ELDERLY HOUSING CORPORATION AGENDA

THIRD FLOOR CONFERENCE ROOM	MONDAY, NOVEMBER 10, 2025	6:30 PM

Immediately following the regularly scheduled HRA meeting.

1. Call to Order/ Approve Agenda
2. Approval of the Minutes
3. Election of Officers
4. Audited Financial Statement
5. Authorize submission of the 2024 IRS Form 990 for the Elderly Housing Corporation
6. Adjournment

ELDERLY HOUSING CORPORATION MINUTES

CITY HALL PUBLIC MEETING ROOM	MONDAY, JANUARY 8, 2024	5:00 PM

Meeting Items

1. Call to Order

   Chair Gustafson called the annual meeting of the Elderly Housing Corp to order at 5:02 p.m. on January 8, 2024. Commissioners Mandy Barnes, Patricia Gustafson, Sara Caron, and Travis Kath attended the meeting. Also in attendance were Kari Casper, Administrative Assistant II for Community and Economic Development, and David Wanberg, Director of Community and Economic Development. Jenny Larson with Three Rivers Community Action was also present.

2. Approval of the Minutes

   Motion by Travis Kath, seconded by Mandy Barnes to Approve the minutes of January 6, 2023 and Special Meeting of April 4, 2023 as presented. The motion passed unanimously.

3. Election of Officers

   A motion was made by Sara Caron, seconded by Travis Kath to approve Patricia Gustafson as President of the Elderly Housing Corporation Board. The motion passed unanimously.

   Sara Carson moved to approve Travis Kath as the Vice President of the Elderly Housing Corporation Board, seconded by Mandy Barnes. This motion passed unanimously.

   Another motion was made by Sara Carson to approve Mandy Barnes as Secretary of the Elderly Housing Corporation Board, seconded by Travis Kath. This motion also passed unanimously.

   There is one vacant seat on this board. The Chair made a suggestion to post the vacant seat at Robinwood to see if a resident of Robinwood would be willing to serve on the board.

4. FY2022 Audited Financial Statement

   After some discussion, Chair Gustafson stated that the findings reflected no significant deficiencies related to the audit and no instances of noncompliance were disclosed. Wanberg said that due to staffing changes, there was a need to hire the management company to handle the day-to-day operations, which came at significant costs. Wanberg stated that Cornerstone is handling the financial accounts for Robinwood which has separate accounts.

   As a result, a motion was made by Travis Kath, seconded by Sara Caron to approve the FY 2022 Audited Financial Statement and 990 Tax Forms as presented.

5. Capital Improvement Plan

Wanberg presented a five-year Capital Improvement Plan that was adopted back in 2021. Due to a shortage in staffing, the proposed improvements for 2023 have not been made to date and $75,000 was set aside for both 2023 and 2024. The bathroom upgrades are needed, and it is anticipated that the $75,000 will be carried over into 2024 for a total of $150,000.

Chair Gustafson stated that the bid for the parking lot was budgeted for $100,000 and the cost came in at $175,000. At that last meeting, staff was asked to revisit the bid and set up a special meeting to revisit the budget due to the difference in cost. Staff Rand left before another meeting was set to discuss the budgeted bid and the actual cost. Chair Gustafson then asked if there was anything else to discuss on the budgeted items. Casper then stated that the security cameras were reviewed and found to be sufficient, and it was decided not to upgrade them at this time. That item was set for $50,000. Chair Gustafson then asked if any other improvements had been made or not. Casper stated that we would like to do the bathroom upgrades. Gustafson asked for RFPs to be sent out and come back to the Commission.

Casper mentioned that there have been some issues with an odor in the common areas. Tenants were suspicious that it was marijuana smoke and creating an unhealthy environment for all the tenants. Robinwood had sensors before but found them to be a nuisance due to false reporting issues. A notice went out to each tenant stating that any smoking is a violation of their leases and that all smoking should be done in the appropriate areas. Cornerstone is taking the lead on this and working with their attorneys at this time. We have also consulted with our City Attorney on this matter as well.

Motion by Sara Caron, seconded by Travis Kath to table the discussion after receipt of the RFP's for bathroom upgrades. The motion passed unanimously.

6. Preliminary Discussion of Robinwood Management and Ownership

Wanberg stated that there has been some very preliminary discussion regarding the potential sale of Robinwood. He noted that Three Rivers had given a proposal. Cornerstone is also interested and sent a Letter of Interest. Wanberg had a discussion regarding consulting a brokerage firm to sell the property as well; that would be done at a fee that was not disclosed. Wanberg stated that he was approached with several calls by potential purchasers of Robinwood as well. Chair Gustafson stated that we are probably getting these requests due to the article in the paper. Wanberg stated that those requests were happening even before that article. Wanberg then went on to give a history of the situation where staff were left with regard to the loss of staff and the need for the management company. There have been several discussions at the HRA and not really with the EHC since they're only meeting annually. Wanberg wanted to open this matter up for discussion. Casper stated that the residents love to live there and are worried that if the property is sold it would be converted to a market-rate property. Chair Gustafson stated that this was not discussed at the last meeting and was surprised to see the article in the paper. Chair Gustafson stated that she didn't feel that it was an issue with management. Chair Gustafson stated that she felt that the City could afford to add additional staff. Why would you want to give away an asset that the community needs, benefits the community, and the people in that building have benefited greatly? This is a resource the community needs and this is a way to secure that. If it's a staffing issue, it behooves the administrator to add additional staff. Sara Caron stated that she didn't think that there were so many staffing issues as getting qualified staff to apply. Chair Gustafson stated she would like to see the city staff

For the for-profit, no discussion to date on money. For Three Rivers, we sent over the financials for their review and then Wanberg deferred to Jenny Larson for additional comment. Larson stated that they do not have a lot of money but would be committed to the community and continue with the project.

In recap, Wanberg stated that we will be looking to advertise for another EHC position and will post that at Robinwood. The annual dinner will be set for January 24th, Chair Gustafson will be gone by the end of March and won't be able to attend. We will work on the capital improvements. Continue discussions with ownership and management. Chair Gustafson would like to see other management options and to see what the budget is for bringing in another person. Wanberg reminded her that it took two years to find Kim's replacement, and it just didn't work out -- it's a challenge.

7. Annual Dinner for Robinwood Tenants

   The annual dinner will be set for January 24th, Chair Gustafson will be gone by the end of March and won't be able to attend.

8. Adjournment

   Motion by Mandy Barnes, seconded by Sara Caron to adjourn at 6:17 p.m. The motion passed unanimously.

   By: ________________________

Request for Action

TO: Faribault Elderly Housing Corporation
FROM:
THROUGH:
MEETING DATE: November 10, 2025
SUBJECT: Election of Officers

BACKGROUND:

The purpose of this item is to elect officers for the Elderly Housing Corporation (EHC) for the 2025 term.
Per the Articles of Incorporation of the Elderly Housing Corporation, the Board shall consist of **five (5) directors**.

Current directors are:

- Patricia Gustafson
- Mandy Barnes
- Travis Kath
- To be filled at the HRA meeting
- To be filled at the HRA meeting

The officers serve one-year terms and are elected annually by the EHC Board. The 2024 officers were:

- **President:** Patricia Gustafson
- **Vice President:** Travis Kath

- **Secretary:** Mandy Barnes

The election will establish officers for 2025 to maintain compliance with EHC bylaws and ensure continuity of governance for Robinwood Manor.

REQUESTED ACTION:
Elect officers of the Elderly Housing Corporation (EHC) for 2025, including President, Vice President, and Secretary, in accordance with the organization's bylaws.

ATTACHMENTS:

Request for Action

TO:	Faribault Elderly Housing Corporation
FROM:	Thomas Furman - Executive Director of the HRA
THROUGH:	
MEETING DATE:	November 10, 2025
SUBJECT:	Audited Financial Statement

BACKGROUND:

Included in the packet are the **2024 Audited Financial Statements** for the Elderly Housing Corporation (EHC) and Robinwood Manor, prepared by **BerganKDV, Ltd.** The audit received an **unmodified (clean) opinion**, indicating that the financial statements fairly present the financial position of the EHC and Robinwood Manor in accordance with generally accepted accounting principles.

The auditors reported **no instances of noncompliance** and only one recurring finding—a **lack of segregation of accounting duties**—a common condition for small organizations with limited staff. Management and the governing body are aware of this issue and continue to monitor and implement compensating controls where practical.

Financial highlights as of December 31, 2024:

- **Cash and cash equivalents:**
    - Elderly Housing Corporation: $472,924 (up from $435,728 in 2023)
    - Robinwood Manor: $711,870 (up from $416,414 in 2023)
- **Total assets:**
    - Elderly Housing Corporation: $472,924

- Robinwood Manor: $1,671,953

- **Change in net assets (operating income):**
  - Robinwood Manor: $162,258
  - Elderly Housing Corporation: $0 (change in net assets retained at $472,924)

Income before depreciation was **$221,494**, and after depreciation, the Project reported **operating income of $162,258**.

REQUESTED ACTION:
Receive and file the FY2024 audited financial statements and the 2024 Tax Return.

ATTACHMENTS:
1. EHC Robinwood - 2024 Audit Comm Letter - Final
2. EHC Robinwood - 2024 Audited Financial Statements - Final

Elderly Housing Corporation
dba Robinwood Manor Apartments
Faribault, Minnesota

HUD Project No. 092-11023

Communications Letter

December 31, 2024

Elderly Housing Corporation
dba Robinwood Manor Apartments
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Report on Matters Identified as a Result of the Audit of the Basic Financial Statements

Board of Directors
Elderly Housing Corporation
dba Robinwood Manor Apartments
Faribault, Minnesota

In planning and performing our audit of the financial statements of Elderly Housing Corporation dba Robinwood Manor Apartments (the Project) as of and for the year ended December 31, 2024, in accordance with auditing standards generally accepted in the United States of America, we considered the Project's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Project's internal control. Accordingly, we do not express an opinion on the effectiveness of the Project's internal control over financial reporting.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as discussed below, we identified a certain deficiency in internal control that we consider to be a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Project's basic financial statements will not be prevented, or detected and corrected, on a timely basis. A reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

- *Reasonably possible*. The chance of the future event or events occurring is more than remote but less than likely.

- *Probable*. The future event or events are likely to occur.

The material weakness identified is stated within this letter.

This communication, which is an integral part of our audit, is intended solely for the information and use of the Board of Directors and management and is not intended to be, and should not be, used by anyone other than these specified parties.

BerganKDV, Ltd.

Minneapolis, Minnesota
September 23, 2025

Material Weakness

Lack of Segregation of Accounting Duties and Material Audit Adjustments
The Project has a lack of segregation of accounting duties due to a limited number of office employees. The lack of adequate segregation of accounting duties could adversely affect the Project's ability to initiate, record, process, and report financial data consistent with the assertions of management in the financial statements.

During the course of our engagement, we proposed material audit adjustments that would not have been identified as a result of the Project's existing internal control system and, therefore, could have resulted in a material misstatement of the Project's financial statements.

Management and Members of the Board are aware of this condition and have taken certain steps to compensate for the lack of segregation but due to the number of staff needed to properly segregate all of the accounting duties, the costs of obtaining desirable segregation of accounting duties can often exceed benefits which could be derived. However, management and the Members of the Board must remain aware of this situation and should continually monitor the accounting system, including changes that occur.

We recommend segregation or independent review be implemented whenever practical and cost effective as well as all adjustments made prior to the audit.

Required Communication

Board of Directors
Elderly Housing Corporation
dba Robinwood Manor Apartments
Faribault, Minnesota

We have audited the financial statements of the Project as of and for the year ended December 31, 2024 and have issued our report dated September 23, 2025. Professional standards require that we advise you of the following matters related to our audit.

Our Responsibility in Relation to the Financial Statement Audit
As communicated in our engagement letter, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of its respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the basic financial statements are free of material misstatement. An audit of the financial statements includes consideration of the system of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Project's internal control over financial reporting. Accordingly, as part of our audit, we considered the system of internal control of the Project solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgement, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Our responsibility for the supplementary information accompanying the financial statements, as described by professional standards, is to evaluate the presentation of the supplementary information in relation to the basic financial statements as a whole and to report on whether the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Our Responsibility in Relation to *Government Auditing Standards*
As communicated in our engagement letter, part of obtaining reasonable assurance about whether the basic financial statements are free of material misstatement, we performed tests of the Project's compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of basic financial statement amounts. However, the objective of our tests was not to provide an opinion on compliance with such provisions.

Planned Scope and Timing of the Audit
We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence
The engagement team, others in our firm, as appropriate, our firm, and our network firms have complied with all relevant ethical requirements regarding independence.

Significant Risks
We have addressed the following significant risks of material misstatement that were identified in our planning procedures:

- Management Override of Controls – Management override of internal control is considered a risk in substantially all engagements as management may be incentivized to produce better results.
- Misappropriation of Assets – If duties cannot be appropriately segregated, there is a risk of unauthorized disbursements being made by the Project. In addition, generally this results in less review taking place as transactions are recorded in the financial statements.
- Improper Revenue Recognition – Revenue recognition is considered a fraud risk on substantially all engagements as it generally has a significant impact on the results of the entity's operations. In addition, complexities exist surrounding the calculation and recording of various revenue sources.
- Depreciation – Depreciation expense is generally material to the financial statements and involves significant estimates.

Qualitative Aspects of the Project's Significant Accounting Practices

Significant Accounting Policies
Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the Project is included in the notes to the basic financial statements. There have been no initial selection of accounting policies and no changes to significant accounting policies or their application during 2024. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates and Related Disclosures
Accounting estimates and related disclosures are an integral part of the financial statements prepared by management and are based on management's current judgements. Those judgements are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the basic financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgements. The most sensitive estimate affecting the basic financial statements relate to:

> Depreciation – The Project is currently depreciating its capital assets over their estimated useful lives, as determined by management, using the straight-line method.

We evaluated the key factors and assumptions used to develop the accounting estimates and determined that they are reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

Financial Statement Disclosures
Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The financial statement disclosures are neutral, consistent, and clear.

Significant Difficulties Encountered during the Audit
We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements
For the purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effects of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements taken as a whole and each applicable opinion unit. Uncorrected misstatements or matters underlying those uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even though the uncorrected misstatements are immaterial to the financial statements currently under audit. Management did not identify and we did not notify them of any uncorrected financial statement misstatements.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. The following material misstatements that we identified as a result of our audit procedures were brought to the attention of and corrected by management.

- Decrease tenant assistance payments revenue and related receivable
- Expense repair cost that was inadvertently capitalized
- Increase depreciation expense and accumulated depreciation

Disagreements with Management
For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the Project's basic financial statements or the auditor's report. No such disagreements arose during the course of our audit.

Representations Requested from Management
We have requested certain written representations from management, which are included in the management representation letter.

Management's Consultations with Other Accountants
In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management has informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues
In the normal course of our professional association with the Project, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating and regulatory conditions affecting the Project, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the Project's auditor.

Other Information in Documents Containing Audited Financial Statements
With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the basic financial statements or to the basic financial statements themselves.

Restriction of Use
This report is intended solely for the information and use of the members and management of the Project and is not intended to be and should not be used by anyone other than these specified parties.

BerganKDV, Ltd.

Minneapolis, Minnesota
September 23, 2025

Elderly Housing Corporation
dba Robinwood Manor Apartments
Faribault, Minnesota

HUD Project No. 092-11023

Annual Financial Report

December 31, 2024

Lead Auditor: Ryan Engelstad, CPA
BerganKDV Ltd.
3800 American Blvd. W.
Suite 1000
Minneapolis MN, 55341
952-563-6800
Federal EIN: 41-1431613
Licensing: Licensed by State of Minnesota

Elderly Housing Corporation
dba Robinwood Manor Apartments
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Independent Auditor's Report

Board of Directors
Elderly Housing Corporation
dba Robinwood Manor Apartments
Faribault, Minnesota

Report on the Audit of the Financial Statements

Opinion
We have audited the financial statements of Elderly Housing Corporation dba Robinwood Manor Apartments, HUD Project No. 092-11023 (the Project), a Minnesota non-profit corporation, which comprise the statements of financial position as of December 31, 2024 and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of Elderly Housing Corporation dba Robinwood Manor Apartments, HUD Project No. 092-11023 as of December 31, 2024, and the respective changes in financial position and cash flows thereof 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 the Project 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
The Project's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Supplementary Information
Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information is presented for purposes of additional analysis as required by the U.S. Department of Housing and Urban Development, Office of the Inspector General, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated in all material respects in relation to the 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 September 23, 2025, on our consideration of the Project'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 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 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 Project's internal control over financial reporting and compliance.

BerganKDV, Ltd.

Minneapolis, Minnesota
September 23, 2025

FINANCIAL STATEMENTS

Elderly Housing Corporation
dba Robinwood Manor Apartments
HUD Project No. 092-11023
Statements of Financial Position
As of December 31, 2024

		General Fund	Project
Assets			
Current Assets			
1120	Cash and cash equivalents	$ 472,924	$ 711,870
1140	Accounts receivable - operations	-	2,039
1190	Due from other governments	-	451,937
	Total current assets	472,924	1,165,846
Deposits Held in Trust - funded			
1191	Tenant deposits held in trust	-	14,476
Fixed Assets			
1410	Land	-	62,426
1420	Buildings	-	1,904,047
1440	Building equipment	-	226,297
1470	Maintenance equipment	-	86,643
	Total fixed assets, cost	-	2,279,413
1495	Less accumulated depreciation	-	(1,787,782)
	Total fixed assets, net	-	491,631
	Total assets	$ 472,924	$ 1,671,953
Liabilities and Net Assets			
Current Liabilities			
2110	Accounts payable	$ -	$ 21,030
2150	Accrued property taxes	-	6,871
2210	Unearned revenue	-	1,233
	Total current liabilities	-	29,134
Deposit Liabilities			
2191	Tenant deposits held in trust	-	13,243
	Total liabilities	-	42,377
Net Assets			
3131	Without donor restrictions	472,924	1,629,576
	Total liabilities and net assets	$ 472,924	$ 1,671,953

See notes to financial statements.

Elderly Housing Corporation
dba Robinwood Manor Apartments
HUD Project No. 092-11023
Statements of Activities
Year Ended December 31, 2024

	General Fund	Project
Income		
Rental, net	$ -	$ 544,730
Financial	-	608
Other	-	9,034
Total income	-	554,372
Expenses		
Rental	-	292,253
Management and general	-	99,861
Total expenses	-	392,114
Change in net assets	-	162,258
Beginning net assets	472,924	1,467,318
Ending net assets	$ 472,924	$ 1,629,576

See notes to financial statements.

Elderly Housing Corporation
dba Robinwood Manor Apartments
HUD Project No. 092-11023
Statement of Functional Expenses
Year Ended December 31, 2024

	Rental	Management and General	Total
Salaries and benefits	$ 15,000	$ 15,000	$ 30,000
Professional services	-	68,303	68,303
Utilities	49,011	-	49,011
Operating and maintenance	151,359	-	151,359
Insurance	17,647	-	17,647
Other	-	16,558	16,558
Total expenses before depreciation	233,017	99,861	332,878
Depreciation	59,236	-	59,236
Total expenses	$ 292,253	$ 99,861	$ 392,114

See notes to financial statements.

Elderly Housing Corporation
dba Robinwood Manor Apartments
HUD Project No. 092-11023
Statements of Cash Flows
Year Ended December 31, 2024

	General	Project
Cash Flows - Operating Activities		
Receipts		
Rental of apartments	$ -	$ 291,699
Interest	-	608
Other	-	9,034
Total receipts	-	301,341
Disbursements		
Administrative	-	114,861
Utilities	-	49,011
Operating and maintenance	-	141,687
Tenant security deposits	-	1,307
Real estate taxes	-	12,757
Miscellaneous taxes and insurance	-	11,040
Total disbursements	-	330,663
Net cash flows - operating activities	-	(29,322)
Cash Flows - Financing Activities		
Interfund activity	472,924	(472,924)
Acquisition of fixed assets	-	(10,554)
Net cash flows - financing activities	472,924	(483,478)
Net change in cash and cash equivalents	472,924	(512,800)
Cash and Cash Equivalents, January 1	-	1,224,670
Cash and Cash Equivalents, December 31	$ 472,924	$ 711,870
Reconciliation of Changes in Net Assets to Net Cash Flows - Operating Activities		
Change in net assets	$ -	$ 162,258
Adjustments to reconcile changes in net assets to net cash flows - Operating activities		
Depreciation expense	-	59,236
Change in operating assets and liabilities		
Accounts receivable - other	-	5,601
Due from other governmental units	-	(259,865)
Tenant security deposits held in trust	-	177
Prepaid items	-	548
Accounts payable	-	9,124
Property taxes	-	(6,150)
Unearned revenue	-	1,233
Tenant security deposits	-	(1,484)
Total adjustments	-	(191,580)
Net cash flows - operating activities	$ -	$ (29,322)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Robinwood Manor Elderly Housing Project (the Project), wholly owned by the Elderly Housing Corporation (EHC) of Faribault, Minnesota, is a 51-unit housing Project located in Faribault, Minnesota. The Project is operated under section 223(a)(7) of the Housing Act of 1959. Substantially all of the Project's income is derived from the rental of its apartment units and Section 8 Housing Assistance Payments from HUD. The Project operates as a nonprofit organization.

The General Fund on these financial statements represents remaining funds from a 1991 refinancing.

B. Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

C. Financial Statement Presentation

The Project has adopted Financial Accounting Standards Board Accounting Standards Codification Subtopic (FASB ASC) 958-205, *Financial Statements of Not-for-Profit Organizations*. Under FASB ASC 958-205, the Project is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Net assets without donor restrictions include all revenues, expenses, gains, and losses that are not subject to donor-imposed restrictions. Net assets with donor restrictions can include restrictions that are temporary in nature such as those that will be met by the passage of time or by actions of the Project meeting the purpose of the restriction. Other donor-imposed restrictions are perpetual in nature, such as endowment type funds, where the donor stipulates that resources be maintained in perpetuity. The Project currently has no net assets with donor restrictions.

D. Assets, Liabilities, and Net Assets

1. Cash

For purposes of the statements of cash flows, all highly liquid investments with a maturity of three months or less are considered to be cash equivalents.

2. Receivables and Credit Policies

Trade receivables are uncollateralized tenant obligations due under normal trade terms requiring payment within five days from the 1st of the month. Unpaid trade receivables do not bear interest. Trade receivables are stated at the signed contract price. Tenant account balances over five days old are considered delinquent. Payments of trade receivables are applied to the earliest unpaid monthly rent.

The carrying amount of trade receivables is reduced by a valuation allowance that reflects management's best estimate of the amounts that will not be collected. After 30 days, management begins legal proceedings against the tenant. An unlawful detainer is retained, and the eviction process begins. Once a tenant vacates with an amount outstanding, the security deposit is applied to the balance due, and the balance is written off per the adopted write-off policy.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, and Net Assets (Continued)

3. Due From Other Governments

Due from other governments are stated as the amount the Project expects to collect from other governments.

4. Fixed Assets

Fixed assets are defined by the Project as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of one year. Fixed assets are stated at cost and are being depreciated using straight line methods based on estimated useful lives as follows:

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Upon retirement or other disposition, the cost and related accumulated depreciation of disposed assets are removed from the accounts and any resulting gain or loss is recognized in operations.

Repairs and maintenance are charged to expense as incurred. Renewals and improvements that extend the useful life of assets are capitalized and depreciated over future periods.

The Project reviews long-lived assets, including buildings and equipment, for impairment, whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the asset are less than the carrying amount of that asset. No asset impairment was recognized during the year ended December 31, 2024.

5. Apartment Leases and Revenue Recognition

The Project, as a lessor, leases residential apartments which qualify as operating leases with terms that are generally one year or less. Rental revenues, including Section 8 housing assistance payments (HAP), are recognized using a method that represents a straight-line basis over the term of the lease. Rental income represents approximately 98% of the Project’s total revenues and includes gross market rent less adjustments for allowances and vacancies. Other property revenues represent the remaining 2% of total revenues and are primarily other fee income, which is typically recognized when earned, at a point in time. The Project is prohibited from increasing rents without prior approval from HUD.

6. Tenant Deposits Held in Trust

Tenant deposits are funds that are paid at the inception of a lease agreement by the lessee, in order to provide the Project protection in the case the property is damaged. These funds are released at the commencement of the lease, plus accrued interest, to the lessee, provided certain requirements have been met.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

F. Functional Expense Allocations

The allocation of expenses shown on the statement of functional expenses is made by direct assignment of costs to functional categories where a direct relationship exists.

G. Subsequent Events

In preparing these financial statements, the Project has evaluated events and transactions for potential recognition or disclosure through September 23, 2025, the date the financial statements were available to be issued.

NOTE 2 – INCOME TAX STATUS

The Project is exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code. The Project has adopted an accounting for uncertainty in income taxes policy. As a result of the annual evaluation under the policy, management has determined that there were no unrecognized tax benefits or liabilities as of December 31, 2024. The Project files information returns for exempt organizations in the United States federal jurisdiction.

NOTE 3 – CONCENTRATIONS

Financial instruments which potentially subject the Project to concentrations of credit risk consist principally of cash. The Project places its cash balance with a single financial institution which, is in excess of the FDIC insurance limit.

NOTE 4 – VULNERABILITY DUE TO CONCENTRATION IN A MULTIFAMILY PROJECT

The Project's sole asset is its apartment project. The Project's operations are concentrated in the multifamily real estate market. In addition, the Project operates in a heavily regulated environment. The operations of the Project are subject to the administrative directives, rules, and regulations of federal, state, and local regulatory agencies, including, but not limited to, HUD. Such administrative directives, rules and regulations are subject to change by an act of Congress, or an administrative change mandated by 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. The Project's most vulnerable concentration is Housing Assistance Payments, which have to be appropriated by Congress annually.

NOTE 5 – LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position date, comprise the following:

	General Fund	Project
Cash and cash equivalents	$ 472,924	$ 711,870
Accounts receivable	-	2,039
Due from other governments	-	451,937
	$ 472,924	$ 1,165,846

The Project regularly monitors liquidity required to meet operating needs.

NOTE 6 – SUBSEQUENT EVENT

The Project anticipates closing on a transaction by the end of 2025 in which the real estate (real property and all buildings and improvements constructed or located on the real property), personal property, interest in leases as lessor, contracts, permits, warranties, plans, records, tenant deposits, receivables, reserves, and cash of the Project will be sold to the Housing and Redevelopment Authority of Faribault, Minnesota (the HRA) in exchange for $1. With the transaction involving a related entity, the transfer will be reflected as a contribution expense on the Project’s financial statements. The HRA will then in turn complete a sale of the above to a private party.

SUPPLEMENTARY INFORMATION

Elderly Housing Corporation
dba Robinwood Manor Apartments
HUD Project No. 092-11023
Supplementary Data Required by HUD
Year Ended December 31, 2024

		Fixed Assets			
		Balance 12/31/2023	Additions	Retirements	Balance 12/31/2024
1410	Land	$ 62,426	$ -	$ -	$ 62,426
1420	Buildings	1,900,382	3,665	-	1,904,047
1440	Building equipment	226,297	-	-	226,297
1470	Maintenance equipment	79,754	6,889	-	86,643
	Total	2,268,859	10,554	-	2,279,413
1495	Less accumulated depreciation	(1,728,546)	(59,236)	-	(1,787,782)
	Total	$ 540,313	$ (48,682)	$ -	$ 491,631

Elderly Housing Corporation
dba Robinwood Manor Apartments
HUD Project No. 092-11023
Supplementary Data Required by HUD
Year Ended December 31, 2024

	General Fund	Project
Income		
Rent Revenue		
5120 Gross potential	$ -	$ 190,866
5121 Tenant assistance payments	-	353,864
5152N Net rent revenue	-	544,730
Financial Revenue		
5490 Revenue from investments	-	608
5400T Total financial revenue	-	608
Other Revenue		
5910 Other miscelleous income	-	9,034
5000T Total income	-	554,372
Project Expense		
Administrative		
6310 Office Salaries	-	30,000
6311 Office expense	-	573
6320 Management fee	-	40,107
6340 Legal expense	-	15,136
6350 Audit expense	-	12,500
6351 Tax/accounting services	-	2,100
6370 Bad debts	-	7,194
6390 Miscellaneous administrative expenses	-	7,251
6263T Total administrative	-	114,861
Utilities		
6450 Electricity	-	32,617
6451 Water	-	9,047
6452 Gas	-	7,347
6400T Total utilities	-	49,011

Elderly Housing Corporation
dba Robinwood Manor Apartments
HUD Project No. 092-11023
Supplementary Data Required by HUD
Year Ended December 31, 2024

	General Fund	Project
Project Expense (Continued)		
Operating and Maintenance		
6515 Supplies	$ -	$ 8,133
6520 Contracts	-	10,803
6525 Garbage and trash removal	-	4,093
6548 Snow removal	-	9,768
6570 Building and maintenance equipment operations and repairs	-	88,907
6590 Miscellaneous operating and maintenance	-	29,655
6500T Total operating and maintenance	-	151,359
Taxes and Insurance		
6710 Real estate taxes	-	6,607
6720 Property and liability insurance	-	11,040
6700T Total taxes and insurance	-	17,647
Financial		
6000T Total costs of operations before depreciation	$ -	$ 332,878
5060T Income before depreciation	-	221,494
6600 Depreciation	-	59,236
5060N Operating income	$ -	$ 162,258

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

Independent Auditor's Report

Board of Directors
Elderly Housing Corporation
dba Robinwood Manor Apartments
Faribault, Minnesota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of Elderly Housing Corporation dba Robinwood Manor Apartments, HUD Project No. 092-11023 (the Project), a Minnesota non-profit corporation, which comprise the statements of financial position as of December 31, 2024, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 23, 2025.

Report on Internal Control over Financial Reporting
In planning and performing our audit of the financial statements, we considered the Project's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Project's internal control. Accordingly, we do not express an opinion on the effectiveness of the Project's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control that we consider to be a material weakness, which is included in the schedule of findings and responses as item 2024-001.

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

Project's Response to the Finding
Government Auditing Standards requires the auditor to perform limited procedures on the Project's response to the finding identified in our audit are described in the accompanying Schedule of Findings and Responses. The Project's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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

BerganKDV, Ltd.

Minneapolis, Minnesota
September 23, 2025

Elderly Housing Corporation
dba Robinwood Manor Apartments
HUD Project No. 092-11023
Schedule of Findings and Responses
Year Ended December 31, 2024

FINDINGS RELATED TO THE FINANCIAL STATEMENTS

Material Weakness:

Audit Finding 2024-001 - Lack of Segregation of Accounting Duties and Material Audit Adjustments
The Project has a lack of segregation of accounting duties due to a limited number of office employees. The lack of adequate segregation of accounting duties could adversely affect the Project's ability to initiate, record, process, and report financial data consistent with the assertions of management in the financial statements.

During the course of our engagement, we proposed material audit adjustments that would not have been identified as a result of the Project's existing internal control system and, therefore, could have resulted in a material misstatement of the Project's financial statements.

Management and the governing body are aware of this condition and have taken certain steps to compensate for the lack of segregation but due to the number of staff needed to properly segregate all of the accounting duties, the costs of obtaining desirable segregation of accounting duties can often exceed benefits which could be derived. However, management and the governing body must remain aware of this situation and should continually monitor the accounting system, including changes that occur.

We recommend segregation or independent review be implemented whenever practical and cost effective. We also recommend all journal entries are posted before the audit starts.

Elderly Housing Corporation
dba Robinwood Manor Apartments
HUD Project No. No. 092-11023
Certificate of Sponsor and Management Agent's Certification
December 31, 2024

We hereby certify that we have examined the accompanying financial statements and supplemental information of Elderly Housing Corporation and, to the best of our knowledge and belief, the same is complete and accurate.

For the Sponsor:

Director of Multifamily — 7/28/25

Director — Date

Employer identification number: 41-1720252

For the Management Agent:

CFO — 7/28/25

Management Company — Date

City Of Faribault

Request for Action

TO:	Faribault Elderly Housing Corporation
FROM:	Thomas Furman - Executive Director of the HRA
THROUGH:	
MEETING DATE:	November 10, 2025
SUBJECT:	Authorize submission of the 2024 IRS Form 990 for the Elderly Housing Corporation

BACKGROUND:

The **IRS Form 990** is the annual informational return required for nonprofit organizations to maintain tax-exempt status. The form reports the Elderly Housing Corporation's financial results, governance information, and public purpose for the fiscal year ending **December 31, 2024**.

The 2024 Form 990 is currently being finalized by the EHC's auditor and will be available to the Board shortly following this meeting. The final version will incorporate the **newly elected 2025 officers and board members** in accordance with IRS reporting requirements.

Approval at this meeting will authorize staff and the auditor to complete and submit the 2024 Form 990 upon its completion and review by the EHC President.

REQUESTED ACTION:

Authorize submission of the 2024 IRS Form 990 for the Elderly Housing Corporation upon its completion and review by the EHC President.

ATTACHMENTS: