



Finance and Audit Committee Meeting

Date: 01/22/26, 12:30 p.m.

In Person: Minnesota Housing, Lake Superior Conference Room, 400 Wabasha Street N.
Suite 400, St. Paul, MN 55102

Conference Call: 1.877.309.2074, Access Code: 120-698-948

Agenda

- A. Call to Order
- B. Discussion, Fiscal 2025 Single Audit
- C. Other Business (if any)
- D. Adjournment

Note:

This committee is a committee of the whole and all members are encouraged to attend. If you have questions, call Rachel Franco at 651.296.2172.

The Agency may conduct a meeting by telephone or other electronic means, provided the conditions of Minn. Stat. §462A.041 or Minn. Stat. 13D.021 are met. The Agency shall, to the extent practical, allow a person to monitor the meeting electronically and may require the person making a connection to pay for documented marginal costs that the Agency incurs as a result of the additional connection.



Item: Fiscal 2025 Single Audit

Discussion Item: B
Date: 01/22/2026
Staff Contacts: Nellie Siers, 651.539.9847, nellie.siers@state.mn.us
Debbi Larson, 651.539.9674, debbi.larson@state.mn.us
Kayla Vang, 651.539.9775, kayla.vang@state.mn.us
Request Type: No Action, Discussion

Request Summary

Eide Bailly, the Agency's external auditor, will discuss the results of their fiscal 2025 single audit.

Fiscal Impact

None.

Agency Priorities

- | | |
|--|---|
| <input type="checkbox"/> Improve the Housing System | <input type="checkbox"/> Make Homeownership More Accessible |
| <input type="checkbox"/> Preserve and Create Housing Opportunities | <input type="checkbox"/> Support People Needing Services |
| | <input type="checkbox"/> Strengthen Communities |

Attachments

- Compliance Report
- Auditor Presentation

Federal Awards Reports in Accordance with the Uniform
Guidance

Year Ended June 30, 2025

Minnesota Housing Finance Agency
(a component Unit of the State of Minnesota)

Minnesota Housing Finance Agency

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June 30, 2025

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Independent Auditor’s 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*

To the Board of Directors
Minnesota Housing Finance Agency
St. Paul, 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 the business-type activities of the Minnesota Housing Finance Agency (the Agency), a component of the State of Minnesota, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Minnesota Housing Finance Agency’s basic financial statements, and have issued our report thereon dated September 25, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Agency'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 Agency’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency’s internal control.

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in cursive script that reads "Erin Sully LLP".

Boise, Idaho
September 25, 2025



Independent Auditor’s Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

To the Board of Directors
Minnesota Housing Finance Agency
St. Paul, Minnesota

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Minnesota Housing Finance Agency’s (the Agency) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Agency’s major federal programs for the year ended June 30, 2025. The Agency’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Agency complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Agency and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Agency’s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Agency 's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Agency's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Agency's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Agency's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Agency's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the business-type activities of the Agency as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements. We issued our report thereon dated September 25, 2025, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

The image shows a handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Boise, Idaho

December 18, 2025, except for the schedule of expenditures of federal awards, for which the date is September 25, 2025

Minnesota Housing Finance Agency
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2025

**Minnesota Housing Finance Agency
(A component unit of the State of Minnesota)
Schedule of Expenditures of Federal Awards**

For the Year Ended June 30, 2025

Federal Grantor/Pass-Through Grantor/ Program Cluster of Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures	Amounts Passed Through to Subrecipients
<u>U.S. Department of Housing and Urban Development</u>				
Section 8 Project-Based Cluster:				
Project-Based Rental Assistance	14.195	N/A	\$ 45,968	\$ -
Total Section 8 Project-Based Cluster			<u>45,968</u>	<u>-</u>
Performance Based Contract Administration	14.327	N/A	<u>308,625,012</u>	<u>-</u>
HOME Investment Partnerships Program				
HOME Investment Partnerships Program	14.239	N/A	78,800,134	-
COVID-19 HOME - American Rescue Plan	14.239	N/A	<u>69,364</u>	<u>-</u>
Total HOME			<u>78,869,498</u>	<u>-</u>
Housing Trust Fund	14.275	N/A	55,794,221	-
Housing Opportunities for Persons with AIDS	14.241	N/A	619,257	325,599
Project Rental Assistance Demonstration (PRA Demo)				
Program of Section 811 Supportive Housing for Persons with Disabilities	14.326	N/A	1,615,782	1,407,669
Neighborhood Stabilization Program	14.228	N/A	<u>36,005</u>	<u>-</u>
			<u>58,065,265</u>	<u>1,733,268</u>
Total HUD Expenditures			<u>445,605,743</u>	<u>1,733,268</u>
<u>U.S. Environmental Protection Agency</u>				
Energy Efficiency and Conservation Block Grant	81.128	N/A	<u>253,653</u>	<u>-</u>
<u>U.S. Department of Treasury</u>				
COVID-19-Emergency Rental Assistance	21.023	N/A	49,561,705	3,751,780
Homeownership Assistance Fund	21.026	N/A	<u>78,564</u>	<u>-</u>
Total Treasury Expenditures			<u>49,640,269</u>	<u>3,751,780</u>
Total Federal Financial Assistance			<u>\$ 495,499,665</u>	<u>\$ 5,485,048</u>

Minnesota Housing Finance Agency
Notes to Schedule of Expenditures of Federal Awards
June 30, 2025

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of the Minnesota Housing Finance Agency (the Agency) under programs of the federal government for the year ended June 30, 2025. The information is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Agency, it is not intended to and does not present the financial position, changes in net position, or cash flows Minnesota Housing Finance Agency.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on this schedule are presented using the accrual basis of accounting as described in Note 2 to the Agency's basic financial statements except for subrecipient expenditures, which are recorded on the cash basis. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures may or may not be allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Note 3 - Indirect Cost Rate

The Agency has not elected to use the 10% de minimis cost rate.

Note 4 - Loan Programs

The Agency provides rental rehabilitation and new construction loans to approved properties via funding provided through ALN 14.239 HOME Investment Partnerships Program (the HOME Program). These loans have continuing compliance requirements during the period of affordability, as defined by the HOME Program requirements, which vary depending on the number of HOME Program units at each property. The balance of rental rehabilitation loans outstanding totaled \$72,639,547 at June 30, 2025.

The Agency provided loans to approved properties via funding provided through ALN 14.241 Housing Opportunities for Persons with AIDS (HOPWA). These capital loans have continuing compliance requirements during the period of affordability, as defined by the HOPWA program requirements. The balance of the capital loans outstanding totaled \$209,631 at June 30, 2025.

The Agency provided loans to approved properties via funding provided through ALN 14.275 Housing Trust Fund. These capital loans have continuing compliance requirements during the period of affordability, as defined by the program requirements. The balance of the capital loans outstanding totaled \$35,451,152 at June 30, 2025.

Note 5 - Coronavirus Relief Fund (CARES Act)

The Coronavirus Relief Fund (CARES Act) expenditures are listed on the Schedule on separate lines. These funds were used in several different programs, including the Emergency Rental Assistance, and Housing Assistance Fund (FFAL 21.023, and 21.026).

Note 6 - Reconciliation to the Financial Statements

The reconciliation of the schedule of expenditures of federal awards to the Agency's basic financial statements for the year ended June 30, 2025, is as follows:

Total federal awards per the schedule of expenditures of federal awards	\$ 495,499,665
Beginning balance of loans included in total federal awards	(108,300,330)
Administration fees received, included in fees earned and other income in the general reserve fund	(15,185,537)
Reclassifying expense, prepayment for SBITA 5-year term GASB96 complaint	<u>(630,000)</u>
Total federal appropriations disbursed per federal appropriated fund of the Agency	<u>\$ 371,383,798</u>

Minnesota Housing Finance Agency
Schedule of Findings and Questioned Costs
June 30, 2025

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	None Reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	None Reported
Type of auditor’s report issued on compliance for Major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516:	No

Identification of major programs:

FFAL Number(s)	Name of Federal Program or Cluster
14.239	HOME Investment Partnerships Program
21.023	COVID-19 Emergency Rental Assistance
14.327	Performance Based Contract Administration

Dollar threshold used to distinguish between Type A and Type B programs:	\$3,000,000
Auditee qualifies as low-risk auditee?	No

Section II – Financial Statement Findings

None reported in Current Year

Section III – Federal Award Findings and Questioned Costs

None reported in Current Year



Minnesota Housing Finance Agency

June 30, 2025 Single Audit Presentation
January 21, 2025

Compliance Audit Opinion

- Unmodified Opinion on Compliance Requirements of Major Programs
 - That could have a direct and material effect on major federal programs

Communication

- Significant Difficulties Encountered During the Audit
 - Very good preparation of federal program information and documentation
- Corrections or Changes
 - None reported
- Disagreements with Management
 - None

Single Audit Results

- Compliance
 - Single Audit
 - Home Investment Partnerships Program
 - Emergency Rental Assistance Program
 - Project Based Rental Assistance (Section 8)
 - Control and Compliance Comments
 - None

This presentation is presented with the understanding that the information contained does not constitute legal, accounting or other professional advice. It is not intended to be responsive to any individual situation or concerns, as the contents of this presentation are intended for general information purposes only. Viewers are urged not to act upon the information contained in this presentation without first consulting competent legal, accounting or other professional advice regarding implications of a particular factual situation. Questions and additional information can be submitted to your Eide Bailly representative, or to the presenter of this session.



Thank you

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