

**OUR SAVIOUR'S COMMUNITY  
SERVICES**

FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2019 AND 2018

# OUR SAVIOUR'S COMMUNITY SERVICES

## FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2019 AND 2018

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Our Saviour's Community Services  
Minneapolis, Minnesota

We have audited the accompanying financial statements of Our Saviour's Community Services, which comprise the statement of financial position as of March 31, 2019, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control.

Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Our Saviour's Community Services as of March 31, 2019, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### **Emphasis of a Matter**

As discussed in Note 1 to the financial statements, in 2018 the Organization adopted Accounting Standards Update (ASU) No. 2016-14 – *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

### **Report on Summarized Comparative Information**

We have previously audited the Our Saviour's Community Services March 31, 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 8, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Casey, Menden, Faust & Nelson, P.A.*

September 19, 2019

# OUR SAVIOUR'S COMMUNITY SERVICES

## STATEMENTS OF FINANCIAL POSITION

MARCH 31, 2019 AND 2018

	2019		2018						
	Without Donor Restrictions	With Donor Restrictions	Total	Total (Summarized)					
<u>ASSETS</u>									
Current assets:									
Cash and savings	\$ 60,692	\$ -	\$ 60,692	\$ 31,199					
Grants and pledges receivable	85,389	-	85,389	62,942					
Prepaid expenses	18,533	-	18,533	17,549					
Total current assets	164,614	-	164,614	111,690					
Property and equipment:									
Housing	531,561	328,587	860,148	850,427					
Vehicles	22,175	-	22,175	22,175					
Furniture and equipment	93,907	-	93,907	77,721					
	647,643	328,587	976,230	950,323					
Less accumulated depreciation	383,598	72,190	455,788	409,635					
Total property and equipment	264,045	256,397	520,442	540,688					
<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 35%;">Total assets</td> <td style="text-align: right; border-bottom: 3px double black;">\$ 428,659</td> <td style="text-align: right; border-bottom: 3px double black;">\$ 256,397</td> <td style="text-align: right; border-bottom: 3px double black;">\$ 685,056</td> <td style="text-align: right; border-bottom: 3px double black;">\$ 652,378</td> </tr> </table>					Total assets	\$ 428,659	\$ 256,397	\$ 685,056	\$ 652,378
Total assets	\$ 428,659	\$ 256,397	\$ 685,056	\$ 652,378					

The accompanying notes are an integral part of these financial statements

# OUR SAVIOUR'S COMMUNITY SERVICES

## STATEMENTS OF FINANCIAL POSITION

MARCH 31, 2019 AND 2018

	2019		2018	
	Without Donor Restrictions	With Donor Restrictions	Total	Total (Summarized)
<b><u>LIABILITIES AND NET ASSETS</u></b>				
<b>Current liabilities:</b>				
Accounts payable	\$ 73,161	\$ -	\$ 73,161	\$ 89,894
Deferred revenue	13,063	-	13,063	1,502
<b>Accrued expenses:</b>				
Payroll and related	62,743	-	62,743	75,245
Participation fees	1,600	-	1,600	1,400
Current portion of notes payable	9,415	-	9,415	8,912
Current portion of notes payable - transitional housing	4,115	-	4,115	4,115
Current portion of capital leases	9,509	-	9,509	8,199
<b>Total current liabilities</b>	<b>173,606</b>	<b>-</b>	<b>173,606</b>	<b>189,267</b>
<b>Long-term liabilities:</b>				
Notes payable, net of current maturities	43,826	-	43,826	53,239
Notes payable - transitional housing, net of current maturities	9,266	-	9,266	13,380
Capital leases, net of current portion	22,810	-	22,810	27,989
<b>Total long - term liabilities</b>	<b>75,902</b>	<b>-</b>	<b>75,902</b>	<b>94,608</b>
<b>Total liabilities</b>	<b>249,508</b>	<b>-</b>	<b>249,508</b>	<b>283,875</b>
<b>Net assets</b>	<b>179,151</b>	<b>256,397</b>	<b>435,548</b>	<b>368,503</b>
<b>Total liabilities and net assets</b>	<b>\$ 428,659</b>	<b>\$ 256,397</b>	<b>\$ 685,056</b>	<b>\$ 652,378</b>

The accompanying notes are an integral part of these financial statements

# OUR SAVIOUR'S COMMUNITY SERVICES

## STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

YEARS ENDED MARCH 31, 2019 AND 2018

		2019		2018
	Without Donor Restrictions	With Donor Restrictions	Total	Total (Summarized)
<b>Revenues:</b>				
Contributions	\$ 382,778	\$ -	\$ 382,778	\$ 398,561
Government grants	2,152,339	-	2,152,339	2,104,850
Rent income	24,017	-	24,017	23,478
Transitional housing debt forgiveness	4,115	-	4,115	4,115
Other income	141,865	6,439	148,304	80,052
Interest income	51	-	51	15
In-kind contributions	266,486	-	266,486	279,516
Net assets released from restrictions	16,397	(16,397)	-	-
<b>Total revenues</b>	<b>2,988,048</b>	<b>(9,958)</b>	<b>2,978,090</b>	<b>2,890,587</b>
<b>Expenses:</b>				
Program services	2,769,937	-	2,769,937	2,825,801
Management and general	77,371	-	77,371	75,663
Fundraising	63,737	-	63,737	64,885
<b>Total expenses</b>	<b>2,911,045</b>	<b>-</b>	<b>2,911,045</b>	<b>2,966,349</b>
<b>Change in net assets</b>	<b>77,003</b>	<b>(9,958)</b>	<b>67,045</b>	<b>(75,762)</b>
<b>Net assets:</b>				
Beginning of year	102,148	266,355	368,503	444,265
End of year	<u>\$ 179,151</u>	<u>\$ 256,397</u>	<u>\$ 435,548</u>	<u>\$ 368,503</u>

The accompanying notes are an integral part of these financial statements

# OUR SAVIOUR'S COMMUNITY SERVICES

## STATEMENTS OF FUNCTIONAL EXPENSES

YEARS ENDED MARCH 31, 2019 AND 2018

	2019					2018	
	English Learning Center (ELC)	Our Saviour's Housing (OSH)	Total Program	General and Administrative	Fundraising	Total	Total (Summarized)
Expenses:							
Salary and wages	\$ 240,044	\$ 727,952	\$ 967,996	\$ 51,568	\$ 39,575	\$ 1,059,139	\$ 1,045,223
Workers compensation insurance	3,603	14,059	17,662	895	746	19,303	15,032
Payroll taxes	19,873	60,974	80,847	3,022	2,517	86,386	95,587
Employee benefits	16,344	89,161	105,505	7,511	3,434	116,450	95,182
Other staff expenses	886	3,686	4,572	248	145	4,965	4,757
Communications	1,748	7,379	9,127	1,014	9,633	19,774	22,685
Computer repairs and related	1,016	1,535	2,551	142	141	2,834	1,161
Copier lease and maintenance	3,239	540	3,779	539	1,080	5,398	4,904
Depreciation expense	5,361	40,964	46,325	261	216	46,802	52,297
Indirect operating expenses	4,533	17,660	22,193	979	800	23,972	22,676
Insurance expense	1,266	5,917	7,183	711	710	8,604	5,349
Occupancy and related	14,825	91,875	106,700	1,621	1,327	109,648	90,198
Professional fees	-	-	-	5,447	-	5,447	5,349
Program expenses	26,993	1,074,713	1,101,706	-	-	1,101,706	1,192,475
Volunteer instructors	174,473	-	174,473	-	-	174,473	195,501
Donated meals	-	92,013	92,013	-	-	92,013	84,015
Telecommunications	4,697	22,608	27,305	3,413	3,413	34,131	33,958
<b>Total expenses</b>	<b>\$ 518,901</b>	<b>\$ 2,251,036</b>	<b>\$ 2,769,937</b>	<b>\$ 77,371</b>	<b>\$ 63,737</b>	<b>\$ 2,911,045</b>	<b>\$ 2,966,349</b>

The accompanying notes are an integral part of these financial statements



# OUR SAVIOUR'S COMMUNITY SERVICES

## STATEMENTS OF CASH FLOWS

YEARS ENDED MARCH 31, 2019 AND 2018

	2019	2018 (Summarized)
Cash flows from operating activities:		
Contributions and grants	\$ 2,696,552	\$ 2,590,068
Interest received	51	15
Interest paid	(1,726)	(4,182)
Program, administrative and fundraising services	(2,626,050)	(2,567,050)
Net cash flows from operating activities	68,827	18,851
Cash flows from investing activities:		
Purchase of fixed assets	(21,722)	(1,239)
Cash flows from financing activities:		
Principal payments notes payable	(8,910)	(8,432)
Principal payments on capital leases	(8,702)	(7,149)
Net cash flows from financing activities	(17,612)	(15,581)
Net change in cash and cash equivalents	29,493	2,031
Cash and cash equivalents:		
Beginning of year	31,199	29,168
End of year	\$ 60,692	\$ 31,199
Reconciliation of change in net assets to net cash from operating activities:		
Change in net assets	\$ 67,045	\$ (75,762)
Depreciation	46,802	52,297
Transitional housing debt forgiveness	(4,115)	(4,115)
Grants and pledges receivable	(22,447)	9,344
Prepaid expenses	(984)	(3,237)
Accounts payable	(16,733)	57,744
Deferred revenue	11,561	(26,217)
Accrued expenses	(12,302)	8,797
Net cash from operating activities	\$ 68,827	\$ 18,851

The accompanying notes are an integral part of these financial statements

# OUR SAVIOUR'S COMMUNITY SERVICES

## NOTES OF FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2019 AND 2018

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND SIGNIFICANT OTHER INFORMATION

#### Organization

Our Saviour's Community Services (OSCS) is a non-profit organization incorporated under the laws of the State of Minnesota on December 1, 2004. The primary activities of OSCS are:

#### English Learning Center (ELC)

ELC provides basic instruction in English and math for adult immigrants and refugees new to this community. Computer classes and citizenship classