

**CROW WING COUNTY HOUSING
AND REDEVELOPMENT AUTHORITY
(A COMPONENT UNIT OF CROW WING COUNTY)
BRainerd, MINNESOTA**

**FINANCIAL STATEMENTS AND
REQUIRED SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2024



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YEAR ENDED DECEMBER 31, 2024**

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INTRODUCTORY SECTION

**CROW WING COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
ORGANIZATION
DECEMBER 31, 2024**

NAME	POSITION	TERM EXPIRES
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Board of Commissioners

Michael Aulie	Commissioner	December 31, 2026
Zach Tabatt	Chair	December 31, 2024
Tyler Gardner	Secretary	December 31, 2028
Craig Nathan	Commissioner	December 31, 2025
Richard Burton	Vice-Chair	December 31, 2027

Eric Charpentier	Executive Director
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FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Crow Wing County Housing and Redevelopment Authority
Brainerd, Minnesota

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Crow Wing County Housing and Redevelopment Authority (HRA), a component unit of Crow Wing County, as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the HRA's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the HRA, as of December 31, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the HRA 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 opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the HRA's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. 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 HRA'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 HRA'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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.


Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 25, 2025, on our consideration of the HRA'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 HRA'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 HRA's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Brainerd, Minnesota
March 25, 2025

**CROW WING COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2024**

As management of the Crow Wing County Housing and Redevelopment Authority (HRA), we offer the following narrative overview and analysis of the HRA's financial statements and activities for the fiscal year ended December 31, 2024:

FINANCIAL HIGHLIGHTS

- The assets of the HRA exceed its liabilities at the close of the most recent fiscal year by \$3,466,077 (net position). The HRA reports unrestricted net position of \$384,091 at year-end.
- The HRA's total net position increased by \$955,594.
- At December 31, 2024, the HRA's governmental funds reported an ending fund balance of \$3,466,077, an increase of \$955,594 in comparison with the prior year. \$736,596 of this increase relates directly to the trust fund. Of this total fund balance, \$167,264 is available for spending at the HRA's discretion.

FINANCIAL STATEMENTS OVERVIEW

The HRA's Basic Financial Statements are Comprised of the Following Components:

- Government-wide financial statements, providing information on the HRA as a whole.
- Fund financial statements providing detailed information on each fund the HRA operates.
- Notes to financial statements providing additional information to assist the reader in understanding the HRA's financial condition.
- Required Supplementary information providing the Budgetary Comparison Schedules.
- Independent Auditors' Report on the financial statements.

The HRA's Basic Financial Statements Consist of the Following Activity Type:

- Governmental Activities: The governmental funds consist of local government and state government funded activities. They are comprised of the following funds:

General Fund
Housing Trust Fund
Revolving Loan Fund TIF
Development Fund
Tax Forfeited Property Fund

**CROW WING COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2024**

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements are designed to provide the readers with a broad overview of the HRA's finances in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the HRA's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the HRA is improving or deteriorating.

	Governmental Activities	
	2024	2023
Current Assets	\$ 2,193,904	\$ 1,246,189
Noncurrent Assets	1,347,369	1,485,724
Current Liabilities	61,162	75,913
Long-Term Liabilities	14,034	145,517
Restricted	3,081,986	2,316,487
Unrestricted	384,091	193,996
Total Net Position	<u>\$ 3,466,077</u>	<u>\$ 2,510,483</u>

The Statement of Activities presents information showing how the HRA's net position changed during the most recent fiscal year.

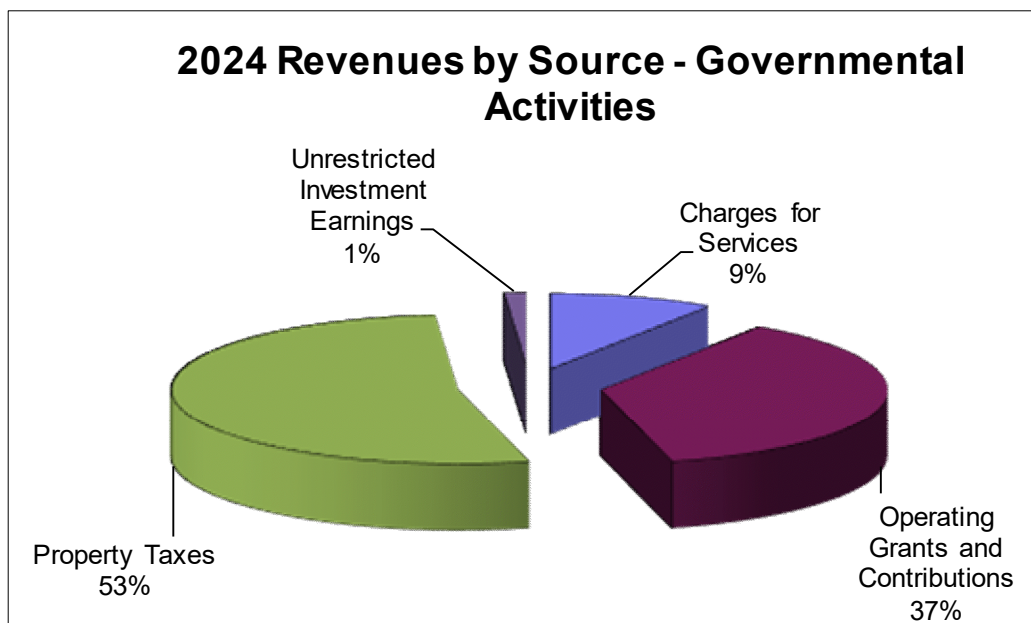
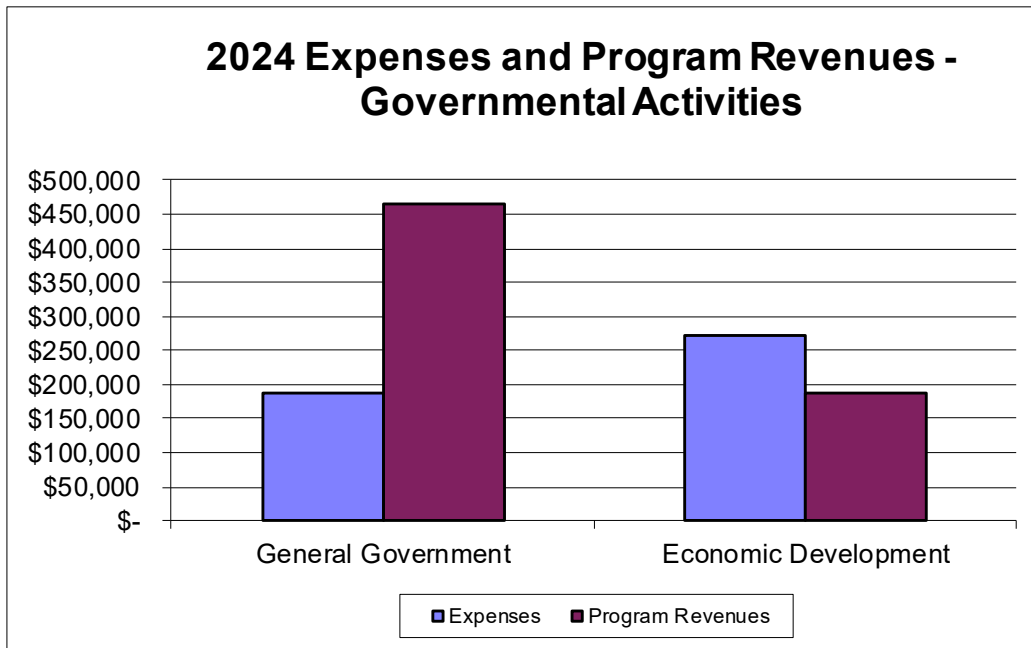
	Governmental Activities	
	2024	2023
REVENUES		
Program Revenues:		
Charges for Services	\$ 131,471	\$ 83,398
Operating Grants and Contributions	519,434	30,274
General Revenues:		
Property Taxes	745,360	747,693
Unrestricted Investment Earnings	18,055	4,926
Total Revenues	<u>1,414,320</u>	<u>866,291</u>
EXPENSES		
General Government	188,228	165,838
Economic Development	270,498	223,221
Total Expenses	<u>458,726</u>	<u>389,059</u>
CHANGE IN NET POSITION	955,594	477,232
Net Position - Beginning of Year	2,510,483	2,033,251
NET POSITION - END OF YEAR	<u>\$ 3,466,077</u>	<u>\$ 2,510,483</u>

**CROW WING COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2024**

FINANCIAL ANALYSIS

Governmental Activities

Governmental activities increased the HRA's total net position by \$955,594. Program expenses were less than program revenues.



**CROW WING COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2024**

FINANCIAL ANALYSIS OF THE HRA AT THE FUND LEVEL

Governmental Funds

As the HRA completed the year, its governmental funds reported a combined fund balance of \$3,466,077.

Revenues for the HRA's governmental funds were \$1,414,320, while total expenditures were \$458,726.

The General Fund's fund balance increased \$199,774 from the prior year mostly due to an increase in the levy.

The Housing Trust Fund balance increased \$736,596 from the prior year due to no major expenses.

The Revolving Loan Fund TIF's fund balance increased \$17,115 from the prior year. This is due primarily to receiving interest income.

The Development Fund's fund balance was zero as of the end of the year.

The Tax Forfeited Property Fund's fund balance was zero as of the end of the year.

General Fund Budgetary Highlights

Over the course of the year, the HRA did not revise the annual operating budget. Historically, the HRA has not made budget amendments during the year.

- Actual revenues were \$128,089 more than expected. This is primarily due to a more statewide local housing aid revenue than expected.
- The actual expenditures were \$55,094 less than budget. This is primarily due to disbursing less small cities development program funds than what was budgeted.

ECONOMIC FACTORS AND NEXT YEAR'S ITEMS

In Calendar year 2025, staff will continue to market the Housing Trust Fund (HTF) loan programs to our partners and developers in the community. We have a mixture of loan requests in our loan queue and we anticipate working through them with our appropriated levy funding that we have for 2025. The agency is also anticipating applying for additional funding through Minnesota Housing for a matching grant for the housing trust fund that will leverage the levy dollars that the County has previously appropriated to the fund. This will allow additional applicants to receive funding through the trust fund this year. We also believe that the County will continue to appropriate their State Affordable Housing Aid to the housing trust fund which will be an addition of \$67,171.

Staff will continue to work with CWC to utilize the Tax Forfeited Property Policy for the return of tax forfeited property in CWC to productive use. Staff will use these redevelopment tools to replace deteriorating housing in the County and to promote infill development projects for new housing units on these parcels.

**CROW WING COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2024**

ECONOMIC FACTORS AND NEXT YEAR'S ITEMS (CONTINUED)

In 2025, Level Contracting will continue to acquire parcels of land in the Development Fund. Staff will monitor the construction of homes and progress of the developer. The agency is also working on adding an additional 4+ acre parcel to the development agreement to build up to 18 additional units within Brainerd Oaks. This land is currently owned by the Brainerd HRA and has been identified by that agency as a target for development and will be a joint initiative between the agencies and the developer. The Crow Wing County HRA board has offered an additional \$150,000 to be put towards the infrastructure for this project and we anticipate that construction will commence in the coming year.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the HRA's finances and to demonstrate the HRA's accountability. If you have any questions regarding this report or need additional information, please contact the Crow Wing County HRA's Accountant at 324 East River Road, Brainerd, Minnesota 56401 or call (218) 824-3423 or by e-mail at Karen@brainerdhra.org.

BASIC FINANCIAL STATEMENTS

CROW WING COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
STATEMENT OF NET POSITION
DECEMBER 31, 2024

	<u>Governmental Activities</u>
ASSETS	
Current Assets:	
Cash	\$ 2,095,998
Accounts Receivable	78,771
Taxes Receivable	<u>19,135</u>
Total Current Assets	2,193,904
Noncurrent Assets:	
Land Held for Resale	14,034
Loans Receivable	<u>1,333,335</u>
Total Noncurrent Assets	<u>1,347,369</u>
 Total Assets	 3,541,273
LIABILITIES	
Current Liabilities:	
Accounts Payable	61,162
Noncurrent Liabilities:	
Land Conveyance Liability	<u>14,034</u>
 Total Liabilities	 75,196
NET POSITION	
Restricted for Payments to Individuals	2,526,926
Restricted for Economic Development	555,060
Unrestricted	<u>384,091</u>
Total Net Position	<u><u>\$ 3,466,077</u></u>

See accompanying Notes to Financial Statements.

CROW WING COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2024

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
GOVERNMENTAL ACTIVITIES					
General Government	\$ 188,228	\$ -	\$ 463,887	\$ -	\$ 275,659
Economic Development	270,498	131,471	55,547	-	(83,480)
Total Governmental Activities	<u>\$ 458,726</u>	<u>\$ 131,471</u>	<u>\$ 519,434</u>	<u>\$ -</u>	<u>192,179</u>
GENERAL REVENUES					
Property Taxes					745,360
Unrestricted Investment Earnings					<u>18,055</u>
Total General Revenues					<u>763,415</u>
CHANGE IN NET POSITION					955,594
Net Position - Beginning of Year					<u>2,510,483</u>
NET POSITION - END OF YEAR					<u><u>\$ 3,466,077</u></u>

See accompanying Notes to Financial Statements.

**CROW WING COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2024**

	General Fund	Housing Trust Fund	Revolving Loan Fund TIF	Development Fund	Tax Forfeited Property Fund	Total Governmental Funds
ASSETS						
Cash	\$ 552,451	\$ 1,096,475	\$ 447,072	\$ -	\$ -	\$ 2,095,998
Taxes Receivable	-	19,135	-	-	-	19,135
Accounts Receivable Other	-	78,748	-	23	-	78,771
Due from Other Funds	23	-	-	-	-	23
Loans Receivable	-	1,333,335	-	-	-	1,333,335
Total Assets	<u>\$ 552,474</u>	<u>\$ 2,527,693</u>	<u>\$ 447,072</u>	<u>\$ 23</u>	<u>\$ -</u>	<u>\$ 3,527,262</u>
LIABILITIES, DEFERRED INFLOWS OF LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts Payable	\$ 59,910	\$ 767	\$ 485	\$ -	\$ -	\$ 61,162
Due to Other Funds	-	-	-	23	-	23
Total Liabilities	<u>59,910</u>	<u>767</u>	<u>485</u>	<u>23</u>	<u>-</u>	<u>61,185</u>
FUND BALANCES						
Restricted:						
Revolving Loan Fund - TIF	-	-	446,587	-	-	446,587
Small Cities Development Grant	108,473	-	-	-	-	108,473
Housing Trust Fund	-	2,526,926	-	-	-	2,526,926
Committed:						
Housing and Redevelopment Initiatives	216,827	-	-	-	-	216,827
Unassigned	167,264	-	-	-	-	167,264
Total Fund Balances	<u>492,564</u>	<u>2,526,926</u>	<u>446,587</u>	<u>-</u>	<u>-</u>	<u>3,466,077</u>
Total Liabilities, Deferred Inflows of Total Liabilities and Fund Balances	<u>\$ 552,474</u>	<u>\$ 2,527,693</u>	<u>\$ 447,072</u>	<u>\$ 23</u>	<u>\$ -</u>	<u>\$ 3,527,262</u>

See accompanying Notes to Financial Statements.

**CROW WING COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2024**

Total Fund Balances for Governmental Funds	\$ 3,466,077
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Total net position reported for governmental activities in the statement of position is different because:

Long-term liabilities that pertain to governmental funds are not due and payable in the current period and, therefore, are not reported as fund liabilities. This liability is reported in the statement of net position.	(14,034)
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Other long-term assets are not available to pay for current-period expenditures and, therefore, are not reported in the governmental funds. This asset is reported in the statement of net position.	<u>14,034</u>
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Total Net Position of Governmental Activities	<u><u>\$ 3,466,077</u></u>
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CROW WING COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2024

	General Fund	Housing Trust Fund	Revolving Loan Fund TIF	Development Fund	Tax Forfeited Property Fund	Total Governmental Funds
REVENUES						
Taxes	\$ 348,320	\$ 397,040	\$ -	\$ -	\$ -	\$ 745,360
Intergovernmental	-	314,992	-	-	-	314,992
Interest	18,055	26,146	17,612	-	-	61,813
Miscellaneous	160,684	-	-	-	-	160,684
Sale of Land Held for Resale	-	-	-	131,471	-	131,471
Total Revenues	527,059	738,178	17,612	131,471	-	1,414,320
EXPENDITURES						
Current:						
General Government	188,228	-	-	-	-	188,228
Economic Development	136,948	1,582	497	131,471	-	270,498
Total Expenditures	325,176	1,582	497	131,471	-	458,726
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	201,883	736,596	17,115	-	-	955,594
OTHER FINANCING SOURCES						
Transfers In	-	-	-	-	2,109	2,109
Transfers Out	(2,109)	-	-	-	-	(2,109)
Total Other Financing Sources (Uses)	(2,109)	-	-	-	2,109	-
NET CHANGE IN FUND BALANCE	199,774	736,596	17,115	-	2,109	955,594
Fund Balance - Beginning of Year	292,790	1,790,330	429,472	-	(2,109)	2,510,483
FUND BALANCE - END OF YEAR	<u>\$ 492,564</u>	<u>\$ 2,526,926</u>	<u>\$ 446,587</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,466,077</u>

See accompanying Notes to Financial Statements.

**CROW WING COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
RECONCILIATION OF THE GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
GOVERNMENTAL ACTIVITIES
YEAR ENDED DECEMBER 31, 2024**

Net Change in Fund Balances - Governmental Funds	\$	955,594
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report do not report long-term liabilities nor other long-term assets. Therefore, the change in the liabilities and assets are recorded on the statement of activities.

Net Change in Land Held for Resale and Land Conveyance Liability		-
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Revenues that do not provide current financial resources are not reported as revenues in the governmental funds.

Property Taxes		-
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Change in Net Position of Governmental Activities	\$	955,594
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CROW WING COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Crow Wing County Housing and Redevelopment Authority (HRA) was created by Crow Wing County to carry out redevelopment of blighted areas and to establish safe and sanitary dwelling accommodations for veterans, persons of low income, and the elderly. The HRA was formed and operates pursuant to applicable Minnesota laws. The governing board consists of a five-member board who are appointed by the Crow Wing County Board. The diversion of the incremental property taxes to the HRA by the County is a financial burden on the County.

The HRA is considered to be a component unit of Crow Wing County, Minnesota.

The accounting policies of the HRA conform to generally accepted accounting principles.

A. Financial Reporting Entity

The HRA's policy is to include in the financial statements all funds, departments, agencies, boards, commissions, and other component units for which the HRA is considered to be financially accountable.

Component units are legally separate entities for which the HRA (Primary Government) is financially accountable, or for which the exclusion of the component unit would render the financial statements of the Primary Government misleading. The criteria used to determine if the Primary Government is financially accountable for a component unit include whether or not the Primary Government appoints the voting majority of the potential component unit's governing body, is able to impose its will on the potential component unit, is in a relationship of financial benefit or burden with the potential component unit or is fiscally depended upon by the potential component unit.

Based on these criteria, there are no organizations considered to be component units of the HRA.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) include the financial activities of the overall HRA. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately.

The statement of activities demonstrates the degree to which the direct expenses of each function of the HRA's governmental activities are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or activity. Program revenues include: (1) fees, fines, and charges paid by the recipients of goods, services, or privileges provided by a given function or activity; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or activity. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

CROW WING COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-Wide and Fund Financial Statements (Continued)

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. The HRA considers all revenues to be available if they are collected within 60 days after the end of the current period. Expenditures are recorded when the related fund liability is incurred, except for claims and judgments, which are recognized as expenditures to the extent that they have matured.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues in the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the HRA.

The HRA reports the following major governmental funds:

General Fund – The General Fund is the general operating fund of the HRA. It accounts for all the financial resources of the HRA, except those required to be accounted for in another fund.

Housing Trust Fund – The Housing Trust fund, a special revenue fund, accounts for revenues restricted for housing needs of moderate, low and very low-income households of the County.

Revolving Loan Fund - TIF – The Revolving Loans Fund, a special revenue fund, accounts for current loan repayment proceeds, which are restricted in that they are to be used in funding various revolving loans maintained by the HRA. These loans are made based on criteria set by TIF requirements.

Development Fund – The Development Fund is used to account for the land held for resale to develop Brainerd Oaks, Dalmar Estates, and Serene Pines.

CROW WING COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting (Continued)

Tax Forfeited Property Fund – The Tax Forfeited Property Fund is used to account for resources from the purchase and sale of tax forfeited properties.

When both restricted and unrestricted resources are available for use, it is the HRA's policy to use restricted resources first, and then unrestricted resources as they are needed.

D. Assets, Liabilities, Deferred Inflows of Resources, and Net Position or Equity

1. Cash

Cash balances from all funds are deposited in depositories authorized by Minnesota Statutes.

2. Accounts Receivable

No substantial losses are anticipated from present receivable balances; therefore, the HRA does not judge an allowance for doubtful accounts to be necessary.

3. Taxes Receivable

Taxes which remain unpaid are classified as delinquent taxes receivable. Delinquent taxes represent the past seven years of uncollected tax years. Revenue from these delinquent property taxes that is not collected within 60 days of year-end is deferred because it is not available to finance the operations of the HRA in the current year. No allowance for uncollectible taxes has been provided as such amounts are not expected to be material.

Property Tax Collection Calendar

The County, on behalf of the HRA, levies its property tax for the subsequent year during the month of December. In Minnesota, the lien date and assessment date is January 2. The property tax is recorded as revenue when it becomes available. The County is the collecting agency for the levy and then remits the collections to the HRA. All taxes not collected as of December 31 each year are shown as delinquent taxes receivable.

The county auditor establishes the listing of all taxable property in the County, applying the applicable tax capacity rate to the tax capacity value of individual properties, to arrive at the actual tax for each property.

The county auditor turns over a list of taxes to be collected on each parcel of property to the county treasurer in January of each year. Property owners are required to pay one-half of their real estate taxes by May 15 and the balance by October 15.

CROW WING COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Inflows of Resources, and Net Position or Equity
(Continued)

3. Taxes Receivable (Continued)

Within 30 days after the May settlement, the county treasurer is required to pay 70% of the estimated collections of taxes to the County HRA. The county treasurer must pay the balance to the County HRA within 60 days after settlement, provided that after 45 days interest begins to accrue.

Within 10 business days after November 15, the county treasurer shall pay to each taxing district, except any school district, 100% of the estimated collections arising from taxes levied by and belonging to each taxing district from May 20 to November 20.

4. Loans Receivable

This represents the amount of revolving loans the HRA has made to individuals or organizations. There is no allowance account as of the end of the year as substantially all loan balances are deemed to be collectible.

5. Land Held for Resale

Land held for resale by the HRA is for redevelopment purposes and for subsequent sale. Land held for resale is reported as an asset at the lower of cost or estimated fair value.

6. Equity

Equity is divided into the following sections:

Net Position – Net position represents the difference between assets and liabilities in the government-wide financial statements. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any debt used to build or acquire the capital assets. Net position is reported as restricted in the government-wide financial statements when there are limitations imposed on its use through external restrictions imposed by creditors, grantors, laws, or regulations of other governments.

CROW WING COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Inflows of Resources, and Net Position or Equity
(Continued)

6. Equity (Continued)

Fund Balance – In the fund financial statements, governmental funds report components of fund balance to provide information about fund balance availability for appropriation. Nonspendable fund balance represents amounts that are inherently nonspendable or assets that will never be converted to cash or will not be converted to cash soon enough to affect the current period. Restricted fund balance represents amounts available for appropriation but intended for a specific use and is legally restricted by outside parties. Committed fund balance represents constraints on spending that the government imposes upon itself by high-level formal action prior to the close of the fiscal period. Assigned fund balance represents resources intended for spending for a purpose set by the government body itself or by some person or body delegated to exercise such authority in accordance with policy established by the board. The Executive Director or Finance Director and the Board of Commissioners have the authority to establish or modify assigned fund balance. Unassigned fund balance is the residual classification for the HRA's general fund and includes all spendable amounts not contained in the other classifications. When restricted, committed, assigned, and unassigned fund balance are all available for an expenditure, it is the HRA's policy to first use restricted, then committed, assigned and finally unassigned fund balance.

E. Tax Status

As a local government organization, the HRA is exempt from income taxes.

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

Budget appropriations lapse at the end of the year. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

Expenditures exceeded budgeted amounts in the following funds at December 31, 2024:

	Expenditures	Budget	Expenditures Over Budget
Revolving Loan Fund TIF	\$ 497	\$ 20	\$ 477
Development Fund	131,471	86,720	44,751

CROW WING COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 3 DEPOSITS

The HRA's deposits are held by the Housing and Redevelopment Authority of Brainerd. These deposits are available for use at any time without restriction and are for use by all funds. Each fund type's portion of this cash is displayed on the statement of net position and balance sheet as "Cash." The Housing and Redevelopment Authority of Brainerd maintains its deposits in accordance with Minnesota Statutes and at financial institutions which are authorized by the Housing and Redevelopment Authority of Brainerd's Board of Commissioners.

Minnesota Statutes require that all deposits be protected by insurance, surety bond, or collateral. The market value of collateral pledged must equal 110% of the deposits not covered by insurance or corporate surety bonds.

Authorized collateral include: U.S. government treasury bills, notes, or bonds; issues of a U.S. government agency; general obligations of a state or local government rated "A" or better; revenue obligations of a state or local government rated "AA" or better; irrevocable standby letter of credit issued by a Federal Home Loan Bank; and time deposits insured by a federal agency. Minnesota Statutes require securities pledged as collateral be held in safekeeping in a restricted account at the Federal Reserve Bank or at an account at a trust departments of a commercial bank or other financial institution not owned or controlled by the depository.

Deposits held by the Housing and Redevelopment Authority of Brainerd as of December 31, 2024 were entirely covered by federal depository insurance or by surety bonds and collateral in accordance with Minnesota Statutes.

NOTE 4 INTERFUNDS

An interfund payable was set up to offset deficit cash in the Development Fund at the end of December 31, 2024.

	<u>Due From:</u>
<u>Due To:</u>	<u>General Fund.</u>
Development Fund	<u>\$ 23</u>

A transfer was made from the General Fund to the Tax Forfeited Property Fund to close out fund.

	<u>Transfer In:</u>
	Tax Forfeited
	Property
	Fund
<u>Transfer Out:</u>	<u>\$ 2,109</u>
General Fund	

CROW WING COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 5 LOANS RECEIVABLE

Revenues of the HRA are reported net of uncollectible amounts. There was no allowance for uncollectible accounts related to the HRA as of December 31, 2024.

The HRA had the following loans receivable as of December 31, 2024:

Housing Trust Fund	<u>Amount</u>
Borrower of Crow Wing County HRA, 30-year loan, with no interest: with one payment in full on July 7, 2052 for a total of \$20,000	\$ 20,000
Borrower of Crow Wing County HRA, 20-year loan, with no interest: with one payment in full on July 28, 2042 for a total of \$23,326	23,326
Borrower of Crow Wing County HRA, 20-year loan, with no interest: with one payment in full on August 25, 2042 for a total of \$24,876	24,876
Borrower of Crow Wing County HRA, 30-year loan, with no interest: with one payment in full on November 10, 2052 for a total of \$20,000	20,000
Borrower of Crow Wing County HRA, 30-year loan, with no interest: with one payment in full on November 22, 2052 for a total of \$20,000	20,000
Borrower of Crow Wing County HRA, 20-year loan, with no interest: with one payment in full on December 6, 2042 for a total of \$21,671	21,671
Borrower of Crow Wing County HRA, 30-year loan, with no interest: with one payment in full on February 24, 2053 for a total of \$20,000	20,000
Borrower of Crow Wing County HRA, 20-year loan, with no interest: with one payment in full on February 27, 2043 for a total of \$19,046	19,046
Borrower of Crow Wing County HRA, 20-year loan, with no interest: with one payment in full on April 3, 2043 for a total of \$20,341	24,341
Borrower of Crow Wing County HRA, 30-year loan, with no interest: with one payment in full on April 21, 2053 for a total of \$20,000	20,000
Borrower of Crow Wing County HRA, 20-year loan, with no interest: with one payment in full on May 1, 2043 for a total of \$20,629	20,629
Borrower of Crow Wing County HRA, 30-year loan, with no interest: with one payment in full on June 27, 2053 for a total of \$20,000	20,000
Borrower of Crow Wing County HRA, 20-year loan, with no interest: with one payment in full on September 21, 2043 for a total of \$1,000,000	1,000,000
Borrower of Crow Wing County HRA, 30-year loan, with no interest: with one payment in full on July 20, 2053 for a total of \$20,000	20,000
Borrower of Crow Wing County HRA, 20-year loan, with no interest: with one payment in full on August 7, 2043 for a total of \$21,216	21,216
Borrower of Crow Wing County HRA, 20-year loan, with no interest: with one payment in full on September 5, 2043 for a total of \$25,000	25,000
Borrower of Crow Wing County HRA, 20-year loan, with no interest: with one payment in full on May 23, 2044 for a total of \$13,230	13,230
	<u>\$ 1,333,335</u>

