Mahoney
CPAS AND ADVISORS

# CLARE HOUSING

## CONSOLIDATED FINACIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2024

# CLARE HOUSING

CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2024
(With Comparative Totals for 2023)

Table of Contents

Mahoney
CPAS AND ADVISORS

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Clare Housing
Minneapolis, Minnesota

### Opinion

We have audited the accompanying consolidated financial statements of Clare Housing (a nonprofit organization) and affiliates, which comprise the consolidated statement of financial position as of December 31, 2024, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

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

### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Clare Housing and its affiliates 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 these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

(Continued)

10 River Park Plaza, Suite 800 | Saint Paul, MN 55107 | Phone: 651.227.6695 | Fax: 651.227.9796 | www.mahoneycpa.com

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards,* we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Clare Housing's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Clare Housing's and its affiliates' ability to continue as a going concern for a reasonable period of time.

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

**Other Information Included in the Organization's Annual Report**

Management is responsible for the other information included in Clare Housing's Annual Report. The other information comprises the Message from the Board Chair and President but does not include the audited consolidated financial statements and our auditor's report thereon. Our opinion on the consolidated financial statements does not cover the other information, and we do not express an opinion or any form of assurance on it.

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

(Continued)

**Report on Summarized Comparative Information**

We have previously audited Clare Housing's 2023 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated July 23, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2023, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

**Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary information shown on pages 27 to 29 is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, changes in net assets, and cash flows of the individual entities, and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 21, 2025, on our consideration of Clare Housing's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Clare Housing's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Clare Housing's internal control over financial reporting and compliance.

Mahoney Ulbrich
Christiansen & Russ, PA

May 21, 2025

**CLARE HOUSING**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

December 31, 2024
(With Comparative Totals for 2023)

| | 2024 | 2023 |
|---|---|---|
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | $ 341,354 | $ 285,568 |
| Accounts receivable, net | 381,101 | 382,220 |
| TIF receivable | 11,261 | 39,677 |
| Current portion of contributions receivable, net | 184,309 | 173,177 |
| Grants receivable | 400,267 | 430,188 |
| Current portion of prepaid expenses | 121,188 | 137,727 |
| Total current assets | 1,439,480 | 1,448,557 |
| Reserves and escrows | 2,086,669 | 2,166,998 |
| Investments | 3,440,650 | 2,975,849 |
| Contributions receivable, less current portion, net | 47,250 | 64,985 |
| Prepaid expenses, less current portion | 41,286 | 51,621 |
| Other assets, net | 52,379 | 60,138 |
| Property and equipment, net - Clare Housing | 1,434,371 | 1,424,256 |
| Property and equipment, net - Partnerships | 18,686,241 | 19,270,199 |
| Total assets | $ 27,228,326 | $ 27,462,603 |
| LIABILITIES AND NET ASSETS | | |
| Current liabilities: | | |
| Accounts payable | $ 130,227 | $ 208,251 |
| Prepaid rent | 38,482 | 16,046 |
| Current portion of debt - Partnerships | 11,912 | 11,235 |
| Accrued expenses | 469,609 | 494,832 |
| Total current liabilities | 650,230 | 730,364 |
| Deferred grants | 127,000 | - |
| Tenant security deposits | 107,630 | 93,978 |
| Accrued interest | 406,514 | 364,423 |
| Debt - Clare Housing | 50,000 | 50,000 |
| Debt - Partnerships, net | 8,442,364 | 8,454,049 |
| Total liabilities | 9,783,738 | 9,692,814 |
| Net assets without donor restrictions: | | |
| Controlling interest | 3,610,757 | 2,684,552 |
| Controlling interest - board designated | 3,178,415 | 2,722,573 |
| Noncontrolling interests - limited partners | 8,546,913 | 9,164,773 |
| Total unrestricted | 15,336,085 | 14,571,898 |
| Net assets with donor restrictions | 2,108,503 | 3,197,891 |
| Total net assets | 17,444,588 | 17,769,789 |
| Total liabilities and net assets | $ 27,228,326 | $ 27,462,603 |

See accompanying notes to consolidated financial statements.

**CLARE HOUSING**

CONSOLIDATED STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2024
(With Comparative Totals for 2023)

| | 2024 | | | |
|---|---|---|---|---|
| | Without Donor Restrictions | With Donor Restrictions | Total | 2023 |
| Revenues and support: | | | | |
| Program fees | $ 3,490,612 | $ - | $ 3,490,612 | $ 3,340,358 |
| Rent revenues, net | 1,390,771 | - | 1,390,771 | 1,242,626 |
| Contributions | 949,094 | 129,120 | 1,078,214 | 939,053 |
| Government grants and contracts | 3,056,354 | - | 3,056,354 | 1,986,884 |
| Interest income | 99,026 | - | 99,026 | 60,309 |
| Developer fee | - | - | - | 26,525 |
| TIF revenue | 11,277 | - | 11,277 | 484 |
| Other income | 108,366 | - | 108,366 | 60,504 |
| Net assets released from restrictions | 214,789 | (214,789) | - | - |
| Total revenues and support | 9,320,289 | (85,669) | 9,234,620 | 7,656,743 |
| Expenses: | | | | |
| Program services | 8,489,105 | - | 8,489,105 | 7,256,601 |
| Management and general | 942,289 | - | 942,289 | 1,260,828 |
| Fundraising | 333,211 | - | 333,211 | 479,592 |
| Total expenses | 9,764,605 | - | 9,764,605 | 8,997,021 |
| | | 4) | | |
| Change in net assets - operating | (444,316) | (85,669) | (529,985) | (1,340,278) |
| Investment income, net | 211,533 | - | 211,533 | 229,452 |
| Loss on uncollected pledges | - | (6,749) | (6,749) | (20,682) |
| Net assets released from restrictions - capital | 996,970 | (996,970) | - | - |
| Change in net assets | 764,187 | (1,089,388) | (325,201) | (1,131,508) |
| Net assets, beginning of year | 14,571,898 | 3,197,891 | 17,769,789 | 18,901,297 |
| Net assets, end of year | $ 15,336,085 | $ 2,108,503 | $ 17,444,588 | $ 17,769,789 |
| Reconciliation of net assets: | | | | |
| Controlling interests: | | | | |
| Beginning of year | $ 5,407,125 | $ 3,197,891 | $ 8,605,016 | $ 8,887,701 |
| Change in net assets | 1,382,047 | (1,089,388) | 292,659 | (282,685) |
| End of year | $ 6,789,172 | $ 2,108,503 | $ 8,897,675 | $ 8,605,016 |
| Noncontrolling interests - limited partners: | | | | |
| Beginning of year | $ 9,164,773 | $ - | $ 9,164,773 | $ 10,013,596 |
| Change in net assets | (617,860) | - | (617,860) | (848,823) |
| End of year | $ 8,546,913 | $ - | $ 8,546,913 | $ 9,164,773 |

See accompanying notes to consolidated financial statements.

**CLARE HOUSING**

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2024
(With Comparative Totals for 2023)

| | 2024 | | | | |
|---|---|---|---|---|---|
| | Program services | Management and general | Fund-raising | Total | 2023 |
| Salaries | 3,833,197 | 378,768 | 204,620 | 4,416,585 | 4,070,091 |
| Payroll taxes | 327,043 | 32,167 | 17,161 | 376,371 | 311,514 |
| Employee benefits | 610,576 | 67,706 | 29,948 | 708,230 | 594,982 |
| Total salaries and related | 4,770,816 | 478,641 | 251,729 | 5,501,186 | 4,976,587 |
| Resident supplies and services | 170,517 | 13,455 | 259 | 184,231 | 187,504 |
| Apartment leases | 804,583 | - | - | 804,583 | 462,037 |
| Insurance | - | 24,748 | - | 24,748 | 24,070 |
| Mileage Reimbursements | 12,762 | 2,987 | 147 | 15,896 | 11,856 |
| | | - | | | |
| Professional fees | 53,137 | 46,252 | 3,701 | 103,090 | 141,247 |
| Accounting and legal | 795 | 136,590 | - | 137,385 | 130,248 |
| Utilities | 34,339 | 42,708 | - | 77,047 | 94,376 |
| Staff training and conferences | 41,753 | 3,801 | - | 45,554 | 36,981 |
| | | - | | | |
| Office supplies | 8,398 | 22,239 | 63,153 | 93,790 | 92,462 |
| Taxes, licenses, and fees | 980 | 27,031 | 6,552 | 34,563 | 31,106 |
| IT support, maintenance and website | 48,121 | 77,546 | 5,976 | 131,643 | 126,547 |
| Rental, repairs and maintenance | 28,743 | 11,115 | - | 39,858 | 33,921 |
| | | - | | | |
| Dues and subscriptions | 2,137 | 25,999 | 1,694 | 29,830 | 26,147 |
| Depreciation | 56,324 | 24,177 | - | 80,501 | 79,808 |
| Interest | - | 5,000 | - | 5,000 | 712 |
| | 6,033,405 | 942,289 | 333,211 | 7,308,905 | 6,455,609 |
| Partnerships rental operating expenses: | | | | | |
| Administrative | 328,820 | - | - | 328,820 | 304,996 |
| Property management fee | 117,695 | - | - | 117,695 | 117,783 |
| Building maintenance and operating | 786,344 | - | - | 786,344 | 723,455 |
| Utilities | 320,255 | - | - | 320,255 | 393,304 |
| Property insurance | 134,262 | - | - | 134,262 | 142,015 |
| Real estate taxes | 78,252 | - | - | 78,252 | 169,932 |
| Interest expense | 48,217 | - | - | 48,217 | 49,731 |
| Interest expense - amortization of finance fees | 9,284 | - | - | 9,284 | 9,282 |
| Depreciation | 624,812 | - | - | 624,812 | 623,156 |
| Amortization of tax credit fees | 7,759 | - | - | 7,759 | 7,758 |
| | $ 8,489,105 | $ 942,289 | $ 333,211 | $ 9,764,605 | $ 8,997,021 |
| Allocation percentages | 87% | 10% | 3% | 100% | |

See accompanying notes to consolidated financial statements.

**CLARE HOUSING**

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2024
(With Comparative Totals for 2023)

| | 2024 | 2023 |
|---|---|---|
| Cash flows from operating activities: | | |
| Change in net assets | $ (325,201) | $ (1,131,508) |
| Adjustments to reconcile the change in net assets to net cash from operating activities: | | |
| Depreciation and amortization | 722,356 | 720,004 |
| Unrealized (gain) loss on investments | (118,221) | (204,061) |
| Bad debts | 30,823 | 46,646 |
| Loss on uncollected contributions | 6,749 | 20,682 |
| Changes in operating assets and liabilities: | | |
| Accounts and TIF receivable | (1,288) | 34,741 |
| Developer fee receivable | - | 70,000 |
| Contributions receivable | (146) | 10,428 |
| Grants receivable | 29,921 | (89,053) |
| Prepaid expenses | 26,874 | 48,856 |
| Accounts payable | (120,033) | (106,859) |
| Prepaid rent | 22,436 | (13,170) |
| Accrued expenses | (9,851) | 60,290 |
| Tenant security deposits | 13,652 | 7,495 |
| Deferred grants | 127,000 | (7,001) |
| Accrued interest | 68,728 | 42,094 |
| Net cash from operating activities | 473,799 | (490,416) |
| Cash flows from investing activities: | | |
| Payments for property and equipment | (131,470) | (22,777) |
| Sales of investments | 357,366 | 2,457,605 |
| Purchase of investments | (703,946) | (2,686,272) |
| Net cash from investing activities | (478,050) | (251,444) |
| Cash flows from financing activities: | | |
| Proceeds from debt | - | 50,000 |
| Repayment of debt | (20,292) | (21,320) |
| Net cash from financing activities | (20,292) | 28,680 |
| Net decrease in cash, cash equivalents, and restricted cash | (24,543) | (713,180) |
| Cash, cash equivalents, and restricted cash at beginning of year | 2,452,566 | 3,165,746 |
| Cash, cash equivalents, and restricted cash at end of year | $ 2,428,023 | $ 2,452,566 |
| Reconciliation to the statement of financial position: | | |
| Cash and cash equivalents | $ 341,354 | $ 285,568 |
| Reserves and escrows | 2,086,669 | 2,166,998 |
| Total cash, cash equivalents, and restricted cash | $ 2,428,023 | $ 2,452,566 |
| Supplemental disclosures of cash flow information: | | |
| Cash paid for interest | $ 6,067 | $ 8,349 |

See accompanying notes to consolidated financial statements.

## 1. ORGANIZATION

Clare Housing was incorporated as a Minnesota nonprofit corporation in 1994. The mission of Clare Housing is to provide a continuum of affordable and supportive housing options that create healing communities and optimize the health of people living with HIV/AIDS. Clare Housing's programming includes three Clare-owned, community care homes, four supportive housing communities, and 84 scattered site housing units as of December 31, 2024. Clare Housing also operates a hotel-to-housing program, a short-term rental, mortgage, and utilities assistance program among other supportive services and pilot programs.

Clare Housing's primary revenues are program fees and funding through government grants and contracts including the Department of Housing and Urban Development's (HUD) Housing Opportunities for People Living with AIDS program (HOPWA), Minnesota's Housing Supports Program, the Department of Human Services HIV/AIDS Unit as well as the Department's Community Access for Disability Inclusion Program (CADI). In addition to government grants and contracts, revenue includes rental revenues as well as private philanthropy (individuals, corporate and foundation giving).

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

- Without donor restrictions represent the portion of net assets that are not subject to donor restrictions.
- With donor restrictions represents net assets that arose from contributions that are restricted by donors for specific purposes or time periods.

The Organization presents losses on uncollected pledges, Limited Partner contributions, and investment income separate from operating results because management believes the presentation better assists users of the financial statements with analyzing its operating results.

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

**Consolidation Method** - The consolidated financial statements include the accounts of Clare Housing, its wholly owned LLCs, and four limited partnerships in which Clare Housing or a wholly owned LLC is a general partner and exercises control (collectively, the Organization).

Clare Apartments, LLC is a wholly owned single member limited liability company. Clare Apartments, LLC owns a .01% general partner interest in Clare Apartments Limited Partnership (Clare Apartments). Clare Apartments is a 32-unit apartment complex in Minneapolis, Minnesota. Clare Apartments II LLC, which is also a wholly owned single member limited liability company, is the limited partner.

Clare Hiawatha, LLC is a wholly owned single member limited liability company. Clare Housing and Clare Hiawatha, LLC each own a .005% general partner interest in Clare Hiawatha Limited Partnership (Clare Hiawatha). Clare Hiawatha is a 45-unit apartment complex in Minneapolis, Minnesota.

Clare Terrace, LLC is a wholly owned single member limited liability company. Clare Terrace, LLC owns a .01% general partner interest in Clare Terrace Limited Partnership (Clare Terrace). Clare Terrace is a 36-unit apartment complex located in Robbinsdale, Minnesota.

Clare Marshall Flats LLC is a wholly owned single member limited liability company. Clare Marshall Flats LLC owns a .01% general partner interest in Clare Marshall Flats Limited Partnership (Clare Marshall Flats). Clare Marshall Flats is a 36-unit apartment complex located in Minneapolis, Minnesota.

Limited partner capital, except for Clare Apartments II LLC, is presented as noncontrolling interests in net assets without donor restrictions.

Tax credits from the limited partnerships have been sold to the National Equity Fund. Clare Housing has the right of first refusal to purchase the properties when the limited partnerships are beyond their respective 15 year tax credit compliance periods.

Clare Services LLC (Clare Services) is a wholly owned single member limited liability company. Clare Services was formed to provide supportive services to the residents of Clare Apartments, Clare Hiawatha, Clare Terrace, and Clare Marshall Flats.

All material inter-entity accounts and transactions have been eliminated.

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

**Cash and Cash Equivalents** - Cash and cash equivalents include cash accounts and temporary investments purchased with an original maturity of three months or less. Reserves and escrows are considered to be restricted cash.

**Accounts and Grants Receivable** - Accounts and grants receivable are uncollateralized obligations stated at net realizable value. The carrying amount of accounts receivable is reduced by a valuation allowance that reflects management's best estimate of amounts that will not be collected taking into consideration relevant economic conditions, the age of the past due amounts and the financial stability of the client. As of December 31, 2024 and 2023, management of Clare Housing estimated allowances of $23,088 and $23,002. Accounts and grants receivable are written off when management estimates that the receivable is worthless. The Partnerships also provide allowances based upon historic experience, relevant economic conditions, and the financial stability of the tenants. Periodic changes to the tenant accounts receivable and allowances are presented as an adjustment to rental revenue on the Partnership's financial statements.

**Developer Fee and TIF Receivables** – Developer fee and Tax Increment Financing (TIF) receivables are stated at the amount management expects to collect.

**Contributions Receivable** - Contributions receivable (or pledges) are stated at the present value of their estimated future cash flows. The carrying amount of contributions receivable is reduced by a valuation allowance that reflects management's best estimate of amounts that will not be collected. Amortization of the discount is recorded as contribution revenue. Contributions receivable are written off when management estimates that the receivable is worthless.

**Investments** - The Organization records investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statements of financial position. Net investment income or loss is reported in the statements of activities and consists of interest and dividend income, realized and unrealized gains and losses, less external and direct internal investment expenses.

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

The Organization determines fair value, when necessary, based on assumptions and valuation techniques using assumptions and inputs similar to those used by market participants in pricing the asset or liability. Valuation inputs are categorized using the following fair value hierarchy:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - inputs that are observable, directly or indirectly, other than the quoted prices included in Level 1; and
- Level 3 - unobservable inputs.

**Tax Credit Fees** - Tax credit fees are amortized over 10 years using the straight-line method. Tax credit fees are reported in Other Assets.

**Finance Fees** - Finance fees are deferred and amortized over the term of the related debt using the straight-line method and are reported as deductions from the face amount of the debt. Amortization is reported as interest expense on the statement of functional expenses.

**Property and Equipment** - Property and equipment are carried at cost, except for donated equipment, which is recorded at fair market value, estimated by management based on applicable market comparisons, at date of gift. Depreciation of property and equipment is provided for on a straight-line basis over the estimated useful lives which range from: Buildings and Office Space, 39-40 years; Building Improvements, 5-39 years; Land Improvements, 10-15 years; and Furniture and Equipment, 3-10 years. The cost of maintenance and repairs is charged to income as incurred; significant renewals or betterments in excess of $5,000, are capitalized.

The Organization reviews its property and equipment for impairment whenever events or changes in circumstances indicate that the carrying value of such property may not be recoverable. To date, no impairment of long-lived assets has been recorded.

**Program Fees** - Program fees, including program service fees for care provided under the Community Access for Disability Inclusion program, are recorded as revenue at the time the service is provided.

**Rent Revenues -** Rent revenues on residential leases are recognized over the period to which they relate. Rent payments received in advance are deferred until earned. Leases are operating leases and are for periods of up to one year.

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

**Developer Fees** - Developer fees are recognized when earned according to the Development Agreement.

**Contributions -** Contributions are recognized when the donor makes an unconditional promise to give. Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the year in which the contribution is recognized. Conditional contributions are recorded when the conditions have been met and the conditional promise becomes unconditional.

**Government Grants and Contracts -** Government grants and contracts are accounted for as contributions. Government grants and contracts are considered conditional based upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Revenue is recognized when eligible expenditures, as defined in each grant or contract, are incurred.

