916</u> |
| Total Assets | <u><u>\$ 236,535,724</u></u> | <u><u>\$ 217,893,047</u></u> |

See accompanying Notes to Consolidated Financial Statements.

**GREATER MINNESOTA HOUSING FUND
CONSOLIDATED BALANCE SHEETS (CONTINUED)
DECEMBER 31, 2023 AND 2022**

| | 2023 | 2022 |
|---|----------------|----------------|
| LIABILITIES AND NET ASSETS | | |
| CURRENT LIABILITIES | | |
| Accounts Payable and Accrued Expenses | \$ 1,690,656 | \$ 1,408,459 |
| Unfunded Commitment Liability - Credit Losses | 421,573 | - |
| Unearned Revenue | 4,623,097 | 148,346 |
| Grants Payable | 225,373 | 455,868 |
| Current Portion of Long-Term Debt | 7,723,017 | 8,436,693 |
| Lease Liability - Operating | 88,235 | 82,235 |
| Total Current Liabilities | 14,771,951 | 10,531,601 |
| LONG-TERM LIABILITIES | | |
| Notes Payable, Long Term (Net of \$3,276,649 and \$2,578,865 Present Value Discount in 2023 and 2022, Respectively), Less Current Portion | 87,430,309 | 82,197,906 |
| Community Investment Advance | 6,000,000 | 10,000,000 |
| Lease Liability - Operating, Less Current Portion | 33,530 | 123,547 |
| Total Long-Term Liabilities | 93,463,839 | 92,321,453 |
| Total Liabilities | 108,235,790 | 102,853,054 |
| NET ASSETS | | |
| Without Donor Restriction | 119,484,223 | 109,825,857 |
| With Donor Restriction | 8,815,711 | 5,214,136 |
| Total Net Assets | 128,299,934 | 115,039,993 |
| Total Liabilities and Net Assets | \$ 236,535,724 | \$ 217,893,047 |

See accompanying Notes to Consolidated Financial Statements.

GREATER MINNESOTA HOUSING FUND
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023

| | Without Donor Restriction | With Donor Restriction | Total |
|--|---------------------------------|------------------------------|-----------------------|
| SUPPORT AND REVENUE | | | |
| Contributions | \$ 443,414 | \$ 12,871,541 | \$ 13,314,955 |
| Program Service Revenues: | | | |
| Interest Income on Loans Receivable | 6,141,186 | - | 6,141,186 |
| Earnings (Losses) on NOAH Pool I LLC | (3,259,633) | - | (3,259,633) |
| Loan Commitment / Origination Fees | 1,060,830 | - | 1,060,830 |
| Gain On Sale of Loans to Lending Partner | 81,654 | - | 81,654 |
| MEF Acquisition Fees | 416,567 | - | 416,567 |
| HHMFC Dues | 157,500 | - | 157,500 |
| Noah Impact Fund Program Fees | 318,940 | - | 318,940 |
| Other Program Service Revenue | 233,967 | - | 233,967 |
| Total Program Service Revenues | 5,151,011 | - | 5,151,011 |
| Amortization of Present Value Discount | 509,075 | 978,106 | 1,487,181 |
| Interest and Dividends, Net | 2,160,531 | - | 2,160,531 |
| Unrealized Gain (Loss) on Investments | 1,309,798 | - | 1,309,798 |
| Realized Gain (Loss) on Investments | (443,794) | - | (443,794) |
| Total | 9,130,035 | 13,849,647 | 22,979,682 |
| Net Assets Released from Restrictions | 10,248,072 | (10,248,072) | - |
| Total Support and Revenue | 19,378,107 | 3,601,575 | 22,979,682 |
| EXPENSE | | | |
| Program Services | 7,518,640 | - | 7,518,640 |
| Support Services: | | | |
| Management and General | 2,201,101 | - | 2,201,101 |
| Total Expense | 9,719,741 | - | 9,719,741 |
| CHANGE IN NET ASSETS | 9,658,366 | 3,601,575 | 13,259,941 |
| Net Assets - Beginning of Year | 109,825,857 | 5,214,136 | 115,039,993 |
| NET ASSETS - END OF YEAR | <u>\$ 119,484,223</u> | <u>\$ 8,815,711</u> | <u>\$ 128,299,934</u> |

See accompanying Notes to Consolidated Financial Statements.

GREATER MINNESOTA HOUSING FUND
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022

| | Without Donor Restriction | With Donor Restriction | Total |
|--|---------------------------------|------------------------------|-----------------------|
| SUPPORT AND REVENUE | | | |
| Contributions | \$ 564,340 | \$ 13,750,000 | \$ 14,314,340 |
| Program Service Revenues: | | | |
| Interest Income on Loans Receivable | 5,388,749 | - | 5,388,749 |
| Earnings (Losses) on NOAH Pool I LLC | 17,690 | - | 17,690 |
| Loan Commitment / Origination Fees | 1,528,434 | - | 1,528,434 |
| Gain On Sale of Loans to Lending Partner | 704,930 | - | 704,930 |
| MEF Acquisition Fees | 1,066,949 | - | 1,066,949 |
| HHMFC Dues | 140,000 | - | 140,000 |
| Noah Impact Fund Program Fees | 275,633 | - | 275,633 |
| Other Program Service Revenue | 255,615 | - | 255,615 |
| Total Program Service Revenues | 9,378,000 | - | 9,378,000 |
| Amortization of Present Value Discount | 70,046 | - | 70,046 |
| Interest and Dividends, Net | 1,198,612 | - | 1,198,612 |
| Unrealized Gain (Loss) on Investments | (5,292,583) | - | (5,292,583) |
| Realized Gain (Loss) on Investments | 91,988 | - | 91,988 |
| Total | 6,010,403 | 13,750,000 | 19,760,403 |
| Net Assets Released from Restrictions | 15,637,642 | (15,637,642) | - |
| Total Support and Revenue | 21,648,045 | (1,887,642) | 19,760,403 |
| EXPENSE | | | |
| Program Services | 10,318,128 | - | 10,318,128 |
| Support Services: | | | |
| Management and General | 2,061,995 | - | 2,061,995 |
| Total Expense | 12,380,123 | - | 12,380,123 |
| CHANGE IN NET ASSETS | 9,267,922 | (1,887,642) | 7,380,280 |
| Net Assets - Beginning of Year | 100,557,935 | 7,101,778 | 107,659,713 |
| NET ASSETS - END OF YEAR | <u>\$ 109,825,857</u> | <u>\$ 5,214,136</u> | <u>\$ 115,039,993</u> |

See accompanying Notes to Consolidated Financial Statements.

GREATER MINNESOTA HOUSING FUND
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2023

| | Program Services | Management and General | Total |
|--------------------------------------|---------------------|---------------------------|---------------------|
| Salaries | \$ 2,518,545 | \$ 950,351 | \$ 3,468,896 |
| Payroll Taxes | 197,926 | 74,685 | 272,611 |
| Benefits | 747,110 | 281,915 | 1,029,025 |
| Total Personnel Costs | 3,463,581 | 1,306,951 | 4,770,532 |
| Program Grants | 1,320,007 | - | 1,320,007 |
| Professional Fees | 697,740 | 252,418 | 950,158 |
| Board Expense | - | 21,864 | 21,864 |
| Contract Services | 502,912 | 423,460 | 926,372 |
| Insurance | 147,655 | 40,029 | 187,684 |
| Public Information | 92,198 | - | 92,198 |
| Telephone | 12,277 | 4,632 | 16,909 |
| Travel | 46,082 | 17,388 | 63,470 |
| Occupancy | 130,672 | 49,308 | 179,980 |
| Training and Development | 30,345 | 11,450 | 41,795 |
| Repairs and Maintenance | 164,138 | 61,936 | 226,074 |
| Provision (Credit) for Credit Losses | (853,520) | - | (853,520) |
| Present Value Discount | (697,784) | - | (697,784) |
| Interest | 2,429,276 | - | 2,429,276 |
| Miscellaneous | 15,172 | 4,915 | 20,087 |
| Total Expense Before Depreciation | 7,500,751 | 2,194,351 | 9,695,102 |
| Depreciation | 17,889 | 6,750 | 24,639 |
| Total Expense | <u>\$ 7,518,640</u> | <u>\$ 2,201,101</u> | <u>\$ 9,719,741</u> |

See accompanying Notes to Consolidated Financial Statements.

GREATER MINNESOTA HOUSING FUND
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2022

| | Program Services | Management and General | Total |
|-----------------------------------|----------------------|---------------------------|----------------------|
| Salaries | \$ 2,204,224 | \$ 888,854 | \$ 3,093,078 |
| Payroll Taxes | 155,716 | 62,793 | 218,509 |
| Benefits | 578,130 | 233,131 | 811,261 |
| Total Personnel Costs | 2,938,070 | 1,184,778 | 4,122,848 |
| Program Grants | 1,411,700 | - | 1,411,700 |
| Professional Fees | 1,280,077 | 339,353 | 1,619,430 |
| Board Expense | - | 24,604 | 24,604 |
| Contract Services | 186,208 | 370,606 | 556,814 |
| Insurance | 77,089 | 31,086 | 108,175 |
| Public Information | 45,122 | - | 45,122 |
| Telephone | 12,604 | 5,082 | 17,686 |
| Travel | 15,657 | 6,314 | 21,971 |
| Occupancy | 103,337 | 41,671 | 145,008 |
| Training and Development | 22,993 | 9,272 | 32,265 |
| Repairs and Maintenance | 105,862 | 42,689 | 148,551 |
| Loan Loss Reserve | 1,178,596 | - | 1,178,596 |
| Present Value Discount | 599,462 | - | 599,462 |
| Interest | 2,325,131 | - | 2,325,131 |
| Miscellaneous | 3,083 | 1,243 | 4,326 |
| Total Expense Before Depreciation | 10,304,991 | 2,056,698 | 12,361,689 |
| Depreciation | 13,137 | 5,297 | 18,434 |
| Total Expense | <u>\$ 10,318,128</u> | <u>\$ 2,061,995</u> | <u>\$ 12,380,123</u> |

See accompanying Notes to Consolidated Financial Statements.

**GREATER MINNESOTA HOUSING FUND
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

| | <u>2023</u> | <u>2022</u> |
|--|-----------------------------|-----------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Change in Net Assets | \$ 13,259,941 | \$ 7,380,280 |
| Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities: | | |
| Unrealized (Gain) Loss on Investments | (1,309,798) | 5,292,583 |
| Realized (Gain) Loss on Investments | 443,794 | (91,988) |
| Depreciation | 24,639 | 18,434 |
| Provision for Long-Term Loans Receivable | (697,784) | 599,462 |
| Provision (Credit) for Credit Losses | (853,520) | 1,178,596 |
| Amortization of Note Payable Discount | (697,784) | 599,462 |
| (Increase) Decrease in Current Assets: | | |
| Interest Receivable | (115,344) | 825 |
| Other Assets | 142,401 | 1,740,009 |
| Contributions Receivable | (4,027,803) | 2,890,000 |
| Increase (Decrease) in Current Liabilities: | | |
| Accounts Payable and Accrued Expenses | 282,197 | (126,485) |
| Unearned Revenue | 4,474,751 | 68,413 |
| Grants Payable | (230,495) | 355,535 |
| Unfunded Commitment Liability - Credit Losses | 421,573 | - |
| Net Cash Provided by Operating Activities | <u>11,116,768</u> | <u>19,905,126</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Receipts on Loans Receivable | 45,351,181 | 60,558,010 |
| Advances on Loans Receivable | (65,537,367) | (90,718,056) |
| Sales of Investments | 67,441,787 | 75,955,522 |
| Purchase of Investments | (60,887,213) | (63,304,193) |
| Investment In Minnesota Housing Finance Agency | (216,327) | (759,656) |
| Investment in NOAH Impact Fund, LLC and Subsidiary | 3,259,633 | (17,690) |
| Purchase of Property and Equipment | (58,723) | (38,975) |
| Net Cash Used by Investing Activities | <u>(10,647,029)</u> | <u>(18,325,038)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from Long-Term Debt | 5,653,862 | 8,390,000 |
| Payments on Long-Term Debt | (437,351) | (4,426,923) |
| Line of Credit Payments | (4,000,000) | (3,384,400) |
| Net Cash Provided by Financing Activities | <u>1,216,511</u> | <u>578,677</u> |
| NET INCREASE IN CASH AND RESTRICTED CASH | 1,686,250 | 2,158,765 |
| Cash and Restricted Cash - Beginning of Year | <u>12,835,669</u> | <u>10,676,904</u> |
| CASH AND RESTRICTED CASH - END OF YEAR | <u><u>\$ 14,521,919</u></u> | <u><u>\$ 12,835,669</u></u> |
| SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION | | |
| Cash Paid for Interest | <u><u>\$ 2,229,466</u></u> | <u><u>\$ 2,219,803</u></u> |

See accompanying Notes to Consolidated Financial Statements.

**GREATER MINNESOTA HOUSING FUND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Founded in 1996 by The McKnight Foundation and Charles K. Blandin Foundation, Greater Minnesota Housing Fund (GMHF or the Organization) is a 501(c)(3) nonprofit, certified Community Development Financial Institution (CDFI) with the mission of supporting the creation of strong communities and affordable homes by making strategic investments and forming effective partnerships.

GMHF provides loans, grants and investments for the creation and preservation of multi-family rental housing and single-family homes, as well as mission-related program services.

GMHF serves the housing needs of Minnesota residents across the spectrum of the affordable housing continuum. GMHF fulfills its mission by deploying its financing resources (see Note 15) through the following programs to create strong communities and affordable homes throughout Minnesota:

Revolving Loan Fund – Greater Minnesota Housing Fund (GMHF) operates a revolving loan fund and annually provides between \$60 million and \$100 million in a variety of loans to assist affordable housing development organizations create or preserve between 1,200 and 1,600 permanently affordable multi-family and single-family homes annually. GMHF provides low-cost loans for planning and predevelopment, site acquisition, construction, rehabilitation, tax increment and equity-bridge financing, first mortgage loans, and working capital enterprise level loans for qualified affordable housing development organizations. These loans ensure affordable housing developers have the capital necessary to undertake high-priority multi-family and single-family affordable housing real estate developments in communities throughout Minnesota.

Grantmaking – GMHF provides grants to advance its program objectives described below and to housing organizations in Minnesota who conduct specialized activities in the areas of housing advocacy, legal services, tenant organizing, homebuyer training, housing research, community-based planning, cross-sector collaboration, legal services, local planning and technical assistance, and other activities complementary to GMHF to advance affordable housing agenda in Minnesota.

Programs – GMHF is known for its innovative and creative approaches to Minnesota's affordable housing challenges. GMHF offers three programs:

1. Emerging Developers of Color Programs supports BIPOC led organizations in their growth as affordable housing developers by offering grant funding, low-cost financing, technical assistance, and training to support developers of color creating community-aware housing solutions.
2. Housing and Health Equity Initiative links health care partners with the housing community to create investment and innovative housing solutions as we believe housing is health and the most critical social detriment of health.
3. Rural and Tribal Capacity Building Program serves housing development and innovation needs in Greater MN by bringing resources from grants to loan products, to coalition building and advocacy for investment in housing.

**GREATER MINNESOTA HOUSING FUND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Organization (Continued)

In addition, GMHF has built a library of education resources to promote best practices in the field of affordable housing, notably:

- Employer-Assisted Housing to promote workforce housing production with the support from major employers;
- Building Better Neighborhoods to promote compact land use patterns and smaller, neo-traditional single-family home plans to reduce costs;
- Rebuilding Better Neighborhoods that provide case studies of model projects to inspire communities to develop affordable housing; and
- Prosperity's Front Door – How Homes Build Strong Communities designed to increase public awareness and understanding of the importance affordable housing is to MN's economy, improving health and education outcomes.

GMHF also serves as the fiscal sponsor and is a member of the Heading Home Minnesota Funders Collaborative that engages philanthropy in supporting state and local plans to prevent and end homelessness and greater production of permanent supportive housing.

Financial Statement Presentation

Net assets and revenues, gains, and losses are classified based on donor-imposed restrictions. Accordingly, net assets of GMHF are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets without donor restrictions represents resources received with no donor-imposed restrictions. Net assets without donor restrictions includes amounts that have been designated by the board of directors for specific purposes.

Net Assets With Donor Restrictions – Net assets with donor restrictions represents resources subject to donor-imposed restrictions which will be satisfied by a specific purpose or time period. 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. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as restricted revenue when received and release from restrictions when the assets are placed in service.

Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

GMHF had no donor-restricted net assets that are required to be held in perpetuity at December 31, 2023 and 2022.

**GREATER MINNESOTA HOUSING FUND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Principles of Consolidation

The consolidated financial statements include the accounts of GMHF and its controlled subsidiaries, Minnesota Equity Fund (MEF) and NOAH Impact Fund LLC, which includes the entity, NOAH Pool I LLC. In addition, GMHF's lending partnership with Minnesota Housing Finance Agency is treated as an equity method investment on the consolidated financial statements. All material intercompany transactions have been eliminated.

Tax-Exempt Status

GMHF is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code (IRC) and is subject to federal income tax only on net unrelated business income. GMHF currently has no unrelated business income and is not considered a private foundation within the meaning of Section 509(a) of the IRC. Therefore, all contributions are considered tax deductible. Greater Minnesota Housing Corporation is a wholly owned limited liability corporation of GMHF and all its activities are included on the filings with GMHF. MEF and NOAH Impact Fund LLC are single member LLCs, and all of their respective activities are included on the filings with the GMHF.

GMHF follows the income tax standard regarding the recognition and measurement of uncertain tax positions. GMHF is not aware of any uncertain tax positions it has taken. GMHF is not currently under examination by any taxing jurisdiction. Federal and state tax authorities have the right to examine returns for a period of three years after they are filed.

Cash

GMHF considers liquid investments with original maturities of three months or less to be cash equivalents. Cash and cash equivalents include checking, savings, and money market funds. At times balances are in excess of Federal Deposit Insurance Corporation insurance (FDIC) limits.

Restricted Cash

Restricted cash is mainly made up of cash restricted for the Bond Guaranty Program, Heading Home Minnesota Funders Collaborative, and escrow holdings related to loan borrowers 3-month interest/principal payment deposits

Property and Equipment

GMHF's furniture, fixtures, and equipment are comprised of computers, desks, other general office furniture and equipment, and a vehicle over the capitalization threshold of \$1,000. Furniture, fixtures, and equipment are stated at cost at date of acquisition or fair market value at date of donation in the case of donated property. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulation, contributions of furniture and equipment are recorded as unrestricted. All assets are depreciated on a straight-line basis over the assets estimated useful lives.

**GREATER MINNESOTA HOUSING FUND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Loans Receivable and Allowance for Discounts and Credit Losses on Loans

Greater Minnesota Housing Fund operates a \$136 million revolving loan fund providing low-interest interim (amortizing) loans to public and private affordable housing developers, local units of government, and other nonprofit agencies and organizations. GMHF develops new interim loan products in response to the needs of its borrowers and is flexible in underwriting terms and conditions.

Interim loan products with amounts outstanding at December 31, 2023 include:

Acquisition Loans

Loans made available for the purchase of buildings including the preservation of existing affordable housing developments. Loan amounts of up to \$1 million are available on single-family affordable housing developments and up to \$5 million on multi-family affordable housing developments with priority given to preservation with expiring federal or state subsidies.

Construction or Bridge Loans

On affordable housing projects receiving low-income tax credit or historic tax credit allocation, GMHF provides loans to fund construction costs or bridge loans to fully fund a project until all the tax equity has been paid in to the project by the investors and tax syndicators. Construction and bridge loans are secured by either the property or by the expected equity contribution to a project and loan fees are charged on each draw during the construction or bridge period.

Single-Family Acquisition and Rehabilitation

GMHF provides lines of credit to developers to finance acquisition, rehabilitation, and resale of single-family housing in an effort to maintain the inventory of single-family affordable homes in Greater Minnesota. Loans made through this program are interest bearing, secured by the property, and due and payable upon resale.

Enterprise

GMHF is offering Program Related Investments (PRI) funding to a select group of its preferred nonprofit partners in order to provide increased flexibility, decreased transaction costs, and to facilitate the growth and stability of the organizations. These low interest, long-term funds are provided at full recourse to the Organization.

Community Facilities and TIF-Eligible

GMHF advances loans with advantageous rates to other entities for the purpose of increasing the production and preservation of low-income housing. Some of GMHF's loans pay TIF-eligible project costs by leveraging the projected future value of TIF payments. GMHF also provides flexible loan capital to community facilities via loan participations.

**GREATER MINNESOTA HOUSING FUND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

**Loans Receivable and Allowance for Discounts and Credit Losses on Loans
(Continued)**

GMHF also operates a subordinated, “soft second” gap or deferred loan pool for multi-family and single-family affordable housing projects. In rural Minnesota, these loans are a critical financial tool for use on projects in low-rent areas to enable them to support interest-bearing debt. GMHF make funds available for long-term, deferred, and subordinated loans to overcome barriers to home ownership and reduce monthly debt service costs on multi-family projects.

Deferred loan products with amounts outstanding at December 31, 2023 include:

Multi-Family Deferred Loans

Long-term, deferred loans are available for affordable housing developers applying for project funding through Minnesota’s statewide funding process. These loans reduce monthly rents for low-income tenants and help to address affordable housing needs in greater Minnesota by reducing the amount of amortizing debt on individual projects. Up to \$1 million per project is available and the loan is generally offered at 0% or 1% interest for a term that is usually coterminous with the first mortgage and generally does not exceed 40 years.

Single-Family Deferred Home Buyer Loans

GMHF makes single-family subordinate mortgages available through a network or regional community-based housing nonprofits that pre-qualify buyers and administer the loan. GMHF offers this product at no interest, subordinated to the first mortgage, and deferred until the homebuyer refinances or sells their home.

Single-Family Deferred Home Improvement Loans

Similar to the Home Buyer Loans mentioned above, a loan product is offered to low income homeowners who are making improvements to their homes. Home improvement loans are offered at no interest and repayment is deferred until the sale or refinancing of the property.

Greater Minnesota Housing Fund provides loans at below market rates for the purposes of increasing the number of units of low-income housing available in Minnesota. Loans receivable that are due after December 31, 2023 are recorded at the net present value of the amounts expected to be collected under the term of the loan agreement. The reserve for Present Value Discount is \$27,299,986 and \$28,787,167 at December 31, 2023 and 2022, respectively.

**GREATER MINNESOTA HOUSING FUND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

**Loans Receivable and Allowance for Discounts and Credit Losses on Loans
(Continued)**

GMHF advances loans with advantageous rates to other entities for the purpose of increasing the production and preservation of low-income housing. Loans receivable that are expected to be collected within one year are recorded at their net realizable value. Loans receivable that are expected to be collected in future years are recorded at the present value of the amounts expected to be collected. This value is determined to be fair value and is calculated using an income approach of applying a discount rate technique in the year in which the note is made. The discount rates range between 3.35% and 6.22%, which was based on the Federal Home Loan Mortgage Corporation's (FHLMC) interest rate during the year the loan was made. Management believes this is the best estimate of the discount percentage. Discounts on new loans are recorded as a program expense and classified as a discount for long-term loans receivable. Amortization of discount on loans made in prior years and the effect of discounts previously recorded on loans retired or partially refunded during the year are recorded as interest revenue.

On January 1, 2023, GMHF adopted ASU 2016-13 Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments (ASC326). This standard implements an expected loss methodology that is referred to as the current expected credit loss ("CECL") methodology.

CECL requires an estimate of credit losses for the remaining estimated life of financial instruments using historical experience, current conditions, and reasonable and supportable forecasts. GMHF has applied this methodology to its loan receivables and its unfunded loan commitment.

GMHF implemented CECL by completing the following:

- Used the weighted average remaining maturity (WARM) method, which estimates expected credit losses over the remaining life of the financial assets and uses a weighted average of the asset's contractual terms to estimate the portfolio classes' remaining contractual term. The WARM method uses average annual net charge-off rates and the amortization-adjusted remaining life, plus GMHF added and estimated prepayment rate as it historically received prepayment on its loans.
- Applied two qualitative factors that have an economic effect:
 - Unemployment: GMHF feels that changes in the unemployment rate will affect the ability of borrowers to repay on loans.
 - Inflation: GMHF feels that changes in inflation will affect the ability of borrowers to repay their loans.

**GREATER MINNESOTA HOUSING FUND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

**Loans Receivable and Allowance for Discounts and Credit Losses on Loans
(Continued)**

- Applied an additional qualitative factor of its internal Risk Rating report, which is an analysis on its entire loan portfolio completed for each individual loan. The loans are rated by the following categories:
 - Sound: A sound loan is a credit with no existing or known potential weaknesses deserving of management's close attention.
 - Watch: Loans classified as Watch have a potential weakness that deserves management's close attention. If left uncorrected, this potential weakness may result in deterioration of the repayment prospects for the loan or of GMHF's credit position at some future date.
 - Substandard: Loans classified as substandard are not adequately protected by the current net worth and paying capacity of the borrower or of the collateral pledged, if any. Loans classified as substandard have a well-defined weakness or weaknesses that jeopardize the repayment of the debt.
 - Doubtful: Loans classified as doubtful have a deteriorated financial condition that makes payment unlikely.
 - Loss: Loans classified as loss are considered uncollectible and charged off immediately
- Used historical loan prepayments and applied the prepayment rate against its loan receivables.

GMHF records an estimate for estimate of credit losses based on management's best estimates. The estimate for credit losses is revised on a quarterly basis. Any loans receivables that are considered at loss will be written off immediately.

Although management believes the allowance for credit losses on loans to be adequate, ultimate losses may vary from its estimates. At least quarterly, the board of directors reviews the adequacy of the allowance for credit losses on loans, including consideration of the relevant risks in the portfolio, current economic conditions, and other factors. Prior to the adoption of ASC 326, GMHF used an incurred loss model to measure an allowance for loan losses.

Off-Balance-Sheet Credit Related Financial Instruments

In the ordinary course of business, GMHF has entered into commitments to extend credit under credit arrangements. Such financial instruments are recorded when they are funded. Expected credit losses related to off-balance sheet credit exposures are estimated over the contractual period for which GMHF is exposed to credit risk via a contractual obligation to extend credit unless that obligation is unconditionally cancellable by GMHF. Expected credit losses are estimated using similar methodologies employed to estimate expected credit losses on loans, taking into consideration the likelihood and extent of additional amounts expected to be funded over the terms of the commitments. The liability for credit losses on off-balance sheet credit exposures is presented as the unfunded commitment liability – credit losses on the consolidated balance sheets. Adjustments to the liability are included in the provision for credit losses.

GREATER MINNESOTA HOUSING FUND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Contributions Receivable

Contributions receivable that are expected to be collected within one year are recorded at their net realizable value. Contributions receivable that are expected to be collected in future years are recorded at the present value of the amounts expected to be collected. This value is determined to be fair value and is calculated using an income approach of applying a discount rate technique in the year in which the pledge is received. The discount is recorded as a reduction in contribution revenue in the year in which the pledge is received. The discount is amortized over the term of the promise. Amortization is recorded as contribution revenue. GMHF uses the reserve method for allowance for doubtful accounts. Management believes pledges are fully collectible.

Investments

Investments are recorded at fair value on a recurring basis on the consolidated balance sheet. Fair value measurement is based upon quoted prices, if available. Securities valued using Level 1 inputs include those traded on an active exchange, such as the New York Stock Exchange, as well as U.S. Treasury and other U.S. government and agency mortgage-backed securities that are traded by dealers or brokers in active over-the-counter markets. Securities valued using Level 2 inputs include private collateralized mortgage obligations, municipal bonds, and corporate debt securities. Unrealized gains and losses are included in the change in net assets in the accompanying consolidated statements of activities. Investments included in current assets are for short term use within the next 12 months and are considered liquid.

Notes Payable

Notes payable that are payable within one year are recorded at their net realizable value. Notes payable that are payable in future years are recorded at the present value of the amounts expected to be repaid. This value is determined to be fair value and is calculated using an income approach of applying a discount rate technique in the year in which the note payable is issued. The present value discount is recorded in the month in which the note is issued, and the discount is amortized over the term of the note

Right-of-Use Asset and Lease Liability

GMHF determines if an arrangement is a lease at inception. GMHF has one operating lease included in right-of-use (ROU) asset and lease liability in the consolidated balance sheets. The ROU assets represent GMHF's right to use an underlying asset for the lease term and lease liabilities represent GMHF's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the GMHF will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term. GMHF has elected to recognize payments for short-term leases with a lease term of 12 months or less as an expense when incurred. These leases are not included as lease liabilities or right of use assets on the consolidated balance sheets. The individual lease contract does not provide information about the discount rate implicit in the lease. Therefore, GMHF has elected to use their borrowing rate determined using a period comparable with that of the lease term for computing the present value of lease liabilities.

**GREATER MINNESOTA HOUSING FUND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Grants

GMHF provides grants for the purpose of increasing affordable housing for low-income persons. Grant commitments are charged to expense at the time the grants are approved by the board of directors and communicated to the recipient. All grant commitments are payable within one year. At December 31, 2023 and 2022, GMHF has approved grants of \$225,373 and \$455,868, respectively, which are subject to conditions and are reflected in the accompanying consolidated financial statements.

Functional Allocation of Expense

Salaries and related expenses are allocated based on job descriptions and the best estimates of management. Expenses not directly allocated to a function are allocated based on management's best estimate of the reason for incurring the cost. Fundraising expenses are minimal and, therefore, are included in management and general.

Use of Estimates

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

Concentrations

GMHF held deposits with a financial institution which exceeded the federal guarantees of the FDIC during 2023 and 2022. Management of GMHF does not believe significant uninsured deposit risk exists at December 31, 2023.

Fair Value Measurements

The standard on fair value measurements defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs used to measure fair value, and requires expanded disclosures about fair value measurements. GMHF accounts for a significant portion of its financial instruments at fair value or considers fair value in their measurement. GMHF accounts for certain financial assets and liabilities at fair value under various accounting literature. GMHF also accounts for certain assets at fair value under applicable industry guidance.

In accordance with the standard on fair value measurements, GMHF has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

**GREATER MINNESOTA HOUSING FUND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Fair Value Hierarchy

Financial assets and liabilities recorded on the consolidated balance sheets are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Inputs that reflect unadjusted quoted prices in active markets for identical investments, such as stocks, corporate and government bonds. GMHF has the ability to access fair value as of the measurement date.

Level 2 – Inputs, other than quoted prices, that are observable for the asset or liability either directly or indirectly, including inputs from markets that are not considered to be active.

Level 3 – Inputs that are unobservable. Unobservable inputs reflect Organization's own assumptions about the factors market participants would use in pricing an investment and is based on the best information available in the circumstances.

Reclassification

Certain 2022 amounts in the accompanying consolidated financial statements have been reclassified to conform to the 2023 presentation. These reclassifications have no impact on total net assets.

Change in Accounting Principle

On January 1, 2023, GMHF adopted ASU 2016-03, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, as amended (ASC 326), which replaces the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss methodology (CECL). The measurement of expected credit losses under CECL is applicable to financial assets measured at amortized cost, including loan receivables and held to maturity securities. It also applies to off-balance sheet credit exposures such as loan commitments and standby letters of credit. In addition, changes were made to the accounting for available for sale securities, which requires credit losses to be presented as an allowance rather than as a direct write-down of the available for sale securities when management does not intend to sell or believes that it is more likely than not that they will be required to sell.

GMHF adopted the standard using the modified retrospective method for all financial assets measured at amortized cost and for off-balance sheet credit exposures. Results for annual periods beginning after January 1, 2023 are presented under the new CECL model while prior reporting periods continue to be reported in accordance with previously applicable GAAP. The adoption of this standard did not have a material impact of GMHF's financial statements.

Subsequent Events

In preparing these consolidated financial statements, GMHF has evaluated events and transactions for potential recognition or disclosure through May 10, 2024, the date the consolidated financial statements were available to be issued.

GREATER MINNESOTA HOUSING FUND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 2 CONTRIBUTIONS RECEIVABLE

Contributions receivable at December 31, 2023 and 2022 consist of commitments from various foundation donors. The discount rate was imputed at 6.82% for the year ended December 31, 2023, which was based on the Federal Home Loan Mortgage Corporation's interest rate at December 31, 2023. There was no need to impute a discount rate on December 31, 2022, as all contribution receivables were current. There is no allowance for uncollectible accounts, as management believes all contributions receivable are collectible.

| | 2023 | 2022 |
|--------------------------------|---------------------|-------------------|
| Unconditional Promises to Give | \$ 4,420,000 | \$ 250,000 |
| Unamortized Discount | (142,197) | - |
| Total | <u>\$ 4,277,803</u> | <u>\$ 250,000</u> |
| Current Portion | \$ 2,335,000 | \$ 250,000 |
| Long-Term Portion | 1,942,803 | - |
| Total | <u>\$ 4,277,803</u> | <u>\$ 250,000</u> |
| Amounts Due in: | | |
| Less Than One Year | \$ 2,335,000 | \$ 250,000 |
| One to Five Years | 2,085,000 | - |
| Total | <u>\$ 4,420,000</u> | <u>\$ 250,000</u> |

GREATER MINNESOTA HOUSING FUND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 3 LOANS AND INTEREST RECEIVABLE

Loans receivable by loan product are as follows:

| | 2023 | | |
|--|----------------------|-----------------------|-----------------------|
| | Current | Long-Term | Total |
| Interim or Amortizing Loans: | | | |
| MF Pre-Development | \$ 1,500,000 | \$ 1,110,424 | \$ 2,610,424 |
| MF Mezzanine | - | 4,450,578 | 4,450,578 |
| LT Amortizing | - | 18,843,077 | 18,843,077 |
| Acquisition and Rehabilitation | - | 920,000 | 920,000 |
| Construction or Bridge | 20,550,981 | 34,653,894 | 55,204,875 |
| TIF | - | 491,044 | 491,044 |
| Enterprise | - | 41,346 | 41,346 |
| Single-Family Interim | 1,713,878 | - | 1,713,878 |
| Bond Guarantee Program | - | 66,411,479 | 66,411,479 |
| Deferred Loans: | | | |
| Multi-Family | 245,000 | 43,184,324 | 43,429,324 |
| Single-Family | - | 6,351,202 | 6,351,202 |
| Loans Receivable – Gross | 24,009,859 | 176,457,368 | 200,467,227 |
| Less: Reserve for Present Value Discount | - | (27,299,986) | (27,299,986) |
| Less: Allowance for Credit Losses | (633,400) | (4,216,387) | (4,849,787) |
| Accrued Interest and Loan Fees | 114,108 | 3,629,515 | 3,743,623 |
| Add: Loan Fees | 50,296 | - | 50,296 |
| Net Loans Receivable | <u>\$ 23,540,863</u> | <u>\$ 148,570,510</u> | <u>\$ 172,111,373</u> |
| | 2022 | | |
| | Current | Long-Term | Total |
| Interim or Amortizing Loans: | | | |
| MF Pre-Development | \$ - | \$ 2,677,297 | \$ 2,677,297 |
| LT Amortizing | - | 11,874,050 | 11,874,050 |
| Acquisition and Rehabilitation | 6,881 | - | 6,881 |
| Construction or Bridge | 25,571,539 | 32,746,629 | 58,318,168 |
| TIF | - | 574,404 | 574,404 |
| Enterprise | - | 46,190 | 46,190 |
| Single-Family Interim | - | 236,482 | 236,482 |
| Bond Guarantee Program | - | 58,053,362 | 58,053,362 |
| Deferred Loans: | | | |
| Multi-Family | - | 43,442,637 | 43,442,637 |
| Single-Family | - | 6,758,612 | 6,758,612 |
| Loans Receivable – Gross | 25,578,420 | 156,409,663 | 181,988,083 |
| Less: Reserve for Present Value Discount | - | (28,787,167) | (28,787,167) |
| Less: Allowance for Credit Losses | (633,400) | (5,609,082) | (6,242,482) |
| Accrued Interest and Loan Fees | 82,336 | 3,321,473 | 3,403,809 |
| Add: Loan Fees | 11,640 | - | 11,640 |
| Net Loans Receivable | <u>\$ 25,038,996</u> | <u>\$ 125,334,887</u> | <u>\$ 150,373,883</u> |

GREATER MINNESOTA HOUSING FUND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 3 LOANS AND INTEREST RECEIVABLE (CONTINUED)

Loans receivable will be repaid as follows:

| <u>Year Ending December 31,</u> | <u>Amount</u> |
|---|------------------------------|
| 2024 | \$ 24,009,858 |
| 2025 | 33,975,759 |
| 2026 | 2,668,294 |
| 2027 | 2,934,852 |
| 2028 | 529,965 |
| Thereafter | 136,348,499 |
| Total | <u>200,467,227</u> |
| Plus: Interest Receivable | 3,743,623 |
| Plus: Loan Fees | 50,296 |
| Less: Allowance for Discounts and Credit Losses | <u>(32,149,773)</u> |
| Net Realizable Loans Receivable | 172,111,373 |
| Less: Loans Receivable, Current Portion, Net | <u>(23,540,863)</u> |
| Loans Receivable, Long-Term Portion, Net | <u><u>\$ 148,570,510</u></u> |

Loans and interest receivable, net at December 31 consist of the following:

| | <u>2023</u> | <u>2022</u> |
|--|------------------------------|------------------------------|
| Loans Receivable, Current | \$ 24,009,859 | \$ 25,578,420 |
| Less: Allowance for Credit Losses | (633,400) | (633,400) |
| Interest Receivable on Loans, Current | 114,108 | 82,336 |
| Add: Loan Fees | 50,296 | 11,640 |
| Current Loans and Interest Receivable, Net | <u><u>\$ 23,540,863</u></u> | <u><u>\$ 25,038,996</u></u> |
| Loans Receivable, Long-Term | \$ 176,457,368 | \$ 156,409,663 |
| Less: Present Value Discount on Loans | (26,051,766) | (27,587,949) |
| Less: Allowance for Credit Losses | (4,216,387) | (5,609,082) |
| Interest Receivable on Loans, Long-Term | 3,629,515 | 3,321,473 |
| Less: Present Value Discount on Interest | <u>(1,248,220)</u> | <u>(1,199,218)</u> |
| Long-Term Loans and Interest Receivable, Net | <u><u>\$ 148,570,510</u></u> | <u><u>\$ 125,334,887</u></u> |