CROW WING COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 6 LAND HELD FOR RESALE

During 2016, the HRA entered into an agreement with Crow Wing County whereby the county would convey title to 113 lots to the HRA. The lots were divided into three development areas, Brainerd Oaks, Dalmar Estates, and Serene Pines. As part of the agreement, the HRA entered into a purchase and development agreement with a private developer who will purchase and develop the lots over a period of years. The land was valued at \$912,300 in total based on the contract between the HRA and the contractor. As the land gets transferred to the developer, the proceeds, less costs incurred by the HRA, will be paid to the City of Brainerd as payment for park dedication fees, SAC fees, WAC fees and in lieu of special assessments. During 2024, the HRA transferred 12 lots to the developer for a total of \$131,741. The remaining land is valued at \$14,034 as of December 31, 2024.

NOTE 7 CONDUIT DEBT

The Crow Wing County HRA is contingently liable for debt related to General Obligation Housing Revenue Bonds issued on behalf of the Pequot Lakes HRA. As additional security for these bonds, Crow Wing County approved the pledge by the County HRA of the County's full faith and credit and taxing powers to the payment of debt service on the bonds. The conduit bonds have an outstanding principal balance of \$670,000 as of December 31, 2024.

NOTE 8 RISK MANAGEMENT

The HRA is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; public official liability; and natural disasters for which the HRA carries commercial insurance policies. The HRA retains risk for the deductible portions of the insurance policies and for any exclusion from the insurance policies. These amounts are considered immaterial to the financial statements. There were no significant reductions in insurance from the previous year or settlements in excess of insurance coverage for any of the past four fiscal years.

NOTE 9 LAND CONVEYANCE LIABILITY

In accordance with the purchase and development agreement, the HRA has an obligation from the acquisition of the land held for resale payable to the City of Brainerd at the time of the sale of those lots. Based on this obligation, the HRA has recorded a \$14,034 land conveyance liability due to the City of Brainerd. The land conveyance liability recorded is an estimate and is subject to change.

REQUIRED SUPPLEMENTARY INFORMATION

CROW WING COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED DECEMBER 31, 2024

	Budget Original and Final	Actual	Variance With Budget Over (Under)
REVENUES			
Taxes	\$ 348,320	\$ 348,320	\$ -
Interest	1,000	18,055	17,055
Miscellaneous	49,650	160,684	111,034
Total Revenues	<u>398,970</u>	<u>527,059</u>	<u>128,089</u>
EXPENDITURES			
Current:			
General Government	190,010	188,228	(1,782)
Economic Development	190,260	136,948	(53,312)
Total Expenditures	<u>380,270</u>	<u>325,176</u>	<u>(55,094)</u>
OTHER FINANCING SOURCES			
Transfers Out	<u>-</u>	<u>(2,109)</u>	<u>(2,109)</u>
NET CHANGE IN FUND BALANCE	<u>\$ 18,700</u>	<u>199,774</u>	<u>\$ 181,074</u>
Fund Balance - Beginning of Year		<u>292,790</u>	
FUND BALANCE - END OF YEAR		<u>\$ 492,564</u>	

See accompanying Note to Required Supplementary Information.

**CROW WING COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
BUDGETARY COMPARISON SCHEDULE
HOUSING TRUST FUND
YEAR ENDED DECEMBER 31, 2024**

	Budget Original and Final	Actual	Variance With Budget Over (Under)
REVENUES			
Taxes	\$ 400,000	\$ 397,040	\$ (2,960)
Intergovernmental	-	314,992	314,992
Interest	1,000	26,146	25,146
Total Revenues	<u>401,000</u>	<u>738,178</u>	<u>337,178</u>
EXPENDITURES			
Current:			
Economic Development	<u>20,000</u>	<u>1,582</u>	<u>(18,418)</u>
NET CHANGE IN FUND BALANCE	<u><u>\$ 381,000</u></u>	<u>736,596</u>	<u><u>\$ 355,596</u></u>
Fund Balance - Beginning of Year		<u>1,790,330</u>	
FUND BALANCE - END OF YEAR		<u><u>\$ 2,526,926</u></u>	

See accompanying Note to Required Supplementary Information.

**CROW WING COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
BUDGETARY COMPARISON SCHEDULE
REVOLVING LOAN FUND - TIF
YEAR ENDED DECEMBER 31, 2024**

	Budget Original and Final	Actual	Variance With Budget Over (Under)
REVENUES			
Interest	\$ 2,770	\$ 17,612	\$ 14,842
EXPENDITURES			
Current:			
Economic Development	<u>20</u>	<u>497</u>	<u>477</u>
NET CHANGE IN FUND BALANCE	<u><u>\$ 2,750</u></u>	17,115	<u><u>\$ 14,365</u></u>
Fund Balance - Beginning of Year		<u>429,472</u>	
FUND BALANCE - END OF YEAR		<u><u>\$ 446,587</u></u>	

See accompanying Note to Required Supplementary Information.

**CROW WING COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
BUDGETARY COMPARISON SCHEDULE
DEVELOPMENT FUND
YEAR ENDED DECEMBER 31, 2024**

	Budget Original and Final	Actual	Variance With Budget Over (Under)
REVENUES			
Sale of Land Held for Resale	\$ 86,720	\$ 131,471	\$ 44,751
EXPENDITURES			
Current:			
Economic Development	86,720	131,471	44,751
NET CHANGE IN FUND BALANCE	<u><u>\$ -</u></u>	-	<u><u>\$ -</u></u>
Fund Balance (Deficit) - Beginning of Year		-	
FUND BALANCE (DEFICIT) - END OF YEAR		<u><u>\$ -</u></u>	

See accompanying Note to Required Supplementary Information.

**CROW WING COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
BUDGETARY COMPARISON SCHEDULE
TAX FORFEITED PROPERTY FUND
YEAR ENDED DECEMBER 31, 2024**

	Budget Original and Final	Actual	Variance With Budget Over (Under)
REVENUES			
Miscellaneous	\$ 10,000	\$ -	\$ (10,000)
EXPENDITURES			
Current:			
Economic Development	10,000	-	(10,000)
OTHER FINANCING SOURCES (USES)			
Transfers In	-	2,109	2,109
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	2,109	<u>\$ 2,109</u>
Fund Balance (Deficit) - Beginning of Year		<u>(2,109)</u>	
FUND BALANCE (DEFICIT) - END OF YEAR		<u><u>\$ -</u></u>	

See accompanying Note to Required Supplementary Information.

**CROW WING COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED DECEMBER 31, 2024**

NOTE 1 LEGAL COMPLIANCE – BUDGETS

The budget and the actual are both prepared on the modified accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

REPORTS RELATED TO *GOVERNMENT AUDITING STANDARDS*



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Commissioners
Crow Wing County Housing and Redevelopment Authority
Brainerd, 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, the financial statements of the governmental activities and each major fund of the Crow Wing County Housing and Redevelopment Authority (HRA), a component unit of the Crow Wing County, as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the HRA's basic financial statements, and have issued our report thereon dated March 25, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the HRA'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 HRA's internal control. Accordingly, we do not express an opinion on the effectiveness of the HRA'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 HRA's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

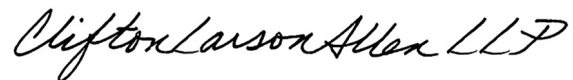
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the HRA'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 HRA's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

CliftonLarsonAllen LLP

Brainerd, Minnesota
March 25, 2025



INDEPENDENT AUDITORS' REPORT ON MINNESOTA LEGAL COMPLIANCE

Board of Commissioners
Crow Wing County Housing and Redevelopment Authority
Brainerd, Minnesota

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Crow Wing County Housing and Redevelopment Authority (HRA), a component unit of the Crow Wing County, as of and for the year ended December 31, 2024 and the related notes to the financial statements, which collectively comprise the HRA's basic financial statements and have issued our report thereon dated March 25, 2025.

In connection with our audit, nothing came to our attention that caused us to believe that the HRA failed to comply with the provisions of the contracting – bid laws, depositories of public funds and public investments, conflicts of interest, claims and disbursements, miscellaneous provisions, and tax increment financing sections of the *Minnesota Legal Compliance Audit Guide for Other Political Subdivisions*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the HRA's noncompliance with the above referenced provisions, insofar as they relate to accounting matters.

This report is intended solely for the information and use of those charged with governance and management of the HRA and the State Auditor and is not intended to be, and should not be, used by anyone other than these specified parties.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Brainerd, Minnesota
March 25, 2025