Capital grants received from the Department of Housing and Urban Development (HUD), the Federal Home Loan Bank (FHLB), the City of Minneapolis, and the City of Robbinsdale are recorded as donor restricted when received. These grants are subject to several requirements, including that the properties be operated as low income housing for a specific time period, and are repayable if the restrictions are not met. Grants received prior to October 1, 2019, are reported as net assets with donor restrictions and released to net assets without donor restrictions upon expiration of the grant requirements because they were awarded prior to adopting ASU 2018-08. Grants received after October 1, 2019, are reported as deferred grants until expiration of the grant requirements and right of return.

Revenue from the Section 1602 grant from the City of Minneapolis is deferred and recognized as revenue using the straight-line method over 40 years on Clare Hiawatha's financial statements. For the consolidated financial statements, this grant was recognized as donor restricted revenue when received and is released from restriction over the 15 year compliance period beginning in 2011. Because these grants were recognized prior to the implementation of Accounting Standards Update (ASU) 2018-08, the Section 1602 grants will continue to be released over the 15 year compliance period as allowed under this ASU's implementation guidance per the Organization's interpretation of such guidance.

(Continued)

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

**Resident Supplies and Services** - Resident supplies and services represent various expenses incurred in providing supportive services. These expenses include household supplies, medical supplies, food, and transportation of residents.

**Functional Expenses** - Expenses are recorded to program and support services directly when possible. Payroll and related expenses are allocated based on management estimates of employee work efforts. Occupancy costs are allocated based on usage of specific buildings and space. Resident supplies and services expenses are allocated to programs based on the percent of total program expenses prior to allocation.

**Income Taxes** - Clare Housing is exempt from income taxes under Internal Revenue Code Section 501(c)(3) and is exempt from Minnesota income taxes under applicable Minnesota Statutes, except to the extent it has taxable income from activities that are not related to its exempt purpose. Management believes Clare Housing does not have any unrelated business income or uncertain tax positions.

The limited liability companies and Clare Apartments are included in the income tax returns of Clare Housing. The limited partnerships are not taxpaying entities; income or losses are passed through to the partners.

**Comparative Total Column** - The financial statements include certain prior-year summarized comparative information in total but not by net asset class or functional expense. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the financial statements for the year ended December 31, 2023, from which the summarized information was derived.

**Reclassifications** - Certain reclassifications have been made to the December 31, 2023 financial statements in order for them to conform to the December 31, 2024 presentation. These reclassifications had no effect on net assets or the change in net assets.

(Continued)

## 3. FAIR VALUE MEASUREMENTS

The following is a summary of the inputs used to value investments as of December 31:

| 2024 | | Fair Value Measurements at Reporting Date Using: | | |
|---|---|---|---|---|
| | Fair Value | Quoted Prices in Active Markets for Identical Assets (Level 1) | Other Significant Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| Money market cash | $ 722,814 | $ - | $ - | $ - |
| Certificates of deposit | 262,236 | $ - | $ 262,236 | $ - |
| Mutual and exchange traded funds | 1,475,842 | $ 1,475,842 | $ - | $ - |
| Equities | 965,580 | $ 965,580 | $ - | $ - |
| REITs | 14,178 | $ 14,178 | $ - | $ - |
| Total | $ 3,440,650 | | | |

| 2023 | | Fair Value Measurements at Reporting Date Using: | | |
|---|---|---|---|---|
| | Fair Value | Quoted Prices in Active Markets for Identical Assets (Level 1) | Other Significant Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| Money market cash | $ 29,607 | $ - | $ - | $ - |
| Certificates of deposit | 253,277 | $ - | $ 253,277 | $ - |
| Mutual and exchange traded funds | 2,692,965 | $ 2,692,965 | $ - | $ - |
| Total | $ 2,975,849 | | | |

(Continued)

## 4. RESERVES AND ESCROWS

Certain partnership and loan agreements require that cash be escrowed for real estate taxes and insurance, replacement reserves, revenue deficit reserves, exit tax reserves, partnership fee reserves, and operating reserves. Reserves and escrows also include funds held for tenant security deposits.

Reserves and escrows consist of the following amounts:

| | 2024 | 2023 |
|---|---|---|
| Security deposits | $ 108,214 | $ 95,773 |
| Tax and insurance escrow | 22,409 | 6,608 |
| Replacement reserve | 367,591 | 450,125 |
| Operating reserve | 567,608 | 585,769 |
| Revenue deficit reserve | 882,533 | 884,461 |
| Other | 138,314 | 144,262 |
| | $ 2,086,669 | $ 2,166,998 |

## 5. CONTRIBUTIONS AND GRANTS RECEIVABLE

Contributions receivable are due as follows:

| | 2024 | 2023 |
|---|---|---|
| Contributions receivable within one year | $ 188,205 | $ 173,949 |
| Receivable in 1 - 5 years | 56,151 | 79,531 |
| | 244,356 | 253,480 |
| Less discount | (7,217) | (9,831) |
| Less allowance for uncollectible contributions | (5,580) | (5,487) |
| Contributions receivable, net | 231,559 | 238,162 |
| Less current portion, net | (184,309) | (173,177) |
| Contributions receivable, net, noncurrent | $ 47,250 | $ 64,985 |

Contributions receivable are discounted to present value at the 2 year Treasury Rate of 4.33% in 2024 and 2023 .

Grants receivable are all due within one year.

(Continued)

## 6. CONDITIONAL PROMISES TO GIVE

At December 31, 2024, Clare Housing has government grants and other contributions with remaining commitments that are conditioned upon incurring eligible expenditures or performing certain services in accordance with the corresponding grant agreements. These contributions are not recognized in the financial statements until the conditions have been met. They include the following:

| | |
|---|---|
| HOPWA | $ 1,367,138 |
| Housing Development | 1,095,000 |
| Minnesota Department of Human Services | 533,093 |
| MN Housing | 533,580 |
| Hennepin County | 55,793 |
| Hearth Connection | 34,441 |
| Other | 32,000 |
| Remaining commitments | $ 3,651,045 |

## 7. PROPERTY AND EQUIPMENT

| | 2024 | 2023 |
|---|---|---|
| **Clare Housing**: | | |
| Land - housing | $ 93,600 | $ 93,600 |
| Land improvements - housing | 76,750 | 76,750 |
| Buildings and improvements - housing | 1,761,312 | 1,752,607 |
| Furniture and equipment - housing | 105,371 | 105,371 |
| Furniture and equipment - office | 228,241 | 200,010 |
| Office space | 520,383 | 520,383 |
| Development in progress | 63,680 | 10,000 |
| | 2,849,337 | 2,758,721 |
| Less accumulated depreciation | (1,414,966) | (1,334,465) |
| Clare Housing, net | $ 1,434,371 | $ 1,424,256 |
| **Partnerships**: | | |
| Land | $ 2,259,471 | $ 2,259,471 |
| Land improvements | 716,957 | 716,957 |
| Buildings and improvements | 23,228,841 | 23,212,496 |
| Furniture and equipment | 711,854 | 687,345 |
| Development in progress | 38,449 | 38,449 |
| | 26,955,572 | 26,914,718 |
| Less accumulated depreciation | (8,269,331) | (7,644,519) |
| Partnerships, net | $ 18,686,241 | $ 19,270,199 |

(Continued)

7. **PROPERTY AND EQUIPMENT (Continued)**

Development in progress includes preliminary consulting and application fees for three projects in development; rehabilitation of Clare Apartments, development of Clare V a proposed 55+ apartment building, and development of Clare Digs a 4-6 unit "no-barriers" housing project.

8. **DEBT**

| | 2024 | 2023 |
|---|---|---|
| **Clare Housing:** | | |
| CSH Note | $ 50,000 | $ 50,000 |
| | | |
| **Partnerships:** | | |
| Minnesota Housing Financing Agency | $ 2,469,690 | $ 2,469,690 |
| Hennepin County | 2,086,950 | 2,086,950 |
| City of Minneapolis | 3,888,255 | 3,888,255 |
| Bremer Bank | 65,589 | 85,881 |
| Family Housing Fund | 100,000 | 100,000 |
| | 8,610,484 | 8,630,776 |
| Less current portion | (11,912) | (11,235) |
| Less unamortized finance fees | (156,208) | (165,492) |
| | | |
| Total debt - Partnerships | $ 8,442,364 | $ 8,454,049 |

**CSH Note** - Note payable to Corporation for Supportive Housing (CSH) in the original amount of $100,000 due November 9, 2026. Interest is at 0% for the first 24 months, and at 3.5% thereafter. $50,000 of the loan has been received, with the remaining amount to be received at a future date yet to be determined. The purpose of the loan proceeds is to finance the predevelopment costs associated with the development of a new supportive housing project located in Hennepin County, Minnesota, at a site yet to be determined. In the event that the project is unable to proceed through no fault of Clare Housing's, a portion of the loan may be forgiven at the discretion of the lender. Clare Housing has the option to request 180 day extension periods of the maturity date if certain conditions have been satisfied as described in the loan agreement. The note is secured by the Clare Housing's assets.

(Continued)

8. **DEBT (Continued)**

**Minnesota Housing Financing Agency:**
Mortgage payable to the Minnesota Housing Financing Agency (MN Housing) under its Housing Opportunities for People with AIDS (HOPWA) Program in the original amount of $209,631 dated December 16, 2004, without interest. Principal is due on December 16, 2034. Secured by Clare Apartments.

Mortgage payable to MN Housing under its Housing Trust Fund (HTF) Program in the original amount of $220,000 dated December 16, 2004, without interest. Principal is due on December 16, 2034. Secured by Clare Apartments.

Mortgage payable to MN Housing in the original amount of $480,000 without interest. Principal is due on May 6, 2040. Secured by Clare Hiawatha.

Mortgage payable to MN Housing under the Economic Development and Housing Challenge Program (EDHC) in the original amount of $1,140,059 dated December 30, 2014, without interest. Principal is due on December 30, 2044. Secured by Clare Terrace.

Mortgage payable to MN Housing under the EDHC program in the original amount of $420,000 dated September 22, 2016, with simple interest at 2.00%. Principal is due and payable in full on September 23, 2046. Secured by Clare Marshall Flats.

**Hennepin County:**
Mortgage payable to the Hennepin County Housing and Redevelopment Authority (HRA) under the Affordable Housing Incentive Fund (AHIF) program in the original amount of $425,000 dated December 16, 2004, without interest. Principal is due on December 16, 2034. Secured by Clare Apartments.

Mortgage payable to the HRA under the AHIF program in the original amount of $616,950 dated May 6, 2010, without interest. Principal is due on May 6, 2040. Secured by Clare Hiawatha.

Mortgage payable to the HRA under the AHIF program in the original amount of $675,000 dated December 30, 2014, without interest. Principal is due on December 30, 2044. Secured by Clare Terrace.

8. **DEBT (Continued)**

Mortgage payable to the HRA under the AHIF program in the original amount of $370,000 dated September 23, 2016, with simple interest at 2.00%. Principal and interest is due and payable in full on September 23, 2046. Secured by Clare Marshall Flats.

**City of Minneapolis:**
Mortgage payable to the Minneapolis Department of Community Planning and Economic Development (CPED) under the Community Development Block Grants (CDBG) program in the original amount of $435,000 dated December 16, 2004, with interest at 1%. Principal and accrued interest are due on December 16, 2034. Secured by Clare Apartments.

Mortgage payable to the City of Minneapolis in the original amount of $90,000 dated November 30, 2005, with simple interest at 1%. Principal and accrued interest are due on November 30, 2035. Secured by Clare Apartments.

Mortgage payable to CPED under the HOME Investment Partnerships program in the original amount of $2,308,255 dated May 6, 2010, without interest. Principal is due on May 6, 2040. Secured by Clare Hiawatha.

Mortgage payable to the City of Minneapolis under the Affordable Housing Trust Fund (AHTF) in the original amount of $655,000 dated September 22, 2016, with simple interest at 2.00%. Principal and interest is due and payable in full on September 22, 2046. Secured by Clare Marshall Flats.

Mortgage payable to the City of Minneapolis under the Local Housing Initiatives Account Program (LHIA) in the original amount of $400,000 dated September 22, 2016, with simple interest at 2.00%. Principal and interest is due and payable in full on September 22, 2046. Secured by Clare Marshall Flats.

**Bremer Bank -** Mortgage payable to Bremer Bank, National Association dated December 30, 2014, in the amount of $185,000. Interest is a fixed rate equal to the seven year SOFR swap rate as determined one business day prior to conversion plus 3.0% (5.73% as of December 31, 2024). The fixed rate will be adjusted to the three year SOFR swap rate plus 3% on June 16 of each three year anniversary of the conversion date (June 16, 2016). Semi-annual principal and interest payments are due each February 2 and August 2 through the maturity date of June 15, 2030. The payment amount will be the greater of the full TIF note payment received or an amount required to fully amortize the loan over a period of fifteen years from the conversion date. Secured by Clare Terrace.

8. **DEBT (Continued)**

**Family Housing Fund -** Mortgage payable to the Family Housing Fund in the original amount of $100,000 dated December 16, 2004, without interest. Principal is due on December 16, 2034. Secured by Clare Apartments.

Maturities of debt for the years ending December 31 are as follows:

| | |
|---|---|
| 2025 | $ 11,912 |
| 2026 | 62,614 |
| 2027 | 13,357 |
| 2028 | 14,138 |
| 2029 | 13,569 |
| Thereafter | 8,544,894 |
| | $ 8,660,484 |

The partnership debt agreements place restrictions on tenant qualifications, rental rates, and cash distributions.

While the partnership debt agreements provide for entire payment of principal and interest on the maturity dates of the loans, the entire outstanding balance will be immediately due and payable upon the occurrence of any one of the following events:

- Transfer or sale of apartment complexes without the lender's approval
- Termination of the use of apartment complexes as low income housing
- Use of apartments which violates any federal, state or local law, statute or ordinance
- Default under any of the loan agreements

## 9. NET ASSETS

**Net assets with donor restrictions** - Net assets with donor restrictions are for the following purposes:

| | 2024 | 2023 |
|---|---|---|
| **Clare Housing:** | | |
| **Subject to the passage of time** | | |
| Contributions receivable (2025 - 2031) | $ 173,210 | $ 167,595 |
| Future operations | - | 12,740 |
| | 173,210 | 180,335 |
| **Partnerships:** | | |
| **Not subject to appropriation or expenditure:** | | |
| Capital grants - housing | 1,850,000 | 2,846,970 |
| 1602 grant for Clare Hiawatha - housing | 85,293 | 170,586 |
| | 1,935,293 | 3,017,556 |
| | $ 2,108,503 | $ 3,197,891 |

**Net assets released from donor restrictions** - Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by the passage of time or other events specified by donors. The net assets released from restrictions are as follows:

| | 2024 | 2023 |
|---|---|---|
| **Clare Housing**: | | |
| Contributions receivable - time restricted | $ 130,254 | $ 244,942 |
| Loss on uncollected pledges | (6,749) | (20,682) |
| Future operations | 12,740 | - |
| Capital grants - housing | 996,970 | - |
| **Partnerships**: | | |
| 1602 grant for Clare Hiawatha - housing | 85,293 | 85,293 |
| | $ 1,218,508 | $ 309,553 |

**Board Designated** - The Board established a designated reserve with a current balance of $3,178,415 as a source for nonrecurring expenses that will support new construction, strategic initiatives and long-term sustainability. Periodically, the Board reviews and sets target amounts of the Board Designated strategies. The Finance Committee will review requests for any significant usage of the funds by the Executive Director and, if approved, will make a recommendation to the Board of Directors.

(Continued)

## 10. SCATTERED SITE HOUSING LEASES

Clare Housing has entered into grant agreements with MN Housing and the City of Minneapolis. Under the agreements, Clare Housing will provide scattered site supportive housing for households that are extremely low-income, at risk of homelessness and/or that meet the State's definition of Long-Term Homelessness or HUD requirements. The program's target population is individuals and families that are living with HIV/AIDS. Units are leased directly by the client receiving supportive services and the rent payments are paid by Clare Housing directly to the landlord. Lease expense related to this was $527,527 for 2024 and $442,001 for 2023.

## 11. TAX INCREMENT REVENUE NOTE RECEIVABLE

Clare Terrace has entered into a Contract for Private Development and Tax Increment Revenue Note with the Robbinsdale Economic Development Authority (REDA) to develop the apartment complex through the use of tax increment financing (TIF). Under the agreement, REDA agreed to reimburse certain development costs and issued a tax increment note in payment. The principal amount of the note is $350,000, with simple interest accruing at 4%. REDA will make semi-annual (February 1 and August 1) payments on the note beginning August 1, 2017. Such amounts are payable solely from 90% of the tax increment portion of any real estate tax payments made by the Partnership on the Project. Payments will be made until the note is paid in full or the statutory TIF period expires (August 1, 2038), whichever occurs first. REDA's obligation is subject to Clare Terrace's compliance with the development contract and Tax Increment Limited Revenue Note during the period that principal and accrued interest is outstanding. Payments on the TIF note are recognized as revenue when the related real estate taxes are accrued.

Clare Terrace has assigned the Tax Increment Revenue Note to Bremer Bank as additional security on the TIF note payable and has established a TIF payment reserve at Bremer Bank.

## 12. RETIREMENT PLAN

Clare Housing has a retirement plan under Section 403(b) of the Internal Revenue Code which provides for voluntary pre-tax employee contributions and discretionary employer contributions. Employees are eligible to participate in the plan upon hire. Employer contributions were $106,490 for 2024, and $112,420 for 2023.

(Continued)

## 13. COMMITMENTS, CONTINGENCIES AND CONCENTRATIONS

The Organization places its cash with financial institutions which are insured by the Federal Deposit Insurance Corporation up to $250,000 per institution. At times the amount on deposit exceeds the insured limit of an institution which exposes the Organization to a collection risk. The Organization has not experienced any losses as a result of these deposits. At December 31, 2024 and 2023, deposits exceeded the insured limit by approximately $1,814,000 and $1,337,000. Of these amounts, $505,000 and $25,000 is attributable to Clare Housing, $396,000 and $474,500 are attributable to Clare Hiawatha, and $913,000 and $837,500 are attributable to the other limited partnerships at December 31, 2024 and 2023.

Approximately 40% and 44% of Clare Housing's 2024 and 2023 total revenues and support is from program fees.

Capital grants are subject to a number of requirements, including that the properties be operated as low income housing for a specific time period. Violation of the requirements would require the Organization to repay the grants to the funder.

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

As a general partner in limited partnerships, Clare Housing is contingently responsible for the obligations of the limited partnerships. The limited partnership agreements provide for various obligations of the general partner including its obligation to provide funds for operating deficits and a guaranty of housing tax credits.

Clare Marshall Flats, Clare Terrace, Clare Hiawatha, and Clare Apartments' sole assets are the apartment complexes. Their operations are concentrated in the Minneapolis and Robbinsdale, Minnesota multifamily real estate markets. In addition, they operate in a heavily regulated environment. Their operations are subject to rules and regulations of federal, state, and local governmental agencies. Changes in rules and regulations may occur with little notice or inadequate funding to pay for the costs to comply with a change.

(Continued)

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

Housing tax credits for the limited partnerships are contingent on their ability to maintain compliance with applicable sections of Internal Revenue Code Section 42. Failure to maintain compliance with occupant eligibility and/or unit gross rent, or to correct noncompliance within a specified time period, could result in recapture of previously taken tax credits plus interest. In addition, such potential noncompliance may require an adjustment to the contributed capital of the limited partner.

The Partnerships are subject to extended use agreements between the Partnerships and MN Housing which require the properties to be used for low income occupancy (income and rent limits). The extended use period ends on December 31, 2034, for Clare Apartments; December 31, 2040, for Clare Hiawatha; December 31, 2045, for Clare Terrace; and December 31, 2046, for Clare Marshall Flats.

The Partnerships are subject to various legal proceedings covering a range of matters that arise in the course of their business activities. Management believes that any liability that may ultimately result from the resolution of these matters will not have a material adverse effect on the financial condition or results of operations of the Partnerships or Clare Housing.

The Organization was awarded $6,260,605 of funding related to the Clare V and Clare Apartments development projects as of December 31, 2024. The funding is conditional upon closing on the development projects.

## 14. LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets held by the Limited Partnerships are generally limited to use for general expenditures within the individual Partnerships and are not available for general expenditures of Clare Housing.

As part of Clare Housing's liquidity management, it has a policy to monitor and structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, Clare Housing invests excess operating cash in various investment products in line with its investment policies. A portion of these funds are board designated, though all investments could be made available for general expenditures with board approval.

Clare Housing's financial assets available within one year of the consolidated statement of financial position date for general expenditures are as follows:

| December 31, 2024: | Clare Housing | Limited Partnerships | Consolidated |
|---|---|---|---|
| Cash and cash equivalents | $ 282,640 | $ 58,714 | $ 341,354 |
| Accounts receivable | 337,712 | 43,389 | 381,101 |
| Current portion of contributions receivable, net | 184,309 | - | 184,309 |
| Grants receivable | 400,267 | - | 400,267 |
| Investments | 3,440,650 | - | 3,440,650 |
| Total financial assets available within one year | 4,645,578 | 102,103 | 4,747,681 |
| Amounts unavailable to management without Board approval: | | | |
| Board designated - long-term capacity | (3,178,415) | - | (3,178,415) |
| Total financial assets available within one year after board designations | $ 1,467,163 | $ 102,103 | $ 1,569,266 |

## 14. LIQUIDITY AND AVAILABILITY OF RESOURCES (Continued)

| December 31, 2023: | Clare Housing | Limited Partnerships | Consolidated |
|---|---|---|---|
| Cash and cash equivalents | $ 275,264 | $ 10,304 | $ 285,568 |
| Accounts receivable | 302,477 | 79,743 | 382,220 |
| Current portion of contributions receivable, net | 173,177 | - | 173,177 |
| Grants receivable | 430,188 | - | 430,188 |
| Investments | 2,975,849 | - | 2,975,849 |
| Total financial assets available within one year | 4,156,955 | 90,047 | 4,247,002 |
| Amounts unavailable to management without Board approval: | | | |
| Board designated - long-term capacity | (2,722,573) | - | (2,722,573) |
| Total financial assets available within one year after board designations | $ 1,434,382 | $ 90,047 | $ 1,524,429 |

## 15. SUBSEQUENT EVENTS

The Organization acquired property for Clare Digs in January 2025 for $610,000 using government grant funds and began rehab on the property thereafter.

The Organization has evaluated subsequent events through May 21, 2025, the date the financial statements were available to be issued.

# SUPPLEMENTARY INFORMATION

**CLARE HOUSING**

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

December 31, 2024

| | Clare Housing | Clare Hiawatha LLC | Limited Partnerships | Eliminations | Total |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| Current assets: | | | | | |
| Cash and cash equivalents | $ 282,640 | $ - | $ 53,440 | $ 5,274 | $ 341,354 |
| Accounts receivable, net | 337,712 | - | 57,238 | (13,849) | 381,101 |
| TIF receivable | - | - | 11,261 | - | 11,261 |
| Current portion of contributions receivable, net | 184,309 | - | - | - | 184,309 |
| Grants receivable | 400,267 | - | - | - | 400,267 |
| Current portion of prepaid expenses | 98,058 | - | 23,130 | - | 121,188 |
| Total current assets | 1,302,986 | - | 145,069 | (8,575) | 1,439,480 |
| Reserves and escrows | - | - | 2,086,669 | - | 2,086,669 |
| Investments | 3,440,650 | - | - | - | 3,440,650 |
| Contributions receivable, less current portion, net | 47,250 | - | - | - | 47,250 |
| Notes receivable | 2,646,970 | - | - | (2,646,970) | - |
| Prepaid expenses, less current portion | - | - | 41,286 | - | 41,286 |
| Other assets, net | - | - | 52,379 | - | 52,379 |
| Investment in Partnerships | 391,980 | - | - | (391,980) | - |
| Due from Partnerships | 345,769 | 616,950 | - | (962,719) | - |
| Property and equipment, net - Clare Housing | 1,434,371 | - | - | - | 1,434,371 |
| Property and equipment, net - Partnerships | - | - | 19,531,195 | (844,954) | 18,686,241 |
| Total assets | $ 9,609,976 | $ 616,950 | $ 21,856,598 | $ (4,855,198) | $ 27,228,326 |
| **LIABILITIES AND NET ASSETS** | | | | | |
| Current liabilities: | | | | | |
| Accounts payable | $ 63,901 | $ - | $ 80,175 | $ (13,849) | $ 130,227 |
| Prepaid rent | - | - | 38,482 | - | 38,482 |
| Current portion of debt - Partnerships | - | - | 11,912 | - | 11,912 |
| Accrued expenses | 366,962 | - | 102,647 | - | 469,609 |
| Total current liabilities | 430,863 | - | 233,216 | (13,849) | 650,230 |
| Deferred grants | 127,000 | - | 836,936 | (836,936) | 127,000 |
| Tenant security deposits | - | - | 107,630 | - | 107,630 |
| Accrued interest | - | - | 1,075,968 | (669,454) | 406,514 |
| Due to Clare Housing | - | - | 340,495 | (340,495) | - |
| Debt - Clare Housing | 50,000 | - | - | - | 50,000 |
| Debt - Partnerships, less current portion | - | 616,950 | 11,089,334 | (3,263,920) | 8,442,364 |
| Total liabilities | 607,863 | 616,950 | 13,683,579 | (5,124,654) | 9,783,738 |
| Net assets: | | | | | |
| Without donor restrictions: | | | | | |
| Controlling interest | 3,800,488 | - | (373,894) | 184,163 | 3,610,757 |
| Controlling interest - board designated | 3,178,415 | - | - | - | 3,178,415 |
| Noncontrolling interests - limited partners | - | - | 8,546,913 | - | 8,546,913 |
| Total net assets without donor restrictions | 6,978,903 | - | 8,173,019 | 184,163 | 15,336,085 |
| With donor restrictions | 2,023,210 | - | - | 85,293 | 2,108,503 |
| Total net assets | 9,002,113 | - | 8,173,019 | 269,456 | 17,444,588 |
| Total liabilities and net assets | $ 9,609,976 | $ 616,950 | $ 21,856,598 | $ (4,855,198) | $ 27,228,326 |

**CLARE HOUSING**

CONSOLIDATING STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2024

| | Clare Housing | | | | | |
|---|---|---|---|---|---|---|
| | Without Donor Restrictions | With Donor Restrictions | Total | Limited Partnerships | Eliminations | Total |
| Revenues and support: | | | | | | |
| Program fees | $ 3,502,205 | $ - | $ 3,502,205 | $ - | $ (11,593) | $ 3,490,612 |
| Rent revenues | - | - | - | 1,564,140 | (173,369) | 1,390,771 |
| Contributions | 949,094 | 129,120 | 1,078,214 | - | - | 1,078,214 |
| Government grants and contracts | 3,056,354 | - | 3,056,354 | - | - | 3,056,354 |
| Section 1602 grant amortization | - | - | - | 31,985 | (31,985) | - |
| Partnership management fees | 42,009 | - | 42,009 | - | (42,009) | - |
| Interest income | 60,717 | - | 60,717 | 89,526 | (51,217) | 99,026 |
| TIF revenue | - | - | - | 11,277 | - | 11,277 |
| Other income | 24,023 | - | 24,023 | 84,343 | - | 108,366 |
| Net assets released from restrictions | 129,496 | (129,496) | - | - | - | - |
| Total revenues and support | 7,763,898 | (376) | 7,763,522 | 1,781,271 | (310,173) | 9,234,620 |
| Expenses: | | | | | | |
| Program services | 6,256,609 | - | 6,256,609 | 2,586,970 | (354,474) | 8,489,105 |
| Management and general | 942,289 | - | 942,289 | - | - | 942,289 |
| Fundraising | 333,211 | - | 333,211 | - | - | 333,211 |
| Total expenses | 7,532,109 | - | 7,532,109 | 2,586,970 | (354,474) | 9,764,605 |
| Change in net assets before investment income and loss on uncollected pledges | 231,789 | (376) | 231,413 | (805,699) | 44,301 | (529,985) |
| Investment income, net | 211,533 | - | 211,533 | - | - | 211,533 |
| Loss on uncollected pledges | - | (6,749) | (6,749) | - | - | (6,749) |
| Capital contributions | - | - | - | 66,818 | (66,818) | - |
| Net assets released from restrictions - capital | 996,970 | (996,970) | - | - | - | - |
| Change in net assets | 1,440,292 | (1,004,095) | 436,197 | (738,881) | (22,517) | (325,201) |
| Net assets, beginning of year | 5,538,611 | 3,027,305 | 8,565,916 | 8,911,900 | 291,973 | 17,769,789 |
| Net assets, end of year | $ 6,978,903 | $ 2,023,210 | $ 9,002,113 | $ 8,173,019 | $ 269,456 | $ 17,444,588 |
| Change in net assets attributed to: | | | | | | |
| Controlling interest - Clare Housing | $ 1,440,292 | $ (1,004,095) | $ 436,197 | $ (121,021) | $ (22,517) | $ 292,659 |
| Noncontrolling interests - Partnerships | - | - | - | (617,860) | - | (617,860) |
| Consolidated total | $ 1,440,292 | $ (1,004,095) | $ 436,197 | $ (738,881) | $ (22,517) | $ (325,201) |

**CLARE HOUSING**

CONSOLIDATING STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2024

| | Clare Housing | Limited Partnerships | Eliminations | Total |
|---|---|---|---|---|
| Cash flows from operating activities: | | | | |
| Change in net assets | $ 436,197 | $ (805,699) | $ 44,301 | $ (325,201) |
| Adjustments to reconcile the change in net assets to net cash from operating activities: | | | | |
| Depreciation and amortization of tax credit fees | 80,501 | 659,081 | (26,510) | 713,072 |
| Interest expense - amortization of finance fees | - | 9,284 | - | 9,284 |
| Section 1602 grant amortization | - | (31,985) | 31,985 | - |
| Unrealized (gain) loss on investments | (118,221) | - | - | (118,221) |
| Bad debts | - | 30,823 | - | 30,823 |
| Loss on uncollected pledges | 6,749 | - | - | 6,749 |
| Changes in operating assets and liabilities: | | | | |
| Accounts and TIF receivable | (101,124) | 20,098 | 79,738 | (1,288) |
| Contributions receivable | (146) | - | - | (146) |
| Grants receivable | 29,921 | - | - | 29,921 |
| Prepaid expenses | 16,260 | 10,614 | - | 26,874 |
| Accounts payable | (30,710) | (16,300) | (73,023) | (120,033) |
| Prepaid rent | - | 22,436 | - | 22,436 |
| Accrued expenses | 64,963 | (23,597) | (51,217) | (9,851) |
| Tenant security deposits | - | 13,652 | - | 13,652 |
| Deferred grants | 127,000 | - | - | 127,000 |
| Accrued interest | - | 68,728 | - | 68,728 |
| Net cash from operating activities | 511,390 | (42,865) | 5,274 | 473,799 |
| Cash flows from investing activities: | | | | |
| Payments for property and equipment | (90,616) | (40,854) | - | (131,470) |
| Sales of investments | 357,366 | - | - | 357,366 |
| Purchase of investments | (703,946) | - | - | (703,946) |
| Reinvested investment interest and dividends | - | - | - | - |
| Net cash from investing activities | (437,196) | (40,854) | - | (478,050) |
| Cash flows from financing activities: | | | | |
| Capital contribution | (66,818) | 66,818 | - | - |
| Repayment of debt | - | (20,292) | - | (20,292) |
| Net cash from financing activities | (66,818) | 46,526 | - | (20,292) |
| Net increase (decrease) in cash, cash equivalents, and restricted cash | 7,376 | (37,193) | 5,274 | (24,543) |
| Cash, cash equivalents, and restricted cash - beginning of year | 275,264 | 2,177,302 | - | 2,452,566 |
| Cash, cash equivalents, and restricted cash - end of year | $ 282,640 | $ 2,140,109 | $ 5,274 | $ 2,428,023 |
| Reconciliation to the statement of financial position: | | | | |
| Cash and cash equivalents | $ 282,640 | $ 53,440 | 5,274 | $ 341,354 |
| Reserves and escrows | - | 2,086,669 | - | 2,086,669 |
| Total cash, cash equivalents, and restricted cash | $ 282,640 | $ 2,140,109 | $ 5,274 | $ 2,428,023 |
| Supplemental disclosures of cash flow information: | | | | |
| Cash paid for interest | $ - | $ 6,067 | $ - | $ 6,067 |