GREATER MINNESOTA HOUSING FUND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 3 LOANS AND INTEREST RECEIVABLE (CONTINUED)

Changes in the allowance for credit losses for the years ended December 31 are as follows:

| 2023 | | | | | | | |
|--------------------------------|---------------------|-----------------------------|-------------------|---------------------|----------------|-------------|---------------------|
| | Beginning Balance | Provision for Credit Losses | Loan Write-Offs | Interest Write-Offs | Loans Forgiven | Recoveries | Ending Balance |
| Interim/Amortizing Loans: | | | | | | | |
| Pre-Development | \$ 5,242,635 | \$ (1,760,314) | \$ - | \$ 25,000 | \$ - | \$ - | \$ 3,507,321 |
| Acquisition and Rehabilitation | 4,730 | 42,982 | - | - | - | - | 47,712 |
| Total | 5,247,365 | (1,717,332) | - | 25,000 | - | - | 3,555,033 |
| Deferred Loans: | | | | | | | |
| Multi-Family | 873,828 | (506,499) | - | - | - | - | 367,329 |
| Single-Family | 120,651 | 714,171 | 91,673 | 930 | - | - | 927,425 |
| Loan Fees | 638 | (638) | - | - | - | - | - |
| Total | <u>\$ 6,242,482</u> | <u>\$ (1,510,298)</u> | <u>\$ 91,673</u> | <u>\$ 25,930</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 4,849,787</u> |
| 2022 | | | | | | | |
| | Beginning Balance | Provision for Credit Losses | Loan Write-Offs | Interest Write-Offs | Loans Forgiven | Recoveries | Ending Balance |
| Interim/Amortizing Loans: | | | | | | | |
| RLF Multi - Family | \$ 4,092,068 | \$ 1,150,567 | \$ - | \$ - | \$ - | \$ - | \$ 5,242,635 |
| RLF Single Family | - | 4,730 | - | - | - | - | 4,730 |
| Total | 4,092,068 | 1,155,297 | - | - | - | - | 5,247,365 |
| Deferred Loans: | | | | | | | |
| Multi-Family | 849,997 | 23,831 | - | - | - | - | 873,828 |
| Single-Family | 121,573 | 6,578 | (7,500) | - | - | - | 120,651 |
| Loan Fees | 248 | 390 | - | - | - | - | 638 |
| Total | <u>\$ 5,063,886</u> | <u>\$ 1,186,096</u> | <u>\$ (7,500)</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 6,242,482</u> |

A loan is considered to be collateral dependent when, based upon management's assessment, the borrower is experiencing financial difficulty and repayment is expected to be provided substantially through the operation or sale of the collateral. For collateral dependent loans, expected credit losses are based on the estimated fair value of the collateral at the balance sheet date, with consideration for estimated selling costs if satisfaction of the loan depends on the sale of the collateral. There were no collateral dependent loans as of December 31, 2023 and 2022.

The following tables show the loan portfolio segments allocated by management's internal risk ratings for the years ended December 31:

| 2023 | | | | | | |
|--------------------------------|-----------------------|----------------------|---------------------|---------------------|-------------------|-----------------------|
| | Sound | Watch | Substandard | Doubtful | Loss | Total |
| Interim/Amortizing Loans: | | | | | | |
| MF Pre-Development | \$ 1,110,424 | \$ 1,500,000 | \$ - | \$ - | \$ - | \$ 2,610,424 |
| MF Mezzanine | 3,517,981 | 532,341 | 157,000 | 243,256 | - | 4,450,578 |
| LT Amortizing | 14,787,426 | - | 2,257,198 | 1,798,453 | - | 18,843,077 |
| Acquisition and Rehabilitation | 920,000 | - | - | - | - | 920,000 |
| Construction or Bridge | 55,204,875 | - | - | - | - | 55,204,875 |
| TIF | 491,044 | - | - | - | - | 491,044 |
| Enterprise | - | 41,346 | - | - | - | 41,346 |
| Single-Family Interim | 1,713,878 | - | - | - | - | 1,713,878 |
| Bond Guarantee Program | 58,987,171 | 5,302,170 | - | 2,122,138 | - | 66,411,479 |
| Total | 136,732,799 | 7,375,857 | 2,414,198 | 4,163,847 | - | 150,686,701 |
| Deferred Loans: | | | | | | |
| Multi-Family | 31,651,202 | 7,556,166 | 3,446,956 | 415,000 | 360,000 | 43,429,324 |
| Single-Family | 6,197,881 | 96,931 | - | 32,000 | 24,390 | 6,351,202 |
| Total | <u>\$ 174,581,882</u> | <u>\$ 15,028,954</u> | <u>\$ 5,861,154</u> | <u>\$ 4,610,847</u> | <u>\$ 384,390</u> | <u>\$ 200,467,227</u> |

GREATER MINNESOTA HOUSING FUND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 3 LOANS AND INTEREST RECEIVABLE (CONTINUED)

| | 2022 | | | | | |
|--------------------------------|-----------------------|---------------------|---------------------|-------------|-------------------|-----------------------|
| | Sound | Watch | Substandard | Doubtful | Loss | Total |
| Interim/Amortizing Loans: | | | | | | |
| MF Pre-Development | \$ 2,677,297 | \$ - | \$ - | \$ - | \$ - | \$ 2,677,297 |
| LT Amortizing | 11,874,050 | - | - | - | - | 11,874,050 |
| Acquisition and Rehabilitation | 6,881 | - | - | - | - | 6,881 |
| Construction or Bridge | 57,602,923 | 170,381 | 544,864 | - | - | 58,318,168 |
| TIF | 574,404 | - | - | - | - | 574,404 |
| Enterprise | - | 46,190 | - | - | - | 46,190 |
| Single-Family Interim | 236,482 | - | - | - | - | 236,482 |
| Bond Guarantee Program | 56,938,296 | 1,115,066 | - | - | - | 58,053,362 |
| Total | 129,910,333 | 1,331,637 | 544,864 | - | - | 131,786,834 |
| Deferred Loans: | | | | | | |
| Multi-Family | 32,079,516 | 7,556,166 | 3,446,955 | - | 360,000 | 43,442,637 |
| Single-Family | 6,624,903 | 40,478 | 6,558 | - | 86,673 | 6,758,612 |
| Total | <u>\$ 168,614,752</u> | <u>\$ 8,928,281</u> | <u>\$ 3,998,377</u> | <u>\$ -</u> | <u>\$ 446,673</u> | <u>\$ 181,988,083</u> |

The following tables show an aging analysis of the loan portfolio by time past due for the years ended December 31:

| | 2023 | | | | |
|--------------------------------|-----------------------|------------------------|-------------------------------|---------------------|-----------------------|
| | Accruing Interest | | | Total Nonaccrual | Total Loans |
| | Current | 30-89 Days Past Due | More Than 90 Days Past Due | | |
| Interim/Amortizing Loans: | | | | | |
| MF Pre-Development | \$ 2,609,944 | \$ 480 | \$ - | \$ - | \$ 2,610,424 |
| MF Mezzanine | 4,444,800 | 3,529 | 2,249 | - | 4,450,578 |
| LT Amortizing | 18,833,775 | 9,302 | - | - | 18,843,077 |
| Acquisition and Rehabilitation | 920,000 | - | - | - | 920,000 |
| Construction or Bridge | 55,165,907 | 38,968 | - | - | 55,204,875 |
| TIF | 491,044 | - | - | - | 491,044 |
| Enterprise | 41,346 | - | - | - | 41,346 |
| Single-Family Interim | 1,713,758 | 120 | - | - | 1,713,878 |
| Bond Guarantee Program | 66,371,994 | 30,715 | 8,770 | - | 66,411,479 |
| Total | 150,592,568 | 83,114 | 11,019 | - | 150,686,701 |
| Deferred Loans: | | | | | |
| Multi-Family | 43,429,324 | - | - | - | 43,429,324 |
| Single-Family | 6,351,202 | - | - | - | 6,351,202 |
| Total | <u>\$ 200,373,094</u> | <u>\$ 83,114</u> | <u>\$ 11,019</u> | <u>\$ -</u> | <u>\$ 200,467,227</u> |

GREATER MINNESOTA HOUSING FUND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 3 LOANS AND INTEREST RECEIVABLE (CONTINUED)

| | 2022 | | | | |
|--------------------------------|-----------------------|------------------------|-------------------------------|---------------------|-----------------------|
| | Accruing Interest | | | Total Nonaccrual | Total Loans |
| | Current | 30-89 Days Past Due | More Than 90 Days Past Due | | |
| Interim/Amortizing Loans: | | | | | |
| MF Pre-Development | \$ 2,677,297 | \$ - | \$ - | \$ - | \$ 2,677,297 |
| LT Amortizing | 11,874,050 | - | - | - | 11,874,050 |
| Acquisition and Rehabilitation | 6,881 | - | - | - | 6,881 |
| Construction or Bridge | 58,318,168 | - | - | - | 58,318,168 |
| TIF | 574,404 | - | - | - | 574,404 |
| Enterprise | 46,190 | - | - | - | 46,190 |
| Single-Family Interim | 236,482 | - | - | - | 236,482 |
| Community Facilities | 58,053,362 | - | - | - | 58,053,362 |
| Total | 131,786,834 | - | - | - | 131,786,834 |
| Deferred Loans: | | | | | |
| Multi-Family | 43,442,637 | - | - | - | 43,442,637 |
| Single-Family | 6,758,612 | - | - | - | 6,758,612 |
| Total | <u>\$ 181,988,083</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 181,988,083</u> |

Modifications to borrowers experiencing financial difficulty may include interest rate reductions, principal or interest forgiveness, forbearances, term extensions, and other actions intended to minimize economic loss and to avoid foreclosure or repossession of collateral. There were no modifications to loans as of December 31, 2023 and 2022.

NOTE 4 NET ASSETS

Net assets at December 31 consist of the following:

| | 2023 | 2022 |
|--|-----------------------|-----------------------|
| With Donor Restriction: | | |
| Purpose Restricted | \$ 1,039,062 | \$ 885,271 |
| Time Restricted | 7,776,649 | 4,328,865 |
| Total With Donor Restriction | 8,815,711 | 5,214,136 |
| Without Donor Restriction - Board-Designated: | | |
| Net Loans Receivable | 172,111,373 | 150,373,883 |
| Approved Loans to be Disbursed | 130,352,092 | 133,632,012 |
| Less: Lending Committed from Notes Payable | (104,429,975) | (103,213,464) |
| Approved Conditional Grants to be Disbursed | 225,373 | 455,868 |
| Total Without Donor Restriction - Board Designated | 198,258,863 | 181,248,299 |
| Without Donor Restriction - Undesignated | (78,774,640) | (71,422,442) |
| Total Without Donor Restriction | 119,484,223 | 109,825,857 |
| Total Net Assets | <u>\$ 128,299,934</u> | <u>\$ 115,039,993</u> |

**GREATER MINNESOTA HOUSING FUND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 4 NET ASSETS (CONTINUED)

Net Assets Released from Restrictions

During the years ended December 31, 2023 and 2022, \$10,248,072 and \$15,637,642, respectively, of donor-restricted net assets were released from restrictions. The net assets released from restrictions were released due to meeting program use and/or time restrictions.

Net Assets Without Donor Restriction – Board Designated

This balance is made up of board designated loans that have been approved to be disbursed as well as conditional grants approved to be disbursed in the future. As of December 31, 2023 and 2022, the amount of the board-designated amount was \$198,258,863 and \$181,248,299, respectively.

Net Assets Without Donor Restriction – Undesignated

This balance is made up of forward commitments on loans made by GMHF that could be disbursed in the future. GMHF manages these forward commitments through oversight of its cash flows and the forward commitments will be funded via repayment proceeds from other loans, existing lending partnerships, new capital and use of GMHF investments. As of December 31, 2023 and 2022, the amount of the undesignated amount was \$(78,774,640) and \$(71,422,442), respectively.

NOTE 5 RETIREMENT PLAN

GMHF has a defined contribution plan which covers all full-time personnel employed by GMHF beginning the first of the month following 90 days of service. GMHF contributes an amount equal to 10% of each employee's annual compensation. Contributions totaled \$309,686 and \$265,529 during 2023 and 2022, respectively.

GMHF offers an unfunded, nonqualified deferred compensation plan, commonly referred to as a Section 457(b) plan, to certain key employees. Amounts needed to fund deferred compensation are invested in various mutual funds managed by the Woodbury Financial but are subject to the claims of general creditors of GMHF. All deferred amounts are fully vested and included in expense as they are earned by participating employees. Changes to the deferred balance and the corresponding investment account included an addition of \$15,000 during the years ended December 31, 2023 and 2022.

GMHF also offers an unfunded, nonqualified deferred compensation plan, commonly referred to as a Section 457(f) plan, to certain key employees. Amounts needed to fund deferred compensation are invested in various mutual funds managed by the Woodbury Financial but are subject to the claims of general creditors of GMHF. All deferred amounts are fully vested and included in expense as they are earned by participating employees. Changes to the deferred balance and the corresponding investment account included an addition of \$30,000 during the years ended December 31, 2023 and 2022.

GREATER MINNESOTA HOUSING FUND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 6 INVESTMENTS

The fair market value for investments is as follows at December 31:

| | 2023 | 2022 |
|----------------------------|----------------------|----------------------|
| Cash and Cash Equivalents | \$ 24,758,133 | \$ 2,217,427 |
| Fixed Income | - | 23,716,809 |
| Corporate Bonds | 11,105,710 | 15,799,983 |
| Federal Loan Mortgage | 8,222,781 | 8,014,430 |
| Mortgage-Backed Securities | 739,901 | 766,446 |
| Total | <u>\$ 44,826,525</u> | <u>\$ 50,515,095</u> |

Interest and dividends as presented on the consolidated statements of activities include \$2,249,426 and \$1,252,585 of interest and dividends and is net of investment fees of \$106,692 and \$60,172 for 2023 and 2022, respectively.

NOTE 7 INVESTMENT IN NOAH IMPACT FUND, LLC

On June 1, 2017, the NOAH Impact Fund LLC and the NOAH Pool I LLC began operations. GMHF's investment in these entities is shown on the consolidated balance sheets as of December 31, 2023 and 2022 as an Investment in the NOAH Impact Fund LLC for \$(944,275) and \$2,315,358 respectively. A loan from GMHF to the NOAH Pool I LLC for \$2,500,000 has been eliminated on the consolidated financial statements. GMHF is the sole owner of the NOAH Impact Fund LLC. NOAH Impact Fund LLC is a 100% owner of the NOAH Pool I LLC. NOAH Impact Fund LLC does not have control over NOAH Pool I LLC, and thus, the activity has not been consolidated into NOAH Impact Fund LLC's financial statements.

NOTE 8 INVESTMENT IN MINNESOTA HOUSING FINANCE AGENCY

On December 9, 2020 GMHF entered into a lending partnership with Minnesota Housing Finance Agency in order to increase the availability of affordable housing throughout Minnesota by originating and servicing loans and participating those loans with Minnesota Housing. The investment is valued based on the equity method. GMHF's investment as of December 31, 2023 and 2022 is \$1,041,231 and \$824,904, respectively.

GREATER MINNESOTA HOUSING FUND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 9 NOTES PAYABLE

| Name | Interest Rate | Maturity Date | Discounted Fair Market Rate | 2023 | 2022 |
|---|---------------|---------------|-----------------------------|-----------------------|-----------------------|
| Wells Fargo Community Development Corporation | 2.00% | 10/23/2024 | 4.04% | \$ 1,000,000 | \$ 1,000,000 |
| U.S. Department of Agriculture | 1.00% | 5/28/2044 | 4.19% | 1,699,374 | 1,772,495 |
| Blandin Foundation | 2.00% | 7/1/2026 | 3.44% | 750,000 | 850,000 |
| BMO (fka Bank of the West) | 2.00% | 5/3/2027 | 4.01% | 1,000,000 | 1,000,000 |
| Margaret A. Cargill Foundation | 2.00% | 12/31/2025 | 3.95% | 5,000,000 | 5,000,000 |
| U.S. Bancorp | 3.00% | 12/17/2024 | 4.64% | 1,000,000 | 1,000,000 |
| CDFI Bond Guarantee Program | 3.90% | 12/17/2046 | N/A | 9,480,601 | 9,744,831 |
| CDFI Bond Guarantee Program | 2.43% | 12/15/2048 | N/A | 55,000,000 | 54,346,138 |
| Otto Bremer Foundation | 2.50% | 1/15/2025 | 3.72% | 1,000,000 | 1,000,000 |
| Otto Bremer Foundation | 1.50% | 7/15/2025 | 3.02% | 1,500,000 | 1,500,000 |
| Ameriprise Financial | 2.00% | 12/17/2027 | 2.68% | 1,000,000 | 1,000,000 |
| Ameriprise Financial | 2.00% | 12/17/2027 | 2.68% | 1,000,000 | 1,000,000 |
| Ameriprise Financial | 2.00% | 12/17/2030 | 2.68% | 2,000,000 | 2,000,000 |
| U.S. Bank | 2.40% | 2/25/2026 | 2.81% | 5,000,000 | 5,000,000 |
| Opportunity Finance Network | 3.00% | 8/6/2031 | N/A | 5,000,000 | 5,000,000 |
| Otto Bremer Trust | 2.00% | 1/15/2027 | 3.10% | 2,000,000 | 2,000,000 |
| Federal Home Loan Bank of Des Moines | Daily | N/A | N/A | 6,000,000 | 10,000,000 |
| Otto Bremer Trust | 4.25% | 10/5/2030 | 7.62% | 2,000,000 | - |
| Allina Health System | 2.00% | 9/30/2030 | 7.62% | 3,000,000 | - |
| Subtotal | | | | 104,429,975 | 103,213,464 |
| Less: Present Value Discount | | | | (3,276,649) | (2,578,865) |
| Total | | | | <u>\$ 101,153,326</u> | <u>\$ 100,634,599</u> |

Maturities of long-term debt are as follows:

| <u>Year Ending December 31,</u> | <u>Amount</u> |
|---------------------------------|----------------------|
| 2024 | \$ 7,723,017 |
| 2025 | 12,404,586 |
| 2026 | 7,627,097 |
| 2027 | 8,938,465 |
| 2028 | 2,487,674 |
| Thereafter | 65,249,136 |
| Subtotal | 104,429,975 |
| Less: Present Value Discount | (3,276,649) |
| Total | 101,153,326 |
| Less: Current | (7,723,017) |
| Total Long-Term Debt | <u>\$ 93,430,309</u> |

NOTE 10 LINE OF CREDIT

In 2018, GMHF entered into an agreement with Federal Home Loan Bank of Des Moines. As of December 31, 2023 and 2022, GMHF had \$-0- and \$-0- outstanding on the line of credit, respectively. The total advances on the line of credit are based on the amount of securities that GMHF has pledged. The interest rate adjusts daily.

GREATER MINNESOTA HOUSING FUND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 10 LINE OF CREDIT (CONTINUED)

In 2023, GMHF entered into an agreement with US Bank. As of December 31, 2023 and 2022, GMHF had \$-0- and \$-0- outstanding on the line of credit, respectively. The line of credit matures on July 31, 2024. The interest rate is variable of 1.25% plus the SOFR rate.

NOTE 11 RELATED PARTY TRANSACTIONS

Certain board members are associated with organizations that receive grants and loans from GMHF. Grants to related parties totaled \$498,500 and \$115,000 for the years ended December 31, 2023 and 2022, respectively. Loans receivable from related parties totaled \$28,046,917 and \$40,340,245 as of December 31, 2023 and 2022, respectively.

NOTE 12 MAJOR SOURCE AND CONCENTRATION OF SUPPORT

For the years ended December 31, 2023 and 2022, 97% and 100% of GMHF's contributions receivables were from two and one donors, respectively.

Total contributions at December 31, 2023 and 2022, consist of 78% and 95% from two donors, respectively.

If these contribution receivables are not received, or if a significant reduction in the level of this support were to occur, it might have a significant effect on GMHF's programs and activities.

NOTE 13 LEASES

On January 1, 2019, GMHF entered into a rental space lease agreement. A lease modification was done in November 2021 extending the lease through May 31, 2025. The lease is presented as a right to use asset and corresponding liability on the consolidated balance sheet. Subsequent to year end, a new lease was entered into for a copier. The lease is for 5 years with a monthly payment of \$375.

GREATER MINNESOTA HOUSING FUND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 13 LEASES (CONTINUED)

The following table provides quantitative information concerning GMHF's lease:

| | <u>2023</u> | <u>2022</u> |
|---|-------------------|-------------------|
| Lease Cost: | | |
| Operating Lease Cost | <u>\$ 213,325</u> | <u>\$ 213,325</u> |
| Other Information: | | |
| Operating Cash Flows from Operating Leases | \$ 84,017 | \$ 78,381 |
| Right-of-Use Asset Obtained in Exchange for New Operating Lease Liabilities | \$ - | \$ - |
| Weighted-Average Remaining Lease Term - Operating Lease | 2.4 Years | 3.4 Years |
| Weighted-Average Discount Rate - Operating Leases | 2.05% | 2.05% |
| Current Portion of Operating Lease | \$ 88,235 | \$ 82,235 |
| Long-Term Portion of Operating Lease | \$ 33,530 | \$ 123,547 |

A maturity analysis of annual undiscounted cash flows for lease liabilities as of December 31, 2023 is as follows:

| <u>Year Ending December 31,</u> | <u>Amount</u> |
|-----------------------------------|-------------------|
| 2024 | \$ 88,235 |
| 2025 | 36,765 |
| Total | 125,000 |
| Amount Representing Interest | (3,235) |
| Total Lease Liability - Operating | <u>\$ 121,765</u> |

NOTE 14 FAIR VALUE MEASUREMENTS

GMHF uses fair value measurements to record fair value adjustments to certain assets and to determine fair value disclosures. For additional information on how GMHF measures fair value refer to Note 1 – Organization and Summary of Significant Accounting Policies.

Assets Measured at Fair Value on a Recurring Basis:

| | <u>2023</u> | | |
|----------------------------|---------------------|----------------------|----------------|
| <u>Investments</u> | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> |
| Fixed Income | \$ - | \$ - | \$ - |
| Corporate Bonds | - | 11,105,710 | - |
| Federal Loan Mortgage | 8,222,781 | - | - |
| Mortgage-Backed Securities | - | 739,901 | - |
| Total | 8,222,781 | 11,845,611 | - |
| Cash and Cash Equivalents | - | - | - |
| Total | <u>\$ 8,222,781</u> | <u>\$ 11,845,611</u> | <u>\$ -</u> |

GREATER MINNESOTA HOUSING FUND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 14 FAIR VALUE MEASUREMENTS (CONTINUED)

| <u>Investments</u> | 2022 | | | |
|----------------------------|----------------------|----------------------|-------------|----------------------|
| | Level 1 | Level 2 | Level 3 | Total |
| Fixed Income | \$ 23,716,809 | \$ - | \$ - | \$ 23,716,809 |
| Corporate Bonds | - | 15,799,983 | - | 15,799,983 |
| Federal Loan Mortgage | 8,014,430 | - | - | 8,014,430 |
| Mortgage-Backed Securities | - | 766,446 | - | 766,446 |
| Total | 31,731,239 | 16,566,429 | - | 48,297,668 |
| Cash and Cash Equivalents | - | - | - | 2,217,427 |
| Total | <u>\$ 31,731,239</u> | <u>\$ 16,566,429</u> | <u>\$ -</u> | <u>\$ 50,515,095</u> |

NOTE 15 COMMITMENTS

GMHF has loans approved but not disbursed totaling \$130,352,092 and \$133,632,012 as of December 31, 2023 and 2022, respectively.

NOTE 16 LIQUIDITY

The Organization regularly monitors liquidity required to meet operating needs and contractual commitments, while also striving to maximize the investment of its available funds. As of December 31, the following assets could be made readily available within one year to meet general expenditures:

| | 2023 | 2022 |
|--|----------------------|----------------------|
| Cash | \$ 9,130,600 | \$ 998,673 |
| Interest Receivable on Investments | 226,208 | 110,864 |
| Accounts Receivable | - | 262,388 |
| Loans and Interest Receivable, Current | 23,540,863 | 25,038,996 |
| Contributions Receivable, Current | 2,335,000 | 250,000 |
| Investments | 44,826,525 | 50,515,095 |
| Less: Designated Investments | (111,328) | (110,844) |
| Total | <u>\$ 79,947,868</u> | <u>\$ 77,065,172</u> |

The majority of the Organization's liquidity is provided by short-term investments in U.S. government securities and corporate bonds are convertible to cash in the short-term.

GREATER MINNESOTA HOUSING FUND
CONSOLIDATING BALANCE SHEET (UNAUDITED)
DECEMBER 31, 2023
(SEE INDEPENDENT AUDITORS' REPORT)

| | GMHF | NOAH Impact Fund | Eliminations | Consolidated |
|---|-----------------------|-----------------------|---------------------|-----------------------|
| ASSETS | | | | |
| CURRENT ASSETS | | | | |
| Cash | \$ 9,060,534 | \$ 70,066 | \$ - | \$ 9,130,600 |
| Restricted Cash | 5,391,319 | - | - | 5,391,319 |
| Total Cash | 14,451,853 | 70,066 | - | 14,521,919 |
| Interest Receivable on Investments | 226,208 | - | - | 226,208 |
| Investments, Current | 24,523,962 | - | - | 24,523,962 |
| Other Assets | 272,157 | - | - | 272,157 |
| Contributions Receivable, Current | 2,335,000 | - | - | 2,335,000 |
| Right-to-Use Asset - Operating, Current | 88,235 | - | - | 88,235 |
| Loans and Interest Receivable, Current (Net of \$633,400 Allowance for Credit Losses in 2023 and 2022) | 23,540,863 | 903,226 | (903,226) | 23,540,863 |
| Total Current Assets | 65,438,278 | 973,292 | (903,226) | 65,508,344 |
| PROPERTY AND EQUIPMENT | | | | |
| Furniture, Fixtures, and Equipment (Net of Accumulated Depreciation of \$445,214 and \$464,232 in 2023 and 2022, Respectively) | 81,018 | - | - | 81,018 |
| RIGHT-TO-USE ASSET - OPERATING, NET OF CURRENT | 33,530 | - | - | 33,530 |
| LONG-TERM CONTRIBUTIONS RECEIVABLE | | | | |
| Contributions Receivable, Long Term (Net of \$142,197 and \$0-Present Value Discount in 2023 and 2022, Respectively) | 1,942,803 | - | - | 1,942,803 |
| INVESTMENTS, NET OF CURRENT | 20,302,563 | - | - | 20,302,563 |
| INVESTMENT IN NOAH IMPACT FUND LLC | - | (3,444,275) | 2,500,000 | (944,275) |
| INVESTMENT IN MINNESOTA HOUSING FINANCE AGENCY | 1,041,231 | - | - | 1,041,231 |
| LONG-TERM LOANS RECEIVABLE | | | | |
| Loans and Interest Receivable, Long-Term (Net of \$27,299,986 and \$28,787,167 Present Value Discount and \$4,216,387 and \$5,609,082 Allowance for Credit Losses in 2023 and 2022, Respectively) | 151,070,510 | - | (2,500,000) | 148,570,510 |
| Total Long-Term Assets | 174,471,655 | (3,444,275) | - | 171,027,380 |
| Total Assets | <u>\$ 239,909,933</u> | <u>\$ (2,470,983)</u> | <u>\$ (903,226)</u> | <u>\$ 236,535,724</u> |
| LIABILITIES AND NET ASSETS | | | | |
| CURRENT LIABILITIES | | | | |
| Accounts Payable and Accrued Expenses | 2,593,882 | \$ - | \$ (903,226) | \$ 1,690,656 |
| Unfunded Commitment Liability - Credit Losses | 421,573 | - | - | 421,573 |
| Unearned Revenue | 4,623,097 | - | - | 4,623,097 |
| Grants Payable | 225,373 | - | - | 225,373 |
| Line of Credit | - | - | - | - |
| Current Portion of Long-Term Debt | 7,723,017 | - | - | 7,723,017 |
| Lease Liability - Operating | 88,235 | - | - | 88,235 |
| Total Current Liabilities | 15,675,177 | - | (903,226) | 14,771,951 |
| LONG-TERM LIABILITIES | | | | |
| Notes Payable, Long Term (Net of \$3,276,649 and \$2,578,865 Present Value Discount in 2023 and 2022, Respectively), Less Current Portion | 87,430,309 | - | - | 87,430,309 |
| Community Investment Advance | 6,000,000 | - | - | 6,000,000 |
| Lease Liability - Operating, Less Current Portion | 33,530 | - | - | 33,530 |
| Total Long-Term Liabilities | 93,463,839 | - | - | 93,463,839 |
| Total Liabilities | 109,139,016 | - | (903,226) | 108,235,790 |
| NET ASSETS | | | | |
| Without Donor Restriction - Undesignated | (106,116,642) | (2,470,983) | - | (108,587,625) |
| Without Donor Restriction - Board Designated | 228,071,848 | - | - | 228,071,848 |
| Total Without Donor Restriction | 121,955,206 | (2,470,983) | - | 119,484,223 |
| With Donor Restriction | 8,815,711 | - | - | 8,815,711 |
| Total Net Assets | 130,770,917 | (2,470,983) | - | 128,299,934 |
| Total Liabilities and Net Assets | <u>\$ 239,909,933</u> | <u>\$ (2,470,983)</u> | <u>\$ (903,226)</u> | <u>\$ 236,535,724</u> |

GREATER MINNESOTA HOUSING FUND
CONSOLIDATING STATEMENT OF ACTIVITIES (UNAUDITED)
YEAR ENDED DECEMBER 31, 2023
(SEE INDEPENDENT AUDITORS' REPORT)

| | GMHF | | NOAH Impact Fund | | | Consolidated | | |
|--|---------------------------------|------------------------------|---------------------------------|------------------------------|--------------|---------------------------------|------------------------------|-----------------------|
| | Without Donor Restriction | With Donor Restriction | Without Donor Restriction | With Donor Restriction | Eliminations | Without Donor Restriction | With Donor Restriction | Total |
| SUPPORT AND REVENUE | | | | | | | | |
| Contributions | \$ 443,414 | \$ 12,871,541 | \$ - | \$ - | \$ - | \$ 443,414 | \$ 12,871,541 | \$ 13,314,955 |
| Program Service Revenues: | | | | | | | | |
| Interest Income on Loans Receivable | 6,141,186 | - | - | - | - | 6,141,186 | - | 6,141,186 |
| Losses from NOAH Pool I | - | - | (3,259,633) | - | - | (3,259,633) | - | (3,259,633) |
| Loan Commitment / Origination Fees | 1,060,830 | - | - | - | - | 1,060,830 | - | 1,060,830 |
| Gain On Sale of Loans to Lending Partner | 81,654 | - | - | - | - | 81,654 | - | 81,654 |
| MEF Acquisition Fees | 416,567 | - | - | - | - | 416,567 | - | 416,567 |
| HHMFC Dues | 157,500 | - | - | - | - | 157,500 | - | 157,500 |
| Noah Impact Fund Program Fees | - | - | 414,415 | - | (95,475) | 318,940 | - | 318,940 |
| Other Program Service Revenue | 233,967 | - | - | - | - | 233,967 | - | 233,967 |
| Total Program Service Revenues | 8,091,704 | - | (2,845,218) | - | (95,475) | 5,151,011 | - | 5,151,011 |
| Amortization of Present Value Discount | 509,075 | 978,106 | - | - | - | 509,075 | 978,106 | 1,487,181 |
| Interest and Dividends, Net | 2,160,531 | - | - | - | - | 2,160,531 | - | 2,160,531 |
| Unrealized Loss on Investments | 1,309,798 | - | - | - | - | 1,309,798 | - | 1,309,798 |
| Realized Loss on Investments | (443,794) | - | - | - | - | (443,794) | - | (443,794) |
| Total | 12,070,728 | 13,849,647 | (2,845,218) | - | (95,475) | 9,130,035 | 13,849,647 | 22,979,682 |
| Net Assets Released from Restrictions | 10,248,072 | (10,248,072) | - | - | - | 10,248,072 | (10,248,072) | - |
| Total Support and Revenue | 22,318,800 | 3,601,575 | (2,845,218) | - | (95,475) | 19,378,107 | 3,601,575 | 22,979,682 |
| EXPENSE | | | | | | | | |
| Program Services | 7,517,459 | - | 53,692 | - | (52,511) | 7,518,640 | - | 7,518,640 |
| Support Services: | | | | | | | | |
| Management and General | 2,106,677 | - | 137,388 | - | (42,964) | 2,201,101 | - | 2,201,101 |
| Total Expense | 9,624,136 | - | 191,080 | - | (95,475) | 9,719,741 | - | 9,719,741 |
| CHANGE IN NET ASSETS | 12,694,664 | 3,601,575 | (3,036,298) | - | - | 9,658,366 | 3,601,575 | 13,259,941 |
| Net Assets - Beginning of Year | 109,260,542 | 5,214,136 | 565,315 | - | - | 109,825,857 | 5,214,136 | 115,039,993 |
| NET ASSETS - END OF YEAR | <u>\$ 121,955,206</u> | <u>\$ 8,815,711</u> | <u>\$ (2,470,983)</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 119,484,223</u> | <u>\$ 8,815,711</u> | <u>\$ 128,299,934</u> |



**INDEPENDENT AUDITORS' 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
Greater Minnesota Housing Fund
Saint Paul, Minnesota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial statements contained in the *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Greater Minnesota Housing Fund, which comprise the consolidated balance sheet as of December 31, 2023, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated May 10, 2024. The financial statements of NOAH Impact Fund LLC were not audited in accordance with *Government Accounting Standards*, and accordingly, this report does not include the reporting on internal control over financial reporting or instances of reportable noncompliance associated with NOAH Impact Fund LLC.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Greater Minnesota Housing Fund's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Greater Minnesota Housing Fund's internal control. Accordingly, we do not express an opinion on the effectiveness of Greater Minnesota Housing Fund'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 the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Greater Minnesota Housing Fund'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 financial statements. 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.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Minneapolis, Minnesota
May 10, 2024



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH
MAJOR FEDERAL PROGRAM, REPORT ON INTERNAL CONTROL OVER
COMPLIANCE, AND REPORT ON THE SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE**

Board of Directors
Greater Minnesota Housing Fund
Saint Paul, Minnesota

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Greater Minnesota Housing Fund'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 Greater Minnesota Housing Fund's major federal programs for the year ended December 31, 2023. Greater Minnesota Housing Fund's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Greater Minnesota Housing Fund complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2023.

Basis for Opinion on 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; 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 Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Greater Minnesota Housing Fund 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 Greater Minnesota Housing Fund'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 Greater Minnesota Housing Fund's federal programs.

Auditors' 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 Greater Minnesota Housing Fund'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 Greater Minnesota Housing Fund's compliance with the requirements of each major federal program as a whole.

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 Greater Minnesota Housing Fund'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 Greater Minnesota Housing Fund'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 Greater Minnesota Housing Fund'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 a 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 Auditors' 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.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Minneapolis, Minnesota
May 10, 2024

**GREATER MINNESOTA HOUSING FUND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2023**

| Federal Grantor/Pass-Through Grantor/ Program or Cluster Title | Assistance Listing Number (ALN) | Pass-Through Entity Identifying Number | Passed Through to Subrecipients | Federal Expenditures |
|---|--|--|---------------------------------------|-------------------------|
| U.S. Department of the Treasury | | | | |
| Community Development Finance Institution (CDFI) | | | | |
| Financial Assistance Grant | 21.020 | | \$ - | \$ 640,000 |
| Capital Magnet Fund | 21.011 | | - | 7,000,000 |
| Total Community Development Finance Institution | | | - | 7,640,000 |
| U.S. Department of Agriculture | | | | |
| Rural Development Section 515 Multi-Family Housing | | | | |
| Beginning Loan Balance | 10.415 | | - | 1,772,495 |
| Total U.S. Department of Agriculture | | | - | 1,772,495 |
| Total Federal Expenditures | | | \$ - | \$ 9,412,495 |

See accompanying Notes to Schedule of Expenditures of Federal Awards.

GREATER MINNESOTA HOUSING FUND
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
DECEMBER 31, 2023

NOTE 1 BASIS OF PRESENTATION

The above schedule of expenditures of federal awards (Schedule) includes the federal award activity of Greater Minnesota Housing Fund under programs of the federal government for the year ended December 31, 2023. The information in this Schedule is presented in accordance with the requirements of both 2 CFR 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 Greater Minnesota Housing Fund, it is not intended to and does not present the consolidated balance sheets, consolidated statements of activities, or consolidated statements of cash flows of Greater Minnesota Housing Fund.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. 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. Greater Minnesota Housing Fund has elected to not use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 3 OUTSTANDING LOANS PAYABLE

| <u>Program Title</u> | <u>ALN</u> | <u>Beginning Balance</u> | <u>Loans Disbursed</u> | <u>Payments on Loans</u> | <u>Outstanding Balance at December 31, 2023</u> |
|---|------------|------------------------------|----------------------------|------------------------------|---|
| Rural Development Section 515 Multi-Family Housing | 10.415 | \$ 1,772,495 | \$ - | \$ (73,121) | \$ 1,699,374 |

**GREATER MINNESOTA HOUSING FUND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2023**

Section 1 – Summary of Auditors' Results

Financial Statements

1. Type of auditors' report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? _____ yes x no
 - Significant deficiency(ies) identified? _____ yes x none reported
3. Noncompliance material to financial statements noted? _____ yes x no

Federal Awards

1. Internal control over major federal programs:
- Material weakness(es) identified? _____ yes x no
 - Significant deficiency(ies) identified? _____ yes x none reported
2. Type of auditors' report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ yes x no

Identification of Major Federal Programs

ALN Number(s)

21.011

Name of Federal Program or Cluster

Capital Magnet Fund

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

 x yes _____ no

**GREATER MINNESOTA HOUSING FUND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2023**

Section II – Financial Statement Findings

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

Section III - Findings and Questioned Costs – Major Federal Programs

Our audit did not disclose any matters required to be reported in accordance with 2 CFR 200.516(a).

