



COMMONBOND COMMUNITIES

**CONSOLIDATED FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION**

FOR THE YEAR ENDED DECEMBER 31, 2024



COMMONBOND COMMUNITIES

CONSOLIDATED FINANCIAL STATEMENTS WITH SUPPLEMENTARY INFORMATION

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

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
CommonBond Communities
Saint Paul, Minnesota

Opinion

We have audited the accompanying consolidated financial statements of CommonBond Communities (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, changes in net assets, 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 CommonBond Communities and affiliates, as of December 31, 2024, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about CommonBond Communities and 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)

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 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 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 CommonBond Communities and affiliates' 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 CommonBond Communities and 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.

Report on Summarized Comparative Information

We have previously audited CommonBond Communities and affiliates’ 2023 consolidated financial statements and we expressed an unmodified opinion on those audited financial statements in our report dated May 30, 2024. In our opinion, the restated summarized comparative information presented herein as of and for the year ended December 31, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

(Continued)

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information shown on pages 46 to 49 is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position and changes in net assets of the individual entities, and it is not a required part of the consolidated financial statements. The supplementary information on page 50 is presented for purposes of additional analysis and is also not a required part of the consolidated financial statements. The supplementary 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 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 auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 28, 2025, on our consideration of the Organization'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 the Organization'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 the Organization's internal control over financial reporting and compliance.

May 28, 2025

Mahoney Ulbrich
Christiansen & Russ, PA

COMMONBOND COMMUNITIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2024
(With Comparative Totals for 2023)

	2024	2023
ASSETS		
CURRENT ASSETS:		
Cash and Cash Equivalents	\$ 12,675,526	\$ 12,606,666
Restricted Cash	21,983,902	17,606,854
Accounts Receivable, Net	6,560,598	8,243,991
Contributions Receivable, Net	1,898,646	1,645,068
Prepaid Expenses	1,147,200	1,282,405
Property Held for Sale, Net of Impairment Allowance	39,759,133	-
Total Current Assets	84,025,005	41,384,984
 PROPERTY AND EQUIPMENT:		
Property and Equipment, Net	618,579,727	700,862,093
 OTHER ASSETS:		
Contributions Receivable - Long-Term	2,327,274	2,455,080
Notes Receivable - Long-Term	420,000	420,000
Restricted Cash for Long-Term Purposes	4,605,398	6,514,160
Restricted Escrows and Reserves	67,301,778	64,933,582
Deferred Charges, Net	1,653,579	1,748,351
Right of Use Asset	169,913	217,022
Investments in Partnerships and LLCs	27,232	27,232
Investment - HPIEx	177,632	177,632
Investments Held for Endowment:		
Restricted by Donors	3,171,707	3,171,207
Accumulated Earnings	3,027,571	4,570,694
Board Designated	5,110,231	5,110,231
Total Other Assets	87,992,315	89,345,191
Total Assets	\$ 790,597,047	\$ 831,592,268

See Accompanying Notes to Consolidated Financial Statements.

COMMONBOND COMMUNITIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2024
(With Comparative Totals for 2023)

	<u>2024</u>	<u>2023</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Current Portion of Long-Term Debt	\$ 20,717,064	\$ 21,243,223
Line of Credit	500,000	500,000
Construction Costs Payable	-	7,207,362
Accounts Payable	12,522,611	11,636,597
Accrued Expenses and Other Liabilities	10,235,742	13,755,295
Accrued Interest	2,310,956	2,438,912
Total Current Liabilities	<u>46,286,373</u>	<u>56,781,389</u>
LONG-TERM LIABILITIES:		
Long-Term Debt, Net	426,556,865	391,220,818
Construction Notes Payable	24,147,966	70,337,765
Deferred Revenue	6,889,593	8,132,917
Accrued Interest	7,045,144	6,145,372
Interest Rate Swaps	336	2,675
Accrued Expenses and Other Liabilities	117,447	169,549
Total Long-Term Liabilities	<u>464,757,351</u>	<u>476,009,096</u>
Total Liabilities	<u>511,043,724</u>	<u>532,790,485</u>
NET ASSETS:		
Without Donor Restrictions:		
Undesignated:		
Operating Fund	75,253,688	56,955,755
Housing Communities - Controlling Interests	(55,893,516)	(30,178,716)
Housing Communities - Noncontrolling Interests	151,311,475	160,178,694
Board Designated	6,164,938	6,501,427
Total Without Donor Restrictions	<u>176,836,585</u>	<u>193,457,160</u>
With Donor Restrictions	102,716,738	105,344,623
Total Net Assets	<u>279,553,323</u>	<u>298,801,783</u>
Total Liabilities and Net Assets	<u>\$ 790,597,047</u>	<u>\$ 831,592,268</u>

See Accompanying Notes to Consolidated Financial Statements.

COMMONBOND COMMUNITIES

CONSOLIDATED STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2024
(With Comparative Totals for 2023)

	2024			2023
	Without Donor Restrictions	With Donor Restrictions	Total	
REVENUES FROM OPERATIONS:				
Contributions	\$ 3,577,649	\$ 4,694,166	\$ 8,271,815	\$ 12,817,341
In-Kind Contributions	5,523,281	-	5,523,281	68,178
Released from Restrictions	8,278,927	(8,278,927)	-	-
Total Contributions	<u>17,379,857</u>	<u>(3,584,761)</u>	<u>13,795,096</u>	<u>12,885,519</u>
Government Grants - Operating	12,762,308	-	12,762,308	1,233,241
Government Grants - Construction	1,050,570	-	1,050,570	893,497
Total Government Grants	<u>13,812,878</u>	<u>-</u>	<u>13,812,878</u>	<u>2,126,738</u>
Fees for Services:				
Property Management	-	-	-	36,782
Advantage Services	-	-	-	-
Other	42,550	-	42,550	78,719
Total Fees for Services	<u>42,550</u>	<u>-</u>	<u>42,550</u>	<u>115,501</u>
Housing Communities Rental and Related Revenue, Net	82,555,481	-	82,555,481	76,887,997
Investment Income	1,422,639	-	1,422,639	817,655
Miscellaneous	288,023	-	288,023	162,377
Total Housing and Other Revenue	<u>84,266,143</u>	<u>-</u>	<u>84,266,143</u>	<u>77,868,029</u>
Total Revenues from Operations	<u>115,501,428</u>	<u>(3,584,761)</u>	<u>111,916,667</u>	<u>92,995,787</u>
EXPENSES FROM OPERATIONS:				
Program Services:				
Property Operations and Management	124,026,628	-	124,026,628	115,671,679
Housing Development	5,478,662	-	5,478,662	1,124,300
Advantage Services	6,723,961	-	6,723,961	6,731,680
Asset Management	725,652	-	725,652	224,451
Community Engagement	146,226	-	146,226	28,608
Total Program Services	<u>137,101,129</u>	<u>-</u>	<u>137,101,129</u>	<u>123,780,718</u>
Supporting Services:				
General and Administrative	3,004,067	-	3,004,067	3,209,879
Fund Development	2,573,112	-	2,573,112	990,099
Total Supporting Services	<u>5,577,179</u>	<u>-</u>	<u>5,577,179</u>	<u>4,199,978</u>
Total Expenses from Operations	<u>142,678,308</u>	<u>-</u>	<u>142,678,308</u>	<u>127,980,696</u>
CHANGE IN NET ASSETS BEFORE OTHER INCOME AND EXPENSE	<u>(27,176,880)</u>	<u>(3,584,761)</u>	<u>(30,761,641)</u>	<u>(34,984,909)</u>
OTHER INCOME AND EXPENSE:				
Long-Term Debt Forgiven	957,742	-	957,742	424,044
Gain on Sale of Housing Communities	6,705,517	-	6,705,517	-
Loss on Disposal of Property and Equipment, Net	(32,496)	-	(32,496)	(780,393)
Impairment Loss	(28,349,178)	-	(28,349,178)	-
Loss on Deconsolidation of Housing Community	(5,001,700)	-	(5,001,700)	-
Residual Receipts Recapture	(56,983)	-	(56,983)	(64,610)
Endowment Investment Return, Net	-	956,876	956,876	1,778,094
Gains on Investments, Net	2,262	-	2,262	14,070
Total Other Income and Expense	<u>(25,774,836)</u>	<u>956,876</u>	<u>(24,817,960)</u>	<u>1,371,205</u>
CHANGE IN NET ASSETS	<u>(52,951,716)</u>	<u>(2,627,885)</u>	<u>(55,579,601)</u>	<u>(33,613,704)</u>
Noncontrolling Interests in Activities of Housing Communities	<u>52,485,911</u>	<u>-</u>	<u>52,485,911</u>	<u>35,203,667</u>
CHANGE IN NET ASSETS AFTER NONCONTROLLING INTERESTS	<u>\$ (465,805)</u>	<u>\$ (2,627,885)</u>	<u>\$ (3,093,690)</u>	<u>\$ 1,589,963</u>

See Accompanying Notes to Consolidated Financial Statements.

COMMONBOND COMMUNITIES

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2024
(With Comparative Totals for 2023)

	Without Donor Restrictions			With Donor Restrictions	Total
	Controlling Interests	Noncontrolling Interests	Total		
Balance, December 31, 2022	\$ 39,633,923	\$ 162,655,054	\$ 202,288,977	\$ 101,957,926	\$ 304,246,903
Change in Net Assets	(1,796,734)	(35,203,667)	(37,000,401)	3,386,697	(33,613,704)
Assignment of Noncontrolling Interest to Controlling Interest	(4,558,723)	4,558,723	-	-	-
Other Housing Activity:					
Capital Contributions	-	28,682,076	28,682,076	-	28,682,076
Cash Distributions	-	(395,649)	(395,649)	-	(395,649)
Syndication Costs and Other	-	(117,843)	(117,843)	-	(117,843)
Balance, December 31, 2023	33,278,466	160,178,694	193,457,160	105,344,623	298,801,783
Change in Net Assets	(465,805)	(52,485,911)	(52,951,716)	(2,627,885)	(55,579,601)
Assignment of Noncontrolling Interests to Controlling Interest	(7,287,551)	7,287,551	-	-	-
Other Housing Activity:					
Capital Contributions	-	36,514,844	36,514,844	-	36,514,844
Cash Distributions	-	(108,141)	(108,141)	-	(108,141)
Syndication Costs and Other	-	(75,562)	(75,562)	-	(75,562)
Balance, December 31, 2024	<u>\$ 25,525,110</u>	<u>\$ 151,311,475</u>	<u>\$ 176,836,585</u>	<u>\$ 102,716,738</u>	<u>\$ 279,553,323</u>

See Accompanying Notes to Consolidated Financial Statements.

COMMONBOND COMMUNITIES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2024
(With Comparative Totals for 2023)

	2024												2023
	PROGRAM SERVICES							SUPPORTING SERVICES					
	Property Operations & Management	Housing Development	Advantage Services	Asset Management	Community Engagement	Housing Communities	Eliminations	Total	General and Administrative	Fund Development	Eliminations	Total	
Salaries, Taxes and Fringes:													
Salaries	\$ 4,561,231	\$ 1,376,717	\$ 4,112,223	\$ 419,391	\$ 100,082	\$ 4,886,763	\$ -	\$ 15,456,407	\$ 1,201,615	\$ 1,038,505	\$ -	\$ 17,696,527	\$ 20,306,194
Payroll Taxes and Fringes	1,034,488	280,501	813,298	94,711	19,704	884,407	-	3,127,109	268,961	205,316	-	3,601,386	4,071,762
Total Salaries, Taxes and Fringes	5,595,719	1,657,218	4,925,521	514,102	119,786	5,771,170	-	18,583,516	1,470,576	1,243,821	-	21,297,913	24,377,956
Consulting Services	1,043,673	97,431	362,025	123,248	2,455	-	-	1,628,832	782,398	226,774	-	2,638,004	2,335,103
Office Supplies and Printing	637,261	81,782	165,024	54,122	3,861	-	-	942,050	187,949	46,301	-	1,176,300	1,387,513
Telephone	8,002	2,931	8,067	679	288	-	-	19,967	2,256	2,275	-	24,498	117,751
Occupancy	205,728	50,989	152,239	15,538	3,704	-	(428,198)	-	334,576	42,972	(377,548)	-	-
Travel	70,384	17,908	50,910	6,429	1,230	-	-	146,861	18,167	12,849	-	177,877	252,891
Education and Training	30,522	9,127	27,197	2,805	662	-	-	70,313	8,031	6,868	-	85,212	70,112
In-Kind Expense	-	-	111,631	-	-	-	-	111,631	1,702	-	-	113,333	68,178
Program Contracts and Supplies	6,752	3,283,708	225,782	-	-	-	-	3,516,242	-	-	-	3,516,242	204,740
Development Cost Expense	-	3,693,661	-	-	-	-	(3,692,861)	800	-	-	-	800	87,412
Bad Debt (Recoveries)	15,788,472	-	-	-	-	-	(15,788,472)	-	-	546,183	-	546,183	35,757
Miscellaneous	62,411	33,667	114,380	5,252	2,831	-	-	218,541	16,351	319,817	-	554,709	336,977
Repairs and Maintenance	181,439	83,350	270,284	17,012	6,721	39,269,477	(243,864)	39,584,419	51,064	68,493	-	39,703,976	28,824,867
Administrative Expense	-	-	-	-	-	11,943,626	(6,375,280)	5,568,346	-	-	-	5,568,346	4,761,592
Advantage Service Fees	-	-	-	-	-	2,161,787	(2,033,349)	128,438	-	-	-	128,438	143,707
Utilities Expense	-	-	-	-	-	8,939,656	(184,089)	8,755,567	-	-	-	8,755,567	9,987,063
Insurance Expense	-	-	-	-	-	6,241,096	38,282	6,279,378	133,017	-	-	6,412,395	4,059,345
Real Estate Taxes	-	-	-	-	-	4,515,241	-	4,515,241	-	-	-	4,515,241	7,410,712
Depreciation and Amortization	-	-	-	-	-	34,035,909	(3,020,850)	31,015,059	320,266	-	-	31,335,325	28,746,136
Interest and Other Finance Charges	9,691	203,339	334,702	2,003	8,392	19,049,630	(3,591,829)	16,015,928	12,290	99,731	-	16,127,949	14,772,884
	23,640,054	9,215,111	6,747,762	741,190	149,930	131,927,592	(35,320,510)	137,101,129	3,338,643	2,616,084	(377,548)	142,678,308	127,980,696
Housing Communities by Function	129,644,684	121,121	2,161,787	-	-	(131,927,592)	-	-	-	-	-	-	-
Eliminations by Function	(29,258,110)	(3,857,570)	(2,185,588)	(15,538)	(3,704)	-	35,320,510	-	(334,576)	(42,972)	377,548	-	-
	\$ 124,026,628	\$ 5,478,662	\$ 6,723,961	\$ 725,652	\$ 146,226	\$ -	\$ -	\$ 137,101,129	\$ 3,004,067	\$ 2,573,112	\$ -	\$ 142,678,308	\$ 127,980,696

See Accompanying Notes to Consolidated Financial Statements.

COMMONBOND COMMUNITIES

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	\$ (55,579,601)	\$ (33,613,704)
Adjustments to Reconcile Change in Net Assets to Net Cash From Operating Activities:		
Depreciation and Amortization	31,335,325	28,746,136
Amortization of Finance Fees	933,428	952,904
Reduction of Right of Use Asset	47,109	32,005
Gain on Sale of Housing Communities	(6,705,517)	-
Loss on Disposal of Property and Equipment	32,496	1,054,549
Impairment Loss	28,349,178	-
Donated Property and Equipment	(5,409,948)	-
Loss on Deconsolidation of Affiliate	5,001,700	-
Grants Used for Construction	(1,050,570)	(893,497)
(Gains) Losses on Investments	(483,412)	(1,496,254)
Reinvested Income on Investments and Endowment	(475,803)	(296,218)
Principal and Accrued Interest Forgiven	(957,742)	(424,044)
Bad Debts	2,607,937	2,809,993
Changes in Operating Assets and Liabilities:		
Accounts Receivable	(1,054,625)	3,345,761
Contributions Receivable	(125,772)	(2,393,708)
Prepaid Expenses	117,091	(199,761)
Accounts Payable and Accrued Expenses	(2,331,443)	3,642,134
Accrued Interest	900,555	(2,739,392)
Deferred Revenue	(1,177,377)	-
Payments on Operating Lease Obligation	(47,108)	-
Other Liabilities	(4,994)	(232,966)
Net Cash From Operating Activities	(6,079,093)	(1,706,062)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of Property and Equipment	(28,324,587)	(69,732,279)
Proceeds from Sale of Property and Equipment	10,175,930	274,156
Purchase of Investments Held for Endowment	(501)	(14,000)
Proceeds from Sale of Investments Held for Board Designated Endowment	2,500,000	-
Proceeds from Sale of Investments Held for Donor Restricted Endowment	-	400,000
Proceeds from Sale of Investments Held in Restricted Reserves	20,576,000	-
Cash of Deconsolidated Affiliate	(251,372)	-
Net Cash From Investing Activities	4,675,470	(69,072,123)

See Accompanying Notes to Consolidated Financial Statements.

COMMONBOND COMMUNITIES

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2024

(With Comparative Totals for 2023)

	2024	2023
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from Long-Term Debt, Construction Notes and Deferred Revenue	\$ 78,138,710	\$ 59,565,628
Payments on Long-Term Debt and Construction Notes	(86,581,550)	(35,354,606)
Grants Received for Construction	1,050,570	893,497
Payment of Deferred Charges and Finance Fees	(2,053,906)	(2,248,868)
Capital Contributions - Housing Communities	36,514,844	28,682,076
Distributions - Housing Communities	(108,141)	(395,649)
Syndication Costs - Housing Communities	(75,562)	(117,843)
Net Cash From Financing Activities	26,884,965	51,024,235
NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	25,481,342	(19,753,950)
Cash, Cash Equivalents and Restricted Cash - Beginning of Year	81,085,262	100,839,212
CASH, CASH EQUIVALENTS AND RESTRICTED CASH - END OF YEAR	\$ 106,566,604	\$ 81,085,262
RECONCILIATION TO THE STATEMENT OF FINANCIAL POSITION:		
Cash and Cash Equivalents	\$ 12,675,526	\$ 12,606,666
Restricted Cash	21,983,902	17,606,854
Restricted Cash for Long-Term Purposes	4,605,398	6,514,160
Restricted Escrows and Reserves	67,301,778	64,933,582
Less Investments Held in Restricted Reserves	-	(20,576,000)
Total Cash, Cash Equivalents and Restricted Cash	\$ 106,566,604	\$ 81,085,262
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Interest Paid	\$ 14,210,222	\$ 16,425,603
Noncash Investing and Financing Activities:		
Additions to Property and Equipment Included in Liabilities	-	7,207,362
Long-Term Debt and Accrued Interest Forgiven	957,742	424,044
Right of use asset acquired through lease obligation	-	249,027
Donated Property and Equipment	5,409,948	-
Impairment loss	28,349,178	-
Deconsolidation of Affiliate	4,750,328	-

See Accompanying Notes to Consolidated Financial Statements.

COMMONBOND COMMUNITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

1. DESCRIPTION OF THE ORGANIZATION

CommonBond Communities (the Organization) is a nonprofit corporation whose mission is to build stable homes, strong futures, and vibrant communities.

The Organization develops, owns, and manages affordable housing. The Organization acquires parcels of real estate and administers the construction or rehabilitation of rental units and also provides for asset management, property management, and other services and support to individuals, families, the neighborhood, and the community in order to achieve its mission. The Organization manages 112 properties with approximately 6,800 affordable rental apartment and townhome units.

The Organization controls 119 affordable housing communities with approximately 7,190 rental apartments and townhomes through its general partner and managing member interests, and affiliated nonprofit corporations. These communities are collectively referred to as the Housing Communities.

Advantage Services are provided to residents virtually and on-site and are a critical component of the Organization's integrated Housing and Services model focused on supporting residents of all ages for long-term stability and independence. Advantage Services support residents' efforts to achieve their goals while connecting them to the community through a variety of programs and services provided by CommonBond staff and partnerships with other organizations. Programs and services provided include: stability and independence; education and advancement; health and wellness; and community building and engagement.

The Organization is supported primarily through contributions, government grants and rental and related revenues.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation - The consolidated financial statements generally reflect the same classifications that appear in the individual financial statements of each affiliated entity, except for the unamortized portions of the Section 1602 deferred grants which are reported as net assets with donor restrictions in the consolidated financial statements.

Prior Year Summarized Information - The financial statements include certain prior year summarized information, as restated (Note 25), in total but not by net asset class or by functional expenses. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2023, from which the summarized information was derived.

(Continued)

COMMONBOND COMMUNITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Consolidation Method - The consolidated financial statements include the accounts of CommonBond Communities, its wholly owned subsidiaries, and all affiliated organizations, limited partnerships, limited liability companies, and nonprofit organizations over which CommonBond Communities exercises control. All material inter-entity accounts and transactions have been eliminated.

The primary subsidiaries and affiliated organizations are:

CommonBond Housing is organized as a corporation which provides property management and maintenance services to housing communities located in Minnesota, Wisconsin, and Iowa. The directors of CommonBond Housing are appointed by the CommonBond Communities Board of Directors.

CommonBond Housing's wholly owned subsidiary, **CommonBond Investment Corporation**, owns general partner and managing member interests in limited partnerships and limited liability companies that own and operate Housing Communities.

CommonBond Endowment Corporation is a nonprofit corporation organized to hold and manage the investments held for endowment to benefit the Advantage Services program. The directors of CommonBond Endowment Corporation are appointed by the CommonBond Communities Board of Directors.

CommonBond Housing Opportunity Fund LLC is a limited liability company organized to promote and foster decent, safe affordable housing by providing financial support to unsubsidized Housing Communities designated for low to moderate income persons and families. CommonBond Communities is the sole member of the company.

CommonBond Office, LLC is a limited liability company organized to own and operate the Organization's corporate office building. CommonBond Communities is the sole member of the company.

CommonBond Wisconsin, LLC is a limited liability company organized to assist CommonBond Communities in providing housing and related community facilities in Wisconsin. CommonBond Communities is the sole member of the company.

(Continued)

COMMONBOND COMMUNITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

CommonBond Acquisition, LLC and CB Kohl Acquisition, LLC are limited liability companies organized to acquire and hold real property interests which will be used to develop or renovate Housing Communities. CommonBond Communities is the sole member of the companies.

CBC Development, LLC is a limited liability company organized to develop or renovate Housing Communities. CommonBond Communities is the sole member of the company.

Housing Communities consist of affiliated limited partnerships, limited liability companies and nonprofit organizations that own and operate affordable rental apartments and townhomes.

Accounting for Limited Partnerships and Limited Liability Companies - Under generally accepted accounting principles, there is a presumption that a general partner or managing member in a limited partnership or limited liability company has control over that partnership or limited liability company, regardless of the percentage of ownership. Therefore, the Organization has consolidated these entities. The partnership and member interests generally range from .01% to 1.0% with the remainder of the partnership and limited liability company equity held primarily by investor limited partners and members. The interests of the noncontrolling limited and general partners and members have been included in net assets and the change in net assets.

The Organization records its investments in limited partnerships and limited liability companies using the equity method of accounting. The initial investment is increased by additional investments and income and decreased by distributions and losses. The investment is not reduced below zero unless future capital contributions and advances will be made in an amount sufficient to absorb the losses or unless there are outstanding receivables. Investments in limited partnerships and limited liability companies over which the Organization has control are eliminated in the consolidating financial statements because such entities are consolidated.

In accordance with the consolidation topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification, the Organization continues to allocate losses to noncontrolling limited and general partners and members when those losses exceed the equity of the noncontrolling limited and general partners and members.

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

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the Board of Directors.

(Continued)

COMMONBOND COMMUNITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Fair Value Measurements - The Organization uses a three-level fair value hierarchy to categorize assets and liabilities that are measured at fair value. 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 in the determination of the fair value measurement fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement.

Assets and liabilities measured at fair value are categorized based on the inputs to the valuation techniques as follows:

- Level 1 – Inputs that utilize quoted prices (unadjusted) for identical assets or liabilities in active markets that the Organization has the ability to access.
- Level 2 – Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.
- Level 3 – Inputs that are unobservable, which are typically based on an organization's own assumptions, as there is little, if any, related market activity.

Cash Equivalents - The Organization generally considers highly liquid instruments purchased with a maturity of three months or less and any certificates of deposit that do not contain material early withdrawal penalties to be cash equivalents.

Restricted Cash - Corporate restricted cash (\$1,295,977 and \$1,184,089 as of December 31, 2024 and 2023) and restricted cash for long-term purposes (\$4,605,398 and \$6,514,160 as of December 31, 2024 and 2023) represent amounts received but not yet spent that are subject to donor, lender and board imposed restrictions.

Housing Communities' restricted cash consists of tenant security deposits, tax and insurance escrows, and operating cash restricted by organizational documents, mortgage agreements and government agencies (\$20,687,925 and \$16,422,796 as of December 31, 2024 and 2023).

Security deposits plus interest of \$2,756,604 and \$2,699,401 as of December 31, 2024 and 2023 are reported as a liability and included as part of the accrued expenses and other liabilities balance.

(Continued)

COMMONBOND COMMUNITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Restricted Escrows and Reserves - In accordance with the terms of the Housing Communities' long-term debt, limited partnership, and limited liability company operating agreements, the communities are required to maintain escrow and reserve accounts primarily for future use in property refurbishments, financing operating deficits, and paying debt service.

Certain restricted reserves are invested in U.S. Treasury notes. At December 31, 2024 there were no reserves invested in U.S. Treasury notes. At December 31, 2023, there were \$20,576,000 of these invested reserves, which were being used to facilitate the financing of new Housing Communities.

Investments - Investments in negotiable certificates of deposits, publicly traded mutual funds, debt and other securities are reported at fair value in the consolidated statement of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying consolidated statement of activities.

The Organization has a 3.44% equity interest in the Housing Partnership Insurance Exchange (HPIEx), an organization formed to reduce and stabilize property and liability insurance premiums for its subscribers. The investment in HPIEx is recorded on a cost basis as the Organization is not able to influence the operating or financial policies of HPIEx. Under that method, the Organization records income only to the extent of distributions received.

Certain Housing Communities are required to deposit excess cash flow, as defined by the U.S. Department of Housing and Urban Development (HUD), to a residual receipts reserve. HUD recaptures excess residual receipts reserves held by Section 202 and 811 Housing Communities if the residual receipts reserves exceed \$250 per unit. Residual Receipts Recapture is included in the consolidated statement of activities.

Notes Receivable - Notes receivable primarily arise from development of Housing Communities, and the sale of controlled Housing Communities to a new controlled Housing Community. All significant notes receivable are eliminated in the consolidated financial statements.

Accounts Receivable - Receivables consist of amounts due from tenants under the corresponding leases and amounts due from housing regulatory agencies under approved subsidy contracts. Receivables also include an installments receivable for the sale of an easement. No collateral is required for receivables.

Accounts receivable are reported net of an allowance for uncollectable balances of \$1,668,422 and \$1,875,707 at December 31, 2024 and 2023. Management periodically assesses the collectability of accounts receivable and establishes allowances for accounts deemed to be uncollectible based on historical experience, relevant economic conditions, and the financial stability of its Housing Communities residents. Bad debt expense of \$2,061,754 in 2024 and \$2,774,236 in 2023 related to rent receivable is reported as a reduction of rental revenue.

(Continued)

COMMONBOND COMMUNITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions Receivable - Promises to give that are expected to be collected within one year are recorded at their net realizable value. Promises that are expected to be collected in future years are recorded at the present value of the amounts expected to be collected. At December 31, 2024 and 2023, an allowance for uncollectable promises to give of \$54,987 and \$48,804 has been recorded. Contributions receivable are written off when, in management's estimation, it is probable that the receivable is not collectable.

Property Held for Sale - Property held for sale is classified as a current asset when management has committed to a plan to sell the asset, it is available for immediate sale in its present condition, and a sale is highly probably within one year. The asset is initially measured at the lower of its carrying amount or fair value less estimated costs to sell. Property held for sale is not depreciated but is remeasured at each reporting date. An allowance for impairment is established when there is objective evidence that the recoverable amount of the property is lower than its carrying amount. The allowance is measured as the excess of the carrying amount over the estimated fair value less costs to sell. Changes to the allowance are charged to impairment loss on the statement of operations. If the fair value less costs to sell subsequently increases, the impairment loss may be reversed, but only up to the amount of the original carrying amount of the property prior to the initial impairment. An impairment loss was recognized on property held for sale as described in Note 5.

Predevelopment Costs - Costs incurred by the Organization for properties it is considering for development as well as costs associated with properties in the initial stages of development. Predevelopment costs include, environmental studies, appraisals, purchase options, interest, architect and engineering, and legal and accounting costs and are recorded at cost. These costs are expected to be recovered through debt and equity proceeds when financing for the development is secured, at which time the costs are reclassified to property and other accounts. Predevelopment costs are included in Property and Equipment. Predevelopment costs are charged to operations when management determines the project is no longer feasible. Predevelopment costs charged to operations were \$800 in 2024 and \$87,412 in 2023.

Property and Equipment - Property and equipment are recorded at acquisition cost. Donated property and equipment are recorded at the fair market value as of the date of contribution. Costs to develop a property incurred for interest, finance fees, real estate taxes and insurance are capitalized only during periods in which activities necessary to prepare the property for its intended use are in progress. After development is completed, capital expenditures of \$5,000 or more are capitalized. The costs of ordinary repairs and maintenance are expensed when incurred. Depreciation is computed using straight-line and accelerated methods.

(Continued)

COMMONBOND COMMUNITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The estimated useful lives of Property and Equipment are as follows:

Land improvements	5-40 years
Buildings and improvements	5-45 years
Furniture and equipment	3-15 years

When donated assets are received with donor restrictions, the Organization reports expiration of the restrictions when the donated or acquired assets are placed in service.

Deferred Charges - Deferred charges primarily represent tax credit fees incurred by the Housing Communities. These costs are amortized on a straight-line basis over the compliance period or recapture periods of the corresponding tax credits (5-15 years) and are recorded net of accumulated amortization of \$1,763,992 and \$1,737,218 at December 31, 2024 and 2023.

Long-Lived Assets - The Organization evaluates its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be fully recoverable. In these circumstances, the Organization evaluates the recoverability of long-lived assets by measuring the carrying amount of the assets against the estimated undiscounted future cash flows associated with such assets. When evaluations indicate that the future undiscounted cash flows of the long-lived assets are not sufficient to recover the carrying value of such assets, the assets are adjusted to their fair values.

An impairment loss was recognized during 2024 as described in Note 6. No impairment loss was recognized during 2023.

Debt Issuance Costs - Debt issuance costs are amortized over the term of the related debt using the straight-line method and are reported as deductions from the face amount of the related debt. Amortization is reported as interest expense.

Donated Services, Facilities, and Materials - Donated services are recorded in the consolidated statement of activities at estimated market value if the services create or enhance non-financial assets or require specialized skills which would have been purchased if not provided through donation. Donated materials are valued and recorded at their estimated market value at the date of receipt.

(Continued)

COMMONBOND COMMUNITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions - Contributions are recognized when the donor makes an unconditional promise to give to the Organization. Contributions are recorded when received as net assets without donor restrictions or net assets with donor restrictions depending on the existence and/or nature of any donor restrictions. Contributions are reported as net assets with donor restrictions and then reclassified to net assets without donor restrictions upon expiration of the time restriction or when purpose restrictions have been met. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized.

Conditional promises to give are recognized as revenue when the conditions are substantially met.

Awards received from NeighborWorks are treated as contributions. Such awards include:

- Unrestricted awards received without donor restrictions that are used to further the Organization's mission, including non-capitalizable expenses.
- Restricted until first use awards received with donor restrictions for eligible capital projects.
- Restricted until donor release awards which the donor requires to be held in perpetuity for capital projects. Although the initial grant amount must be held in perpetuity, proceeds on capital projects, or interest earned, over and above the corpus may be transferred to net assets without donor restrictions for furthering the Organization's mission.

Government Grants and Contracts - Government grants and contract funds 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. Funds received but not yet earned are recorded as deferred revenue. Expenditures under government grants and contracts are subject to review by the granting authority. If, as a result of such a review, expenditures are determined to be unallowable, the disallowance will be recorded at the time the assessment for refund is made.

Capital advances have been received from the Department of Housing and Urban Development (HUD) under the Section 202 and 811 programs. These advances are subject to several requirements, including that the related property be used as affordable housing for 40 to 55 years. Based on the history of the Organization, management believes violation of the agreements and repayment of these grants are not likely. These grants are reported as net assets with donor restrictions not subject to appropriation or expenditure, and are released from restriction upon expiration of the grant requirements (Note 12).

(Continued)

COMMONBOND COMMUNITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue from Section 1602 grants from state housing agencies is deferred and recognized as revenue using the straight-line method over 30 years on the Housing Community financial statements. For the consolidated financial statements, these grants are recognized as net assets with donor restrictions subject to the passage of time if compliance is maintained when received and released from restriction on a straight-line basis over the 15-year compliance period (Note 13).

Prior to the Organization's adoption of ASU 2018-08 in 2019, forgivable loans were recognized as a contribution or grant in the period they were received if the loan agreement specified the lender will forgive the loan under a defined set of conditions, and violation of the conditions which will lead to forgiveness is considered a remote possibility. These contributions or grants were recognized as net assets with donor restrictions not subject to appropriation or expenditure, and are released from restriction when those conditions have been met (Note 13).

Following the Organization's adoption of ASU 2018-08 in 2019, forgivable loans are recorded as deferred revenue in the period received if the loan agreement specifies the lender will forgive the loan under a defined set of conditions. Revenue is recognized when these conditions have been met (Note 11).

Special Events - Special events held during 2024 and 2023 generated revenue of \$915,054 and \$886,328 which is included in contributions.

Recognition of Housing Rental Income - Leases with tenants of all Housing Communities are classified as operating leases and generally have terms of one year or less. Housing rental income consists of rent and rental subsidies which are recognized monthly as provided for by the underlying agreements.

Developer Fees - Developer fees are recognized as work is completed during the different phases of the project. Developer fees are eliminated in the consolidated financial statements.

Property Management, Advantage Services, and Related Fees - Property management, Advantage Services and related fees are recorded over time as work is completed in accordance with the terms of the agreements. Property management and Advantage Service fees from consolidated Housing Communities are eliminated in the consolidated financial statements.

Functional Expenses - Expenses to provide various program and supporting activities have been summarized on a functional basis in the consolidated statements of activities. The consolidated statements of functional expenses present expenses by function and natural classification. Expenses directly attributable to a specific functional area of CommonBond Communities are reported as expenses of those functional areas. Indirect costs that benefit multiple functional areas have been allocated among the various functional areas based on estimates of employee time and effort.

(Continued)

COMMONBOND COMMUNITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes - CommonBond Communities and affiliated nonprofit organizations are exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and applicable Minnesota Statutes, except to the extent they have taxable income from activities that are not related to their exempt purposes. Unrelated business income is taxed at the corporate income tax rate. Management believes CommonBond Communities and its affiliated nonprofit organizations did not have any unrelated business income except for commercial rent income. Management believes CommonBond Communities did not have any uncertain tax positions for 2024 and 2023.

CommonBond Endowment Corporation is exempt from income taxes under Section 501(c)(3) of the IRC and is classified as a supporting organization as described by IRC 509(a)(3).

CommonBond Office, LLC; CommonBond Housing Opportunity Fund LLC; CommonBond Wisconsin, LLC; CommonBond Acquisition, LLC and CB Kohl Acquisition, LLC are not taxable entities. Income or losses are passed through to CommonBond Communities, their sole member.

Net income of CommonBond Housing, its subsidiary CommonBond Investment Corporation, CBC Development, LLC and two Housing Communities are subject to federal and state corporate income taxes.

CBC Development, LLC, the limited partnerships, and limited liability companies are not taxable entities. Income or losses are passed through to the partners or members.

Any interest or penalties associated with tax positions are reported as such within the general and administrative expenses category on the statements of activities and functional expenses. For 2024 and 2023, there were no such interest or penalties recorded in the accompanying financial statements.

3. AVAILABILITY AND LIQUIDITY

The Organization regularly monitors liquidity required to meet its operating needs and other commitments. CommonBond Communities has various sources of liquidity including cash and cash equivalents, restricted cash, certificates of deposit, restricted reserves, accounts, contributions, and notes receivable, and endowments.

(Continued)

COMMONBOND COMMUNITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

3. AVAILABILITY AND LIQUIDITY (Continued)

For purposes of analyzing resources available to meet general expenditures within one year of the statement of financial position date:

- The Organization considers all expenditures related to the ongoing activities of its program services, as well as the conduct of services undertaken to support those activities, to be general expenditures.
- Resources held by Housing Communities are generally limited to use for general expenditures within the individual entities of the Housing Communities, and are not available for general expenditures of the corporate entities.
- Resources designated or restricted for acquisition, development, and other capital improvements of Housing Communities are excluded from this analysis.
- The investments held for endowment are excluded from this analysis; however, the Board designated endowment and the accumulated earnings on the donor restricted endowment could be made available as directed by the Board of Directors, if necessary.
- The Organization has available lines of credit totaling \$4,500,000 at December 31, 2024 and 2023, as discussed in Note 22 which are excluded from this analysis, but could be drawn upon for unanticipated liquidity needs.

At December 31, 2024 and 2023, resources available for general expenditure within one year of the statement of financial position date are as follows:

	2024	2023
Current Assets	\$ 84,025,005	\$ 41,384,984
Less Prepaid Expenses and Property Held for Sale	(40,906,333)	(1,282,405)
Resources available for general expenditures	<u>\$ 43,118,672</u>	<u>\$ 40,102,579</u>
Available for Corporate	\$ 16,118,302	\$ 16,013,136
Available for Housing Communities	27,000,370	24,089,443
	<u>\$ 43,118,672</u>	<u>\$ 40,102,579</u>

(Continued)

COMMONBOND COMMUNITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

3. AVAILABILITY AND LIQUIDITY (Continued)

As part of the Organization’s liquidity management plan, various cash and invested funds are classified into tiers which are maintained in accounts that match availability with liquidity of the assets as follows:

	Tier	2024	2023
Cash and Cash Equivalents:			
Corporate Operating Cash	I	\$ 7,609,891	\$ 7,548,373
Corporate Central Reserve	II	31,802	30,854
Corporate Operating Reserves	II	5,033,833	5,027,439
Restricted Cash:			
Corporate Donor Restricted	I	1,295,977	1,184,089
Housing Communities Operating Cash	I, II	10,285,133	9,130,558
Housing Communities Escrows	II	10,402,792	7,292,207
Restricted Cash for Long-Term Purposes:			
Corporate Donor Restricted	I	265,000	359,509
Housing Opportunity Fund	I	1,153,151	1,116,666
Corporate Predevelopment Costs	I	3,187,247	5,037,985
Restricted Escrows and Reserves:			
Housing Communities Reserves and Escrows	III	67,301,778	64,933,582
Investments Held for Endowments:			
Board Designated Endowment	IV	5,110,231	5,110,231
Endowment and accumulated earnings	IV	6,199,278	7,741,901

Corporate Operating Cash - Cash to fund daily operations of corporate entities.

Corporate Central Reserve - Revolving loan fund designated by the Board of Directors for repair and maintenance expenses related to Housing Communities when other funds are not available.

Corporate Operating Reserves - Funds held by corporate entities for operations, but not anticipated to be used within one year of the statement of financial position date.

Corporate Donor Restricted - Cash restricted by donors for specific purposes.

Housing Communities Operating Cash - Cash to fund daily operations of Housing Communities.

Housing Communities Escrows - Funds held by Housing Communities for refunds of tenant security deposits and to pay annual real estate taxes, property insurance and mortgage insurance when due.

(Continued)

COMMONBOND COMMUNITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

3. AVAILABILITY AND LIQUIDITY (Continued)

Housing Opportunity Fund - Revolving pool of funds held by CommonBond Housing Opportunity Fund LLC that is restricted by lenders/investors and donors for the investment in affordable, unsubsidized Housing Communities.

Corporate Predevelopment Costs - Cash restricted by lenders (\$3,187,247 in 2024 and \$4,254,157 in 2023), Capital Magnet Funds (\$0 in 2024 and \$783,828 in 2023), or designated by the Board of Directors to be used for costs related to the acquisition and development of Housing Communities, before permanent funding is received. There was no board designated cash for corporate predevelopment costs at December 31, 2024 or 2023.

Housing Communities Reserves and Escrows - Reserves and escrows for unexpected expenses, capital improvements, and operating deficits as required by partnership/operating agreements and debt agreements.

Board Designated Endowment - Board designated funds to support future operating needs of the Organization.

Advantage Services Endowment - Long-term restricted support from donors including earnings of \$3,027,571 in 2024 and \$4,570,694 in 2023 above the original gift amounts which is available for appropriation.

The different tiers of cash and investments have anticipated time frames for spending. This timeframe is aligned with the underlying investment strategy so that funds are liquid when required. In addition to liquidity, the Organization also considers security of the funds and ensures security of funds to the extent possible.

The various tiers of cash and investments maintained by the Organization are as follows:

Tier	Investment Strategy	Security	Liquidity Maintained
I	Checking Accounts	Generally FDIC insured	Daily
II	Money Market & Savings	FDIC insured & insured cash sweep accounts	Daily, with certain restrictions on number of withdrawals
III	Savings, Bankers Acceptances and US Treasury Notes	FDIC and SIPC insured	No longer than 90 days
IV	50/10/40 portfolio of equities, fixed income and treasury money market investments	SIPC insured	Mutual funds have daily liquidity

(Continued)

COMMONBOND COMMUNITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

4. PROMISES TO GIVE

Contributions receivable are unconditional promises to give and are due as follows:

	2024	2023
Amount receivable within one year	\$ 1,953,633	\$ 1,693,872
Amount receivable in 1-5 years	2,482,843	2,758,676
	4,436,476	4,452,548
Less allowance	(54,987)	(48,804)
Less discount	(155,569)	(303,596)
Contributions receivable (net)	4,225,920	4,100,148
Less current portion	(1,898,646)	(1,645,068)
Contributions receivable (net), noncurrent	\$ 2,327,274	\$ 2,455,080

Contributions receivable are for:

	2024	2023
General operations and other	\$ 4,200,920	\$ 4,050,148
Housing Communities	25,000	50,000
Contributions receivable (net)	\$ 4,225,920	\$ 4,100,148

At December 31, 2024 85% of the Organization's contributions receivable were due from twenty-nine donors and at December 31, 2023, 75% of the Organization's contributions receivable were due from seventeen donors.

Contributions receivable due from related parties totaled \$1,445,250 and \$1,183,703 at December 31, 2024 and 2023. Related parties include members of the Executive Committee, Directors, members of the Finance Committee, and select staff.

The Organization has conditional promises to give totaling \$2,988,407 and \$14,481,131 at December 31, 2024 and 2023, which consists of government grants with remaining commitments that are conditional upon incurring eligible expenditures or performing certain services. Conditional promises to give are recognized in the financial statements when the conditions have been met. The conditions related to \$2,300,000 of conditional promises to give are expected to be met in the amount of \$250,000 annually. The conditions related to the remaining conditional promises to give are expected to be met in 2025.

The Organization entered into a grant agreement with the Minnesota Housing Finance Agency on December 13, 2023, under the Stable Housing Organization Relief Program in the amount of \$11,342,694 which was included in conditional promised to give at December 31, 2023. All conditions were met, revenue recognized and funds received during 2024.

(Continued)

COMMONBOND COMMUNITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

5. PROPERTY HELD FOR SALE

During 2024, the Organization reclassified nine Housing Communities from held for use to held for sale. The reclassification was made because management of the Organization has a committed plan to sell the assets, the assets are available for immediate sale in their present condition, and the sales are expected to be completed in the next 12 months. Operations of the Housing Communities will continue through the dates of the sales.

Upon reclassification, the assets were measured at the lower of its carrying amount or fair value less costs to sell. Based on the broker opinions of value, appraisals or purchase agreements, an impairment loss of \$7,424,473 was recognized to adjust the carrying amounts of three Housing Communities to the estimated sale prices less selling costs. This impairment was recorded through an allowance for impairment account, reducing the carrying amount of the assets. Management continues to monitor the fair value of the assets and will adjust the carrying amount accordingly if market conditions change before the sale is completed.

6. PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	2024	2023
Land and land improvements	\$ 84,498,498	\$ 89,734,099
Buildings and improvements	739,934,662	831,260,912
Furniture and equipment	35,858,407	35,721,903
Construction in progress	3,885,819	5,564,337
Predevelopment costs	1,462,624	1,313,217
	<u>865,640,010</u>	<u>963,594,468</u>
Accumulated depreciation	<u>(247,060,283)</u>	<u>(262,732,375)</u>
Net property and equipment	<u>\$ 618,579,727</u>	<u>\$ 700,862,093</u>

Construction in progress primarily consists of two new Housing Communities and one new Housing Community that were under construction at December 31, 2024 and 2023, respectively. Construction contracts on these projects total approximately \$25,190,000 and \$20,040,000 at December 31, 2024 and 2023. Construction is expected to be complete in 2025. As of December 31, 2024 and 2023, approximately \$600,000 and \$9,405,000 of the construction contracts have been completed. Predevelopment costs consist of nine properties that management is considering for development and are in the initial stages of development at December 31, 2024.

Interest of \$298,475 and amortization of finance fees of \$39,120 were capitalized to buildings during the year ended December 31, 2024. Interest of \$1,511,288 and amortization finance fees of \$479,070 were capitalized to buildings during the year ended December 31, 2023.

(Continued)

COMMONBOND COMMUNITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

6. PROPERTY AND EQUIPMENT (Continued)

During 2024, the Organization sold four Housing Communities with a net book value of \$3,502,909 for \$10,175,930. The net gain of \$6,705,517 is included on the statement of activity as a gain on disposal of property and equipment. Connected to the sale of one of the Housing Communities, the Organization was required to pay 50% of the net sale proceeds received by the Organization to a former unaffiliated general partner of the Housing Community in the amount of \$3,229,805 in 2024, which is recorded as program contracts and supplies expense on the consolidated statement of functional expenses.

At December 31, 2024, the Organization assessed the recoverability of certain buildings, which was prompted by the buildings continuing trend of declining occupancy, increasing operating expenses, decreasing net operating income, and other indicators of impairment.

The Organization determined that the carrying amounts of nine residential buildings owned by Housing Communities are not recoverable based on undiscounted future cash flows and tax credits expected to be generated from the use and eventual disposition of the assets. As a result, the Organization performed fair value analyses to measure the impairment of the assets.

The estimated fair values of the residential buildings were determined using market data and tax assessed values within the Organization's property portfolio, which included assumptions regarding future revenue growth, discount rates, and other significant factors. Based on the analysis, the Organization recorded an impairment charges of \$20,924,705 to reduce the carrying amount of the buildings as follows:

	Original Carrying Amount	Impairment Charge	Fair Market Value
Impaired buildings	\$ 55,857,046	\$ (35,804,935)	\$ 20,052,111
Accumulated depreciation	(14,880,230)	14,880,230	-
	<u>\$ 40,976,816</u>	<u>\$ (20,924,705)</u>	<u>\$ 20,052,111</u>

These impairment charges are reflected in the Consolidated Statement of Operations for the year ended December 31, 2024. The adjusted carrying amounts of the buildings will continue to be depreciated over their remaining estimated useful lives of 20-30 years.

The impairment charges do not affect the Organization's liquidity or compliance with financial covenants, as they are non-cash charges.

(Continued)

COMMONBOND COMMUNITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

7. INVESTMENTS HELD FOR ENDOWMENT

Investments held for endowment consist of the following:

	2024	2023
Mutual funds:		
Fixed income funds	\$ 1,299,924	\$ 1,703,260
US equity funds	2,506,900	3,197,139
International equity funds	2,151,162	2,914,430
Treasury money market funds	5,320,182	5,008,746
Catholic Community Foundation (70% equity funds, 30% fixed income funds)	31,341	28,557
Total investments	\$ 11,309,509	\$ 12,852,132

Net investment return consisted of the following:

	2024	2023
Gains (losses), net	\$ 515,194	\$ 1,512,356
Investment income	475,803	296,218
Fees	(34,121)	(30,480)
Net investment return	\$ 956,876	\$ 1,778,094

8. LONG-TERM DEBT

Corporate long-term debt consists of the following:

	2024	2023
Unsecured note payable to US Bank in the original amount of \$1,000,000. Interest is payable quarterly at a rate of 4.0%. Principal is due at maturity on April 28, 2026 subject to three one year extensions through April 28, 2029.	\$ 1,000,000	\$ 1,000,000
Patient Capital note payable to Wells Fargo in the amount of \$1,500,000. Interest is payable quarterly at a rate of 2.0%. Principal is due quarterly in equal installments beginning January 1, 2026 through maturity on December 10, 2027. The note is unsecured.	1,500,000	1,500,000
Three unsecured notes payable to Ameriprise Bank in the original amounts totaling \$3,500,000. Interest is payable quarterly at rates between 2.50 – 3.00%. Principal is due at maturity on November 1, 2029 and is subject to additional one-year extensions at the discretion of the lender.	3,500,000	3,500,000

(Continued)

COMMONBOND COMMUNITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

8. LONG-TERM DEBT (Continued)

	2024	2023
Note payable to Otto Bremer Trust in the original amount of \$1,000,000. Interest is payable annually at a rate of 2%. Principal is due at maturity on September 25, 2025. The note is unsecured.	\$ 1,000,000	\$ 1,000,000
Note payable to Housing Partnership Fund in the original amount of \$420,000 with interest at 4.20%. Interest is due annually on April 1. Principal and unpaid interest are due January 31, 2042.	420,000	420,000
Note payable to Enterprise Community Loan Fund, Inc. in the original amount of \$2,367,123 with interest at 6.25%. Monthly payments of principal and interest are required through March 31, 2025. The loan was repaid in March 2025 with the proceeds from the sale of a Housing Community.	2,166,474	2,164,840
Note payable to Enterprise Community Loan Fund, Inc. in the original amount of \$3,238,200 with interest at 6.25%. Bi-annual interest payments are due through March 31, 2025. The loan was repaid in March 2025 with the proceeds from the sale of a Housing Community.	2,277,367	2,277,367
Note payable to Pohlada Family Foundation in the original amount of \$1,375,000 with interest at 3%. Principal and interest are due in annual payments solely from surplus cash of a Housing Community. The loan was repaid in March 2025 with the proceeds from the sale of a Housing Community.	1,375,000	1,375,000
Note payable to the Opus Foundation in the original amount of \$500,000. Interest is payable quarterly at a rate of 1%. Principal is due at maturity on March 31, 2030. The note is unsecured.	500,000	500,000
Note payable to the Glen Senior Housing Communities Inc. in the original amount of \$250,000. Interest is payable quarterly at a rate of 1%. Principal is due at maturity on September 1, 2025. The note is unsecured.	250,000	250,000

(Continued)

COMMONBOND COMMUNITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

8. LONG-TERM DEBT (Continued)

	2024	2023
<p>Notes payable to the City of Madison in the original amounts totaling \$1,480,000. The notes were used to finance a Housing Community in Madison, Wisconsin. \$740,000 bears interest at 2.74% and is payable annually from cash flow from the Housing Community with final maturity at April 1, 2036. \$740,000 may bear interest up to 12% compounded annually based on a calculation of the appraised value 6 months prior to maturity (30 years from project completion). Management has determined payment of interest is unlikely based on internal projections, and accordingly has not accrued any interest on this loan. Secured by a collateral assignment of a mortgage on the Housing Community.</p>	\$ 1,462,409	\$ 1,480,000
<p>Note payable to the Black Hills Area Community Foundation in the original amount of \$550,000. Interest is payable quarterly at a rate of 2%. The loan is to be used towards affordable housing acquisition and predevelopment costs in the Rapid City, South Dakota area. Up to \$150,000 of this loan may be forgiven if certain conditions are met. Any remaining principal is due at maturity on August 1, 2027. Secured by a collateral assignment of a mortgage on the Housing Community.</p>	550,000	550,000
<p>Notes payable to Washington County Community Development Agency in the original amounts of \$500,000 and \$450,000 without interest. The notes were used to finance two Housing Communities in Forest Lake, Minnesota. Principal is due February 15, 2049 and August 30, 2051, respectively, or upon the sale or refinancing of the Housing Communities if earlier. Secured by collateral assignments of mortgages on the Housing Communities.</p>	950,000	950,000

(Continued)

COMMONBOND COMMUNITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

8. LONG-TERM DEBT (Continued)

	2024	2023
Notes payable to various accredited investors provided under the Housing Opportunity Fund (Note 9).	\$ 1,875,000	\$ 1,875,000
Note payable to the F.R. Bigelow Donor Advised Fund of The Saint Paul Foundation for the Housing Opportunity Fund in the original amount of \$1,000,000 with interest at 1.50%. Principal and unpaid interest are due December 31, 2027.	1,000,000	1,000,000
Total Corporate Long-Term Debt, Net	\$ 19,826,250	\$ 19,842,207
Housing Communities Long-term debt consists of:		
Amortizing loans	\$ 226,280,877	\$ 230,123,117
Non-amortizing loans	209,774,188	171,039,902
	436,055,065	401,163,019
Less unamortized debt issuance costs	(8,607,386)	(8,541,185)
Total Housing Communities Long-Term Debt, Net	\$ 427,447,679	\$ 392,621,834
Total Long-Term Debt, Net	\$ 447,273,929	\$ 412,464,041
Less current maturities	(20,717,064)	(21,243,223)
Total Long-Term Debt, Net of Current Maturities	\$ 426,556,865	\$ 391,220,818

(Continued)

COMMONBOND COMMUNITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

8. LONG-TERM DEBT (Continued)

The Housing Communities long-term debt is held by various financial institutions and regulatory agencies and consists of:

- **Amortizing Loans** - require monthly payments of principal and interest, and have interest rates ranging from 0% to 7%.
- **Non-amortizing Loans** - due upon maturity and have interest rates ranging from 0% to 7.15% and mature at various dates through 2064.

These loans are primarily secured by mortgages on the properties owned by the Housing Communities.

The Organization is subject to debt covenants under the terms of various debt agreements. These covenants require, among other things, that the Organization maintain certain levels of debt to equity and current ratios.

The following schedule of maturities of long-term debt reflects management’s plans to exercise the available options to extend the maturity dates:

	Corporate	Consolidated Housing Communities	Total
2025	\$ 7,318,841	\$ 13,398,223	\$ 20,717,064
2026	1,000,000	4,762,883	5,762,883
2027	3,400,000	12,104,687	15,504,687
2028	1,250,000	6,688,259	7,938,259
2029	3,500,000	26,774,318	30,274,318
Thereafter	3,357,409	372,326,695	375,684,104
	\$ 19,826,250	\$ 436,055,065	\$ 455,881,315

9. HOUSING OPPORTUNITY FUND

In response to the increased demand for affordable, unsubsidized multi-family residential rental properties, CommonBond Communities has created the Housing Opportunity Fund which is offering to issue up to \$20,000,000 in unsecured promissory notes to accredited investors. The proceeds from these notes will be used to make loans to or be invested in affordable, unsubsidized Housing Communities. These notes are for terms of 3 to 15 years with interest rates ranging from a fixed 0.5% to 4.0% depending on the term. Interest on the notes is due quarterly unless waived by the investor. As of December 31, 2024 and 2023, the Housing Opportunity Fund has issued \$1,875,000 and \$1,875,000 of promissory notes to accredited investors (Note 8).

(Continued)

COMMONBOND COMMUNITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

10. CONSTRUCTION NOTES PAYABLE

Construction notes provide temporary financing for the construction of Housing Communities. The notes have interest rates ranging from a fixed rates between 2.93% and 4.8% to variable rates plus basis points (4.25% to 6.58% at December 31, 2024). The notes are secured by pledges of capital contributions and are guaranteed by CommonBond Communities.

The construction notes payable mature in 2025 (\$6,867,966), 2026 (\$7,930,000), and 2027 (\$9,350,000). Construction notes payable are presented as long-term liabilities regardless of maturities because upon completion of construction, the loans are expected to be repaid with capital contributions and proceeds from permanent loan and noncontrolling equity financing.

11. DEFERRED REVENUE

Deferred Revenue consists of:

	2024	2023
Funds received from the Community Development Financial Institutions Fund Capital Magnet Fund to finance or support Affordable Housing. The funds must be committed within 2 years and are subject to recapture through December 2034 if certain conditions are not met.	\$ 4,000,000	\$ 4,000,000
Funds received from the Margaret A Cargill Foundation to support housing stability and eviction prevention. The funds must be spent by December 31, 2025. Any unspent funds may be required to be returned.	868,876	2,000,000
Two promissory notes payable to IFF under the Federal Home Loan Bank’s Affordable Housing Program totaling \$1,425,000 without interest. The notes are for two new construction Housing Communities and will be forgiven if the affordability requirements are maintained for 15 years following the date of construction completion.	1,425,000	1,425,000

(Continued)

COMMONBOND COMMUNITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

11. DEFERRED REVENUE (Continued)

	2024	2023
Promissory note payable to the City of Milwaukee under the Federal Home Loan Bank’s Affordable Housing Program totaling \$247,128 without interest. The note is for the acquisition and rehabilitation of a Housing Community and will be forgiven if the affordability requirements are maintained for 15 years beginning in 2021.	247,128	247,128
Funds received from the City of Annandale, Minnesota to finance improvements to a Housing Community. The Housing Community was sold during 2024, and \$65,947 was required to be repaid. The remaining balance was recognized as revenue in 2024.	-	98,748
Funds received from Dane County Wisconsin, to finance a Housing Community located in Madison Wisconsin. The funds must be repaid if certain conditions aren’t met through September 1, 2050, after which no repayment is required.	348,589	362,041
	\$ 6,889,593	\$ 8,132,197

12. INTEREST RATE SWAPS

Two of the Housing Communities have debt with interest rates that fluctuate based on the SOFR rate. The Organization has entered into interest rate swap agreements on these notes payable to reduce the impact of changes in interest rates by exchanging variable payments at SOFR for fixed rate payments. The notional amount of the interest rate swaps was \$1,699,000 and \$1,749,000 at December 31, 2024 and 2023.

The swaps are reported as liabilities at fair value. The fair value of the swap derivatives is based on the present value of expected cash flows based on the market observable interest rate yield curve commensurate with the term of the swaps (Level 2 inputs). The swaps are carried at \$336 and \$2,675 at December 31, 2024 and 2023. The change in value of the interest rate swaps of \$2,339 in 2024 and \$14,378 in 2023 is included in gains on investments in the statement of activities.

No termination fees or penalties are due if the swaps are maintained through the maturity dates. Early termination triggers the payment of the settlement amount.

(Continued)

COMMONBOND COMMUNITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

13. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are as follows:

	2024	2023
Expendable for specified purposes:		
Advantage Services	\$ 1,058,262	\$ 1,038,364
Community Housing Opportunity Fund (CHOF)	582,967	582,967
Housing Communities	265,000	359,509
Other Specified Purposes	263,216	145,726
Subject to the Passage of Time	4,200,919	4,100,147
Not subject to appropriation or expenditure:		
Financing for development of Housing Communities:		
HUD capital advances	73,221,802	73,221,802
Forgivable loans	16,104,753	16,427,252
Section 1602 grants	821,041	1,726,955
Endowments subject to the Organization's spending policy and appropriations:		
Advantage Services Endowments (Note 18):		
General Advantage Services Endowment	2,435,977	2,435,977
Paul Fate Youth Endowment	270,855	270,855
Veterans Housing Endowment	320,025	320,025
Lauren Kesson Youth Endowment	144,350	144,350
Advantage Services Endowment earnings	3,027,571	4,570,694
Total net assets with donor restrictions	\$ 102,716,738	\$ 105,344,623

Net assets released from restrictions are as follows:

	2024	2023
Advantage Services	\$ 672,250	\$ 210,397
Housing Communities	334,000	585,000
Passage of specified time	3,459,731	553,700
Advantage Services Endowment earnings	2,500,000	400,000
Forgivable loans	321,084	-
Section 1602 grants	905,914	905,914
Other	85,948	53,255
	\$ 8,278,927	\$ 2,708,266

(Continued)

COMMONBOND COMMUNITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

13. NET ASSETS WITH DONOR RESTRICTIONS (Continued)

At December 31, 2024, net assets with donor restrictions consist of \$1,295,977 of restricted cash; \$4,225,920 of contributions receivable; \$847,967 of restricted cash for long-term purposes; \$6,199,278 investments held for endowment; and \$90,147,596 of Housing Communities' assets.

At December 31, 2023, net assets with donor restrictions consist of \$1,184,089 of restricted cash; \$4,100,148 of contributions receivable; \$942,476 of restricted cash for long-term purposes; \$7,741,901 investments held for endowment; and \$91,376,009 of Housing Communities' assets.

CommonBond Communities is a member organization of NeighborWorks America (NeighborWorks). NeighborWorks is a public, congressionally chartered nonprofit organization that receives funding through annual congressional appropriations. It is not a federal agency, but a recipient of federal funds that was organized for the purpose of receiving federal funds and making sub-grants to NeighborWorks member organizations. As a member organization, CommonBond Communities must comply with the terms of the Investment and Grant Agreement including financial reporting and may be eligible for additional grants to support operations and development of affordable housing.

14. BOARD DESIGNATED NET ASSETS WITHOUT DONOR RESTRICTIONS

Board designated net assets consist of:

	2024	2023
Corporate Central Reserve	\$ 31,802	\$ 30,854
Corporate Predevelopment Costs	-	1,360,342
Advantage Services, affordable housing, public policy	1,022,905	-
Board Designated Endowment	5,110,231	5,110,231
	<hr/>	<hr/>
Board Designated Net Assets	\$ 6,164,938	\$ 6,501,427
	<hr/>	<hr/>

15. DONATED SERVICES, RENT AND MATERIALS

CommonBond Communities receives donated services and materials. Many of the donated services were provided to the residents of Housing Communities serviced by the Organization and are considered integral to the accomplishment of the Organization's mission.

CommonBond Communities also acquired a Housing Community at a cost below the appraised value. The differences between the acquisition costs and the appraised value is reported as a donation.

Certain donated services met the established criteria for recording their value in the consolidated financial statements, whereas other services were not recorded in the financial statements.

(Continued)

COMMONBOND COMMUNITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

15. DONATED SERVICES, RENT AND MATERIALS (Continued)

The estimated value of donated services and materials was as follows:

	2024	2023
Materials and furniture	\$ 113,333	\$ 68,178
Property and equipment	5,409,948	-
Total donated services, rent, and materials	\$ 5,523,281	\$ 68,178

16. INCOME TAXES

CommonBond Housing and its wholly owned subsidiary, CommonBond Investment Corporation; CBC Development, LLC; and two Housing Communities are subject to federal and state corporate income taxes. These entities utilize an asset and liability approach to financial accounting and reporting for income taxes. Deferred tax assets and liabilities are computed annually for differences between the financial statement and tax basis of assets and liabilities that will result in taxable or deductible amounts in the future based on enacted tax laws and rates applicable to periods in which the differences are expected to affect taxable income. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized. The provision for income taxes is the tax payable or refundable for the period plus or minus the change during the period in deferred tax assets and liabilities.

The items giving rise to deferred income taxes consist principally of allowances for doubtful accounts, differences in depreciation lives and methods, impairment losses, deductibility of pass-through losses from investments held in Housing Communities, and net operating loss carry-forwards. Due to the uncertainty of future taxable income, the Organization has fully reserved against its net deferred tax assets at December 31, 2024 and 2023.

The net deferred tax asset in the accompanying consolidated statement of financial position includes the following amounts:

	2024	2023
Deferred tax assets	\$ 21,582,000	\$ 14,175,000
Deferred tax liabilities	(6,357,000)	(4,890,000)
Net deferred tax asset	15,225,000	9,285,000
Less valuation allowance	(15,225,000)	(9,285,000)
Total deferred tax asset	\$ -	\$ -
Change in valuation allowance	\$ 5,940,000	\$ 4,707,000

(Continued)

COMMONBOND COMMUNITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

16. INCOME TAXES (Continued)

At December 31, 2024 and 2023, the Organization has approximately \$44,800,000 and \$33,800,000 of federal unused operating loss carryovers available that may be applied against future taxable income. These carryovers have varying expiration dates ranging from 2027 to 2043. The Organization also has available at December 31, 2024 and 2023, \$48,980,000 and \$34,830,000 of state unused operating loss carryovers that may be applied against future taxable income from Minnesota, Wisconsin and Iowa. These carryovers have varying expiration dates ranging from 2025 to 2044.

17. FAIR VALUE MEASUREMENTS

Fair values of assets and liabilities measured on a recurring basis are as follows:

	Fair Value	Fair Value Measurement Inputs (see Note 2):	
		Level 1	Level 2
December 31, 2024			
Assets:			
Investments in securities:			
US Treasury money market	\$ 5,320,182	\$ 5,320,182	-
Mutual funds	5,957,986	5,957,986	-
		\$ 11,278,168	\$ -
Investments measured at net asset value:			
Catholic Community Foundation (70% equity funds, 30% fixed income funds)	31,341		
	\$ 11,309,509		
Liabilities:			
Interest rate swap agreements	\$ 336		\$ 336

(Continued)

COMMONBOND COMMUNITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

17. FAIR VALUE MEASUREMENTS (Continued)

December 31, 2023	Fair Value	Fair Value Measurement Inputs (see Note 2):	
		Level 1	Level 2
Assets:			
Investments in securities:			
US Treasury Notes (Restricted Reserves)	\$ 20,576,000	\$ 20,576,000	\$ -
US Treasury money market	5,008,746	5,008,746	-
Mutual funds	7,814,829	7,814,829	-
		\$ 33,399,575	\$ -
Investments measured at net asset value:			
Catholic Community Foundation (70% equity funds, 30% fixed income funds)	28,557		
	\$ 33,428,132		
Liabilities:			
Interest rate swap agreements	\$ 2,675		\$ 2,675

Investments measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented on the statement of financial position.

Fair value measurements were applied to property held for sale using level 2 inputs during the impairment analyses as described in Note 5. Fair value measurements were applied to property and equipment using level 3 inputs during the impairment analyses as described in Note 6. The Organization had no other assets or liabilities measured with level 3 inputs.

The Organization did not change its methodology for measuring the fair values of assets and liabilities measured on a recurring basis from 2023.

18. ENDOWMENTS

The Organization has donor restricted endowment funds established for the purpose of providing income to support Advantage Services. In 2017, the Board of Directors established a board designated endowment for the purpose of providing income to support future operating needs of the Organization. Net assets of the endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

(Continued)

COMMONBOND COMMUNITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

18. ENDOWMENTS (Continued)

The Board of Directors of the Organization has interpreted the State’s Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, CommonBond Communities classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund, and (d) earnings on the donor-restricted endowment until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

The Organization uses an endowment spending formula to determine the maximum amount to spend from the endowment each year. Spending for a given year will equal 50% of the spending from the previous year, adjusted for inflation, plus 50% of the anticipated real rate of return applied to the endowment’s current market level at December 31. New gifts are excluded from this calculation in the calendar year they are received.

The Organization’s endowment investment policy is focused on preservation of capital. All amounts are invested in a mix of fixed income and equity funds.

The following is a summary of endowment funds by net asset class:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total Endowments</u>
December 31, 2022	\$ 5,110,231	\$ 6,363,807	\$ 11,474,038
Net investment return	-	1,778,094	1,778,094
Earnings released	-	(400,000)	(400,000)
December 31, 2023	5,110,231	7,741,901	12,852,132
Other	-	501	501
Net investment return	-	956,876	956,876
Earnings released	-	(2,500,000)	(2,500,000)
December 31, 2024	<u>\$ 5,110,231</u>	<u>\$ 6,199,278</u>	<u>\$ 11,309,509</u>

(Continued)

COMMONBOND COMMUNITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

18. ENDOWMENTS (Continued)

Endowment net assets consist of:

	<u>2024</u>	<u>2023</u>
Investments held for Advantage Services endowment	\$ 6,199,278	\$ 7,741,901
Investments held for Board designated endowment	<u>5,110,231</u>	<u>5,110,231</u>
	<u>\$ 11,309,509</u>	<u>\$ 12,852,132</u>

19. COMMERCIAL LEASES

CommonBond Communities and affiliates lease commercial space to tenants under month to month and long-term operating leases. The long-term leases expire between 2025 and 2033. Rent revenue received under these commercial leases was \$371,584 in 2024 and \$231,986 in 2023. Approximate future minimum lease payments are as follows:

2025	\$ 337,000
2026	321,000
2027	330,000
2028	338,000
2029	336,000
Thereafter	<u>750,000</u>
	<u>\$ 2,412,000</u>

20. RIGHT OF USE ASSET AND LEASE OBLIGATION

CommonBond Wisconsin, LLC entered into a 5-year lease commencing February 1, 2023, under which it leases office space for the Organization’s Wisconsin operations. Under the lease agreement, CommonBond Wisconsin, LLC is required to make monthly payments of \$4,390 commencing May 1, 2023 and increasing 2.5% on March 1, 2024 and annually thereafter.

The lease is considered an operating lease. As such, the Organization recognizes a right of use asset and a lease obligation on the balance sheet. The lease obligation is included in accrued expenses.

The lease liability is measured at the present value of the lease payments, using a discount rate of 3.50%, which represents the Organization’s estimate of the risk-free rate of return at the inception of the lease. The Organization has calculated the present value to be \$249,027 at the inception of the lease. This amount has been capitalized and recorded as a right-of-use asset on the Partnership’s balance sheet. Lease expense is recognized on a straight-line basis over the lease term.

(Continued)

COMMONBOND COMMUNITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

20. RIGHT OF USE ASSET AND LEASE OBLIGATION (Continued)

The future lease payments under lease are as follows:

2025	\$	55,146
2026		56,535
2027		57,956
2028		9,700
Total lease payments		<u>179,337</u>
Less present value discount		<u>(9,424)</u>
Lease obligation	\$	<u><u>169,913</u></u>

Management believes that the terms of the lease agreement are reflective of current market conditions and do not expose the Organization to significant risks beyond those inherent in leasing property for its operations.

21. RETIREMENT PLAN

The Organization has a defined contribution retirement 401(k) plan under which eligible employees may elect to have pre-tax payroll deferrals of up to 100% of qualified compensation contributed to the plan. The Organization makes matching contributions equal to 100% of the first 1% of compensation contributed and 50% of the next 5% of compensation contributed.

The Organization’s matching retirement plan contributions were \$480,384 in 2024 and \$567,226 in 2023.

22. LINES OF CREDIT

The Organization has a line of credit with Synchrony Bank in the amount of \$2,000,000. Interest is payable quarterly at a rate of 6.15% as amended in October 2024. The line of credit expires October 25, 2027 (maturity date) as amended, unless renewed, and is secured by the accounts, equipment, and other assets of CommonBond Communities. Each advance under the line of credit must be repaid the earlier of 11 months from the advance or the maturity date. The Organization has advanced \$500,000 on this line of credit, which was designated for predevelopment costs as of December 31, 2024 and 2023. The advance must be repaid by October 2025.

The Organization has a line of credit with Old National Bank in the amount of \$1,000,000. Interest is payable monthly at a rate of 2% over the 30-day Secured Overnight Financing Rate average published by the Federal Reserve Bank of New York. The line of credit expires December 1, 2026, unless renewed, and is secured by the accounts, equipment, and other assets of CommonBond Communities. No amounts have been advanced on the line of credit.

(Continued)

COMMONBOND COMMUNITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

22. LINES OF CREDIT (Continued)

The Organization has a line of credit with Old National Bank in the amount of \$2,000,000. Interest is payable monthly at a rate of 6.85%. The line of credit expires September 26, 2032, unless renewed, and is secured by a mortgage on the Organization's corporate office building and an assignment of rents and leases on the Organization's corporate office building. No amounts have been advanced on the line of credit.

23. COMMITMENTS, CONTINGENCIES AND CONCENTRATIONS

Government Sponsored Housing Programs - The Organization participates in federal and state housing programs. These housing programs require the properties to be maintained as affordable housing and place operating restrictions on the properties for periods of 15 to 55 years.

The Organization's participation in these programs is contingent on its ability to maintain compliance with applicable requirements during the compliance periods. Failure to maintain compliance with these programs could result in refunding amounts to the government or recapture of previously taken tax credits plus interest, which would require paying refunds to investors.

The Organization has received project development funding from government agencies subject to contingent repayment terms. These grants and forgivable loans were used to develop and construct the Housing Communities. If the Organization is not in compliance during the term of these agreements (2 - 40 years), they are repayable. It is management's intention to maintain compliance for the terms of these agreements.

The Organization participates in the IRC Section 42 housing tax credit program. As part of the program the Organization makes guarantees to the investor limited partners and members. These guarantees include completion of construction, funding of operating deficits, and the return of capital contributed by the investors if tax credits are not delivered.

Commitments - As of December 31, 2024, the Organization has several outstanding construction contracts with various general contractors related to housing developments. The contracts totaled approximately \$25 million, of which \$600 thousand was incurred prior to December 31, 2024.

During 2023, the Organization entered into a three-year contract with a third party to provide maintenance related services to a majority of the Housing Communities. The contract includes approximately \$10 million of routine maintenance services annually. Non-routine maintenance activities are billed based on time and materials. The maintenance contract expires on April 30, 2026, unless renewed.

(Continued)

COMMONBOND COMMUNITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

23. COMMITMENTS, CONTINGENCIES AND CONCENTRATIONS (Continued)

In 2024, the Organization entered into two purchase agreements to sell two of its Housing Communities with sale prices totaling approximately \$23.5 million. Net proceeds of \$1.95 million are expected to be received by the Organization. The sales closed in 2025 (Note 26).

Off Balance Sheet Risks - As part of its real estate development work, CommonBond Communities provides letters of credit to housing agencies, investors, and financial institutions to ensure its performance. CommonBond Communities has received a commitment from a financial institution to issue letters of credit up to \$4,000,000. At December 31, 2024 and 2023, letters of credit of approximately \$1,749,274 and \$2,361,232 have been issued. The letters of credit expire at various dates through December 2025, unless renewed.

As general partner, the Organization may be contingently liable for certain recourse debts of the partnerships in the case of default.

Legal Actions - During the course of operations, the Organization is a party to various legal actions which are covered under the Organization's insurance policy. As a result, management of the Organization does not anticipate that any of these legal actions will have a material effect on its financial position or changes in net assets.

CommonBond Communities and CommonBond Housing were defendants in a class action lawsuit in 2022. Management of the Organization settled the claim through mediation with the plaintiffs in 2023. The settlement required installment payments totaling \$1,700,000. The final installment of \$400,000 was recorded in accrued expenses and other liabilities at December 31, 2023 and was paid in full in 2024.

Housing Communities Operations - Certain Housing Communities have operating deficits and are not able to meet their financial obligations without the financial support of the Organization's fundraising activities. Management evaluates the Housing Communities portfolio and explores all options to sustain operations in accordance with its mission. These options may include improving management and operations, refinancing debt, accessing existing restricted reserves, and working with the Organization's strategic partners to increase funding for its portfolio, and the potential sale of Housing Communities.

Concentrations - The Housing Communities' primary assets are multifamily rental properties concentrated in the geographical areas of Minneapolis/Saint Paul, Minnesota; Milwaukee/Madison, Wisconsin; and Des Moines, Iowa.

(Continued)

COMMONBOND COMMUNITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

23. COMMITMENTS, CONTINGENCIES AND CONCENTRATIONS (Continued)

The properties operate in heavily regulated environments. The operations of the properties are subject to the administrative directives, rules, and regulations of federal, state, and local regulatory agencies, including, but not limited to, the Minnesota Housing Finance Agency (MHFA), Wisconsin Housing and Economic Development Authority (WHEDA), Iowa Finance Authority (IFA) and the U.S. Department of Housing and Urban Development (HUD). Such administrative directives, rules, and regulations are subject to change by an act of Congress or an administrative change mandated by MHFA, WHEDA IFA or HUD. Such changes may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden, to comply with a change.

Concentrations – Credit Risks - The Organization places its cash with several financial institutions which are insured by the Federal Deposit Insurance Corporation. Although the amount on deposit in these accounts exceeds the federally insured limit, the Organization has never experienced any losses. It is the Organization’s policy to monitor the financial strength of the banks that hold its deposits on an ongoing basis. Management believes it is not exposed to any significant credit risk on such accounts.

24. DECONSOLIDATION OF HOUSING COMMUNITY

A former nonprofit corporation formed to provide affordable housing for seniors (the Corporation) was previously consolidated as a Housing Community due to control by election of board members, and an economic interest through being the sponsor of the project as recognized by the U.S. Department of Housing and Urban Development and the property management agreement. During 2024, the sponsorship was transferred to an unaffiliated nonprofit corporation and the property management agreement was terminated, at which time the Corporation was deconsolidated.

As of the date of deconsolidation, the assets and liabilities of the Corporation were as follows:

Property and equipment, net	\$ 6,133,996
Cash, restricted cash and reserves	251,372
Receivables	130,081
Prepaid expenses	18,114
Total assets	<u>6,533,563</u>
Debt	1,101,028
Accounts payable and other accrued expenses	430,835
Total liabilities	<u>1,531,863</u>
Loss on deconsolidation	<u>\$ 5,001,700</u>

(Continued)

COMMONBOND COMMUNITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

25. RELATED PARTY TRANSACTIONS

Various members on the Board of Directors are in positions of influence at donor organizations.

The Organization has contributions receivable from related parties as described in Note 4.

The President and CEO has made a loan of \$25,000 to the Housing Opportunity Fund. The terms of the loans are equivalent to the terms offered to the general public.

26. SUBSEQUENT EVENTS

The Organization manages its Housing Communities portfolio for the greatest good of the Organization and its mission to build stable homes, strong futures, and vibrant communities. As such, the Organization is currently executing a set of strategies which produced the following subsequent events:

- As of May 28, 2025, two Housing Communities were sold in 2025, which provided net sale proceeds to the Organization in the amount of \$1.95 million.
- As of May 28, 2025, the Organization has entered into purchase agreements to sell six Housing Communities that is expected to provide net sale proceeds to the Organization in the amount of \$4-5 million.
- The Organization transferred property management services for 32 Housing Communities to third party property managers in 2025 as of May 28, 2025.
- The Organization entered into an agreement to transition the property management of its remaining Housing Communities to a nonprofit third-party property manager effective January 1, 2026 subject to receiving approvals from lenders, investors, and other funders.
- The Organization renegotiated its third-party maintenance contract to reduce overall pricing and services provided in 2025. The Organization expects to save approximately \$5 million annually on maintenance costs as a result of the restructured contract.

The Organization entered into a grant agreement with Hennepin County in April 2025 under the Local Affordable Housing Aid program (LAHA) in the amount of \$4.4 million to be used to support affordable housing in Hennepin County. The grant funds must be used by December 31, 2026.

Management has evaluated subsequent events through May 28, 2025, the date on which the financial statements were available for issue, and identified no further significant events or transactions to disclose.

SUPPLEMENTARY INFORMATION

COMMONBOND COMMUNITIES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2024
(With Comparative Totals for 2023)

	2024							2023	
	CommonBond Communities	CommonBond Housing	CommonBond Others	Corporate Intercompany Eliminations	Corporate Subtotal	Consolidated Housing Communities	Eliminations		Total
ASSETS									
CURRENT ASSETS:									
Cash and Cash Equivalents	\$ 11,799,600	\$ 851,880	\$ 24,046	\$ -	\$ 12,675,526	\$ -	\$ -	\$ 12,675,526	\$ 12,606,666
Restricted Cash	1,295,977	-	-	-	1,295,977	20,687,925	-	21,983,902	17,606,854
Accounts Receivable, Net	1,281,025	7,152,612	9,292	-	8,442,929	6,800,337	(8,682,668)	6,560,598	8,243,991
Accrued Developer Fee Receivable	1,529,750	-	29,965	-	1,559,715	-	(1,559,715)	-	-
Contributions Receivable	1,898,646	-	-	-	1,898,646	-	-	1,898,646	1,645,068
Notes Receivable	78,148	-	-	-	78,148	604,426	(682,574)	-	-
Prepaid Expenses	107,428	222,113	-	-	329,541	817,659	-	1,147,200	1,282,405
Property Held for Sale, Net of Impairment Allowance	-	-	-	-	-	39,759,133	-	39,759,133	-
Total Current Assets	<u>17,990,574</u>	<u>8,226,605</u>	<u>63,303</u>	<u>-</u>	<u>26,280,482</u>	<u>68,669,480</u>	<u>(10,924,957)</u>	<u>84,025,005</u>	<u>41,384,984</u>
PROPERTY AND EQUIPMENT:									
Property and Equipment, Net	3,857,499	44,452	4,221,678	-	8,123,629	685,225,075	(74,768,977)	618,579,727	700,862,093
OTHER ASSETS:									
Contributions Receivable - Long-Term	2,327,274	-	-	-	2,327,274	-	-	2,327,274	2,455,080
Notes Receivable - Long-Term	26,555,416	-	43,544	-	26,598,960	307,336	(26,486,296)	420,000	420,000
Interest Receivable	553,701	-	-	-	553,701	260,614	(814,315)	-	-
Restricted Cash for Long-Term Purposes	3,452,247	-	1,153,151	-	4,605,398	-	-	4,605,398	6,514,160
Restricted Escrows and Reserves	-	-	12,077	-	12,077	67,289,701	-	67,301,778	64,933,582
Deferred Charges, Net	-	-	-	-	-	1,653,579	-	1,653,579	1,748,351
Right of Use Asset	-	-	169,913	-	169,913	-	-	169,913	217,022
Investments in Partnerships and LLC's	18,015,937	393,000	3,972,646	(1,008,163)	21,373,420	2,943,969	(24,290,157)	27,232	27,232
Investment - HPIEx	-	177,632	-	-	177,632	-	-	177,632	177,632
Investments Held for Endowment:									
Restricted by Donors	-	-	3,171,707	-	3,171,707	-	-	3,171,707	3,171,207
Accumulated Earnings	-	-	3,027,571	-	3,027,571	-	-	3,027,571	4,570,694
Board Designated	-	-	5,110,231	-	5,110,231	-	-	5,110,231	5,110,231
Intercompany Balances	52,853,368	(52,016,530)	(836,838)	-	-	-	-	-	-
Total Other Assets	<u>103,757,943</u>	<u>(51,445,898)</u>	<u>15,824,002</u>	<u>(1,008,163)</u>	<u>67,127,884</u>	<u>72,455,199</u>	<u>(51,590,768)</u>	<u>87,992,315</u>	<u>89,345,191</u>
Total Assets	<u>\$ 125,606,016</u>	<u>\$ (43,174,841)</u>	<u>\$ 20,108,983</u>	<u>\$ (1,008,163)</u>	<u>\$ 101,531,995</u>	<u>\$ 826,349,754</u>	<u>\$ (137,284,702)</u>	<u>\$ 790,597,047</u>	<u>\$ 831,592,268</u>

See Independent Auditor's Report.

COMMONBOND COMMUNITIES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2024
(With Comparative Totals for 2023)

	2024								2023
	CommonBond Communities	CommonBond Housing	CommonBond Others	Corporate Intercompany Eliminations	Corporate Subtotal	Consolidated Housing Communities	Eliminations	Total	
LIABILITIES AND NET ASSETS									
CURRENT LIABILITIES:									
Current Portion of Long-Term Debt	\$ 7,068,841	\$ -	\$ 250,000	\$ -	\$ 7,318,841	\$ 14,080,800	\$ (682,577)	\$ 20,717,064	\$ 21,243,223
Lines of Credit	500,000	-	-	-	500,000	-	-	500,000	500,000
Construction Payable	-	-	-	-	-	2,505,214	(2,505,214)	-	7,207,362
Accounts Payable	828,468	5,284,964	41,138	-	6,154,570	48,461,947	(42,093,906)	12,522,611	11,636,597
Accrued Expenses	492,358	650,800	60,003	-	1,203,161	18,976,626	(9,944,045)	10,235,742	13,755,295
Accrued Interest	204,062	-	9,493	-	213,555	6,052,739	(3,955,338)	2,310,956	2,438,912
Total Current Liabilities	<u>9,093,729</u>	<u>5,935,764</u>	<u>360,634</u>	<u>-</u>	<u>15,390,127</u>	<u>90,077,326</u>	<u>(59,181,080)</u>	<u>46,286,373</u>	<u>56,781,389</u>
LONG-TERM LIABILITIES:									
Long-Term Debt, net	9,882,409	-	4,284,941	(1,659,941)	12,507,409	508,919,062	(94,869,606)	426,556,865	391,220,818
Construction Notes Payable, net	-	-	-	-	-	24,147,966	-	24,147,966	70,337,765
Deferred Revenue	6,541,004	-	-	-	6,541,004	7,528,448	(7,179,859)	6,889,593	8,132,917
Accrued Interest	-	-	1,121,991	(1,121,991)	-	25,450,811	(18,405,667)	7,045,144	6,145,372
Interest Rate Swaps	-	-	-	-	-	336	-	336	2,675
Due to Partners	-	-	-	-	-	1,823,481	(1,823,481)	-	-
Accrued Expenses and Other Liabilities	-	-	114,749	-	114,749	12,219,541	(12,216,843)	117,447	169,549
Total Long-Term Liabilities	<u>16,423,413</u>	<u>-</u>	<u>5,521,681</u>	<u>(2,781,932)</u>	<u>19,163,162</u>	<u>580,089,645</u>	<u>(134,495,456)</u>	<u>464,757,351</u>	<u>476,009,096</u>
Total Liabilities	<u>25,517,142</u>	<u>5,935,764</u>	<u>5,882,315</u>	<u>(2,781,932)</u>	<u>34,553,289</u>	<u>670,166,971</u>	<u>(193,676,536)</u>	<u>511,043,724</u>	<u>532,790,485</u>
NET ASSETS:									
Without Donor Restrictions:									
Operating Fund	79,258,427	(49,110,605)	2,334,693	1,773,769	34,256,284	-	40,997,404	75,253,688	56,955,755
Housing Communities - Controlling interests	-	-	-	-	-	(55,893,516)	-	(55,893,516)	(30,178,716)
Housing Communities - Noncontrolling Interests	-	-	-	-	-	151,772,186	(460,711)	151,311,475	160,178,694
Board Designated	1,054,707	-	5,110,231	-	6,164,938	-	-	6,164,938	6,501,427
Total Net Assets Without Donor Restrictions	<u>80,313,134</u>	<u>(49,110,605)</u>	<u>7,444,924</u>	<u>1,773,769</u>	<u>40,421,222</u>	<u>95,878,670</u>	<u>40,536,693</u>	<u>176,836,585</u>	<u>193,457,160</u>
With Donor Restrictions	19,775,740	-	6,781,744	-	26,557,484	60,304,113	15,855,141	102,716,738	105,344,623
Total Net Assets	<u>100,088,874</u>	<u>(49,110,605)</u>	<u>14,226,668</u>	<u>1,773,769</u>	<u>66,978,706</u>	<u>156,182,783</u>	<u>56,391,834</u>	<u>279,553,323</u>	<u>298,801,783</u>
Total Liabilities and Net Assets	<u>\$ 125,606,016</u>	<u>\$ (43,174,841)</u>	<u>\$ 20,108,983</u>	<u>\$ (1,008,163)</u>	<u>\$ 101,531,995</u>	<u>\$ 826,349,754</u>	<u>\$ (137,284,702)</u>	<u>\$ 790,597,047</u>	<u>\$ 831,592,268</u>

See Independent Auditor's Report.

COMMONBOND COMMUNITIES
CONSOLIDATING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2024
(With Comparative Totals for 2023)

	2024								2023
	CommonBond Communities	CommonBond Housing	CommonBond Others	Corporate Intercompany Eliminations	Corporate Subtotal	Consolidated Housing Communities	Eliminations	Total	
REVENUES FROM OPERATIONS:									
Contributions	\$ 8,270,830	\$ -	\$ -	\$ -	\$ 8,270,830	\$ 985	\$ -	\$ 8,271,815	\$ 12,817,341
In-Kind Contributions	113,333	-	-	-	113,333	5,409,948	-	5,523,281	68,178
Total Contributions	8,384,163	-	-	-	8,384,163	5,410,933	-	13,795,096	12,885,519
Government Grants - Operating	12,590,753	-	-	-	12,590,753	453,794	(282,239)	12,762,308	1,233,241
Government Grants - Construction	1,050,580	-	-	-	1,050,580	452,947	(452,957)	1,050,570	893,497
Total Government Grants	13,641,333	-	-	-	13,641,333	906,741	(735,196)	13,812,878	2,126,738
Fees for Services:									
Property Management	-	5,149,718	-	-	5,149,718	-	(5,149,718)	-	36,782
Housing Development	3,106,566	-	-	-	3,106,566	-	(3,106,566)	-	-
Advantage Services	1,748,457	-	-	-	1,748,457	-	(1,748,457)	-	-
Other	53,173	-	4,284	-	57,457	(10,623)	(4,284)	42,550	78,719
Total Fees for Services	4,908,196	5,149,718	4,284	-	10,062,198	(10,623)	(10,009,025)	42,550	115,501
Housing Communities Rental and Related Revenue, Net	35,984	-	-	-	35,984	82,901,923	(382,426)	82,555,481	76,887,997
Interest and Dividends	1,125,083	3,110	37,011	-	1,165,204	745,978	(488,543)	1,422,639	817,655
Miscellaneous	116,177	143,112	962,248	(775,291)	446,246	-	(158,223)	288,023	162,377
Total Housing and Other Revenue	1,277,244	146,222	999,259	(775,291)	1,647,434	83,647,901	(1,029,192)	84,266,143	77,868,029
Total Revenues from Operations	28,210,936	5,295,940	1,003,543	(775,291)	33,735,128	89,954,952	(11,773,413)	111,916,667	92,995,787
EXPENSES FROM OPERATIONS:									
Program Services:									
Property Operations and Management:	2,923,499	20,537,429	179,126	(175,274)	23,464,780	129,644,684	(29,082,836)	124,026,628	115,671,679
Housing Development	8,378,306	614,571	222,234	(164,709)	9,050,402	121,121	(3,692,861)	5,478,662	1,124,300
Advantage Services	6,020,576	574,350	152,836	(152,239)	6,595,523	2,161,787	(2,033,349)	6,723,961	6,731,680
Asset Management	122,797	602,855	15,538	(15,538)	725,652	-	-	725,652	224,451
Community Engagement	132,114	13,814	4,002	(3,704)	146,226	-	-	146,226	28,608
Total Program Services	17,577,292	22,343,019	573,736	(511,464)	39,982,583	131,927,592	(34,809,046)	137,101,129	123,780,718
Supporting Services:									
General and Administrative	690,816	2,269,248	378,579	(334,576)	3,004,067	-	-	3,004,067	3,209,879
Fund Development	2,309,706	247,512	58,866	(42,972)	2,573,112	-	-	2,573,112	990,099
Total Supporting Services	3,000,522	2,516,760	437,445	(377,548)	5,577,179	-	-	5,577,179	4,199,978
Total Expenses from Operations	20,577,814	24,859,779	1,011,181	(889,012)	45,559,762	131,927,592	(34,809,046)	142,678,308	127,980,696
CHANGE IN NET ASSETS BEFORE OTHER INCOME AND EXPENSE	7,633,122	(19,563,839)	(7,638)	113,721	(11,824,634)	(41,972,640)	23,035,633	(30,761,641)	(34,984,909)
OTHER INCOME AND EXPENSE:									
Long-Term Debt Forgiven	-	-	-	-	-	7,176,524	(6,218,782)	957,742	424,044
Gain on Sale of Housing Communities	-	-	-	-	-	6,705,517	-	6,705,517	-
Loss on Disposal of Property and Equipment, Net	-	-	-	-	-	(32,496)	-	(32,496)	(780,393)
Impairment Loss	-	-	-	-	-	(28,349,178)	-	(28,349,178)	-
Loss on Deconsolidation of Housing Community	-	-	-	-	-	(5,001,700)	-	(5,001,700)	-
Residual Receipts Recapture	-	-	-	-	-	(56,983)	-	(56,983)	(64,610)
Endowment Investment Return, Net	-	-	956,876	-	956,876	-	-	956,876	1,778,094
Gains on Investments, Net	(77)	-	-	-	(77)	2,339	-	2,262	14,070
Gains (Losses) from Partnerships	(2,373,814)	-	(1,115)	-	(2,374,929)	(18,288)	2,393,217	-	-
Total Other Income and (Expense)	(2,373,891)	-	955,761	-	(1,418,130)	(19,574,265)	(3,825,565)	(24,817,960)	1,371,205
CHANGE IN NET ASSETS	5,259,231	(19,563,839)	948,123	113,721	(13,242,764)	(61,546,905)	19,210,068	(55,579,601)	(33,613,704)
Noncontrolling Interests in Losses	-	-	-	-	-	52,485,911	-	52,485,911	35,203,667
CHANGE IN NET ASSETS AFTER NONCONTROLLING INTERESTS	\$ 5,259,231	\$ (19,563,839)	\$ 948,123	\$ 113,721	\$ (13,242,764)	\$ (9,060,994)	\$ 19,210,068	\$ (3,093,690)	\$ 1,589,963

See Independent Auditor's Report.

COMMONBOND COMMUNITIES
CONSOLIDATING STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	CommonBond Communities	CommonBond Housing	CommonBond Others	Corporate Intercompany Eliminations	Corporate Subtotal	Consolidated Housing Communities	Eliminations	Total
Balance, December 31, 2022	\$ 90,879,538	\$ (18,421,854)	\$ 14,172,601	\$ 1,550,976	\$ 88,181,261	\$ 206,231,783	\$ 9,833,859	\$ 304,246,903
Change in Net Assets	(12,903,626)	(11,124,912)	2,005,944	109,072	(21,913,522)	(41,707,794)	30,007,612	(33,613,704)
Transfer of Capital Campaign Funds	-	-	-	-	-	-	-	-
Endowment Appropriation for Advantage Services	400,000	-	(400,000)	-	-	-	-	-
Other Transfers of Net Assets	3,721,266	-	-	-	3,721,266	(3,721,266)	-	-
Other Housing Activity:								
Capital Contributions	-	-	-	-	-	30,119,852	(1,437,776)	28,682,076
Cash Distributions	-	-	-	-	-	(115,945)	(279,704)	(395,649)
Syndication Costs and Other	-	-	-	-	-	(117,843)	-	(117,843)
Balance, December 31, 2023	\$ 82,097,178	\$ (29,546,766)	\$ 15,778,545	\$ 1,660,048	\$ 69,989,005	\$ 190,688,787	\$ 38,123,991	\$ 298,801,783
Change in Net Assets	5,259,231	(19,563,839)	948,123	113,721	(13,242,764)	(61,546,905)	19,210,068	(55,579,601)
Endowment Appropriation for Advantage Services	2,500,000	-	(2,500,000)	-	-	-	-	-
Other Transfers of Net Assets	10,232,465	-	-	-	10,232,465	(10,232,465)	-	-
Other Housing Activity:								
Capital Contributions	-	-	-	-	-	37,418,310	(903,466)	36,514,844
Cash Distributions	-	-	-	-	-	(69,382)	(38,759)	(108,141)
Syndication Costs and Other	-	-	-	-	-	(75,562)	-	(75,562)
Balance, December 31, 2024	<u>\$ 100,088,874</u>	<u>\$ (49,110,605)</u>	<u>\$ 14,226,668</u>	<u>\$ 1,773,769</u>	<u>\$ 66,978,706</u>	<u>\$ 156,182,783</u>	<u>\$ 56,391,834</u>	<u>\$ 279,553,323</u>
Reconciliation of 2024 Net Assets:								
Noncontrolling Interests:								
Beginning of Year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 160,563,404	\$ (384,710)	\$ 160,178,694
Interest in Limited Partnership Losses	-	-	-	-	-	(52,485,911)	-	(52,485,911)
Capital Contributions	-	-	-	-	-	36,514,844	-	36,514,844
Cash Distribution	-	-	-	-	-	(32,140)	(76,001)	(108,141)
Syndication Costs	-	-	-	-	-	(75,562)	-	(75,562)
Assigned Interests	-	-	-	-	-	7,287,551	-	7,287,551
End of Year	-	-	-	-	-	151,772,186	(460,711)	151,311,475
Controlling Interests:								
Beginning of Year	82,097,178	(29,546,766)	15,778,545	1,660,048	69,989,005	30,125,383	38,508,701	138,623,089
Change in Net Assets	5,259,231	(19,563,839)	948,123	113,721	(13,242,764)	(9,060,994)	19,210,068	(3,093,690)
Endowment appropriation for Advantage Services	2,500,000	-	(2,500,000)	-	-	-	-	-
Other Transfers of Net Assets	10,232,465	-	-	-	10,232,465	(10,232,465)	-	-
Capital Contributions	-	-	-	-	-	903,466	(903,466)	-
Cash Distributions	-	-	-	-	-	(37,242)	37,242	-
Assigned Interests	-	-	-	-	-	(7,287,551)	-	(7,287,551)
End of Year	<u>100,088,874</u>	<u>(49,110,605)</u>	<u>14,226,668</u>	<u>1,773,769</u>	<u>66,978,706</u>	<u>4,410,597</u>	<u>56,852,545</u>	<u>128,241,848</u>
	<u>\$ 100,088,874</u>	<u>\$ (49,110,605)</u>	<u>\$ 14,226,668</u>	<u>\$ 1,773,769</u>	<u>\$ 66,978,706</u>	<u>\$ 156,182,783</u>	<u>\$ 56,391,834</u>	<u>\$ 279,553,323</u>

See Independent Auditor's Report.

COMMONBOND COMMUNITIES

SCHEDULE OF FINANCIAL POSITION
NEIGHBORWORKS AMERICA FUNDS

DECEMBER 31, 2024

	Without Donor Restriction	With Donor Restrictions Temporarily Restricted	Restricted in Perpetuity	Total
	<u>ASSETS</u>			
Current assets:				
Cash	\$ 3,942	\$ 254,001	\$ -	\$ 257,943
Total Assets	<u>\$ 3,942</u>	<u>\$ 254,001</u>	<u>\$ -</u>	<u>\$ 257,943</u>
	<u>NET ASSETS</u>			
Net assets:				
Total net assets	<u>\$ 3,942</u>	<u>\$ 254,001</u>	<u>\$ -</u>	<u>\$ 257,943</u>

STATEMENT OF ACTIVITIES
NEIGHBORWORKS AMERICA FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2024

	Without Donor Restriction	With Donor Restrictions Temporarily Restricted	Restricted in Perpetuity	Total
Grants:				
Round 1 Expendable Grants	\$ 189,000	\$ -	\$ -	\$ 189,000
Round 1 Capital Grants	315,000	-	-	315,000
Portfolio Strengthening Grant - Asset Management	-	191,000	-	191,000
Travel/Training	-	11,500	-	11,500
Other Unrestricted Grants	<u>5,600</u>	<u>-</u>	<u>-</u>	<u>5,600</u>
Total Grants	509,600	202,500	-	712,100
Expenditures:				
Capital Expenditures	\$ 315,000	\$ -	\$ -	\$ 315,000
General and Administrative Expenses	189,000	-	-	189,000
Portfolio Strengthening - Asset Management	-	85,025	-	85,025
Other	<u>5,600</u>	<u>-</u>	<u>-</u>	<u>5,600</u>
Total Expenditures	<u>509,600</u>	<u>85,025</u>	<u>-</u>	<u>594,625</u>
Change in Net Assets	-	117,475	-	117,475
Net Assets - Beginning of Year	<u>3,942</u>	<u>136,526</u>	<u>-</u>	<u>140,468</u>
Net Assets - End of Year	<u>\$ 3,942</u>	<u>\$ 254,001</u>	<u>\$ -</u>	<u>\$ 257,943</u>

See Independent Auditor's Report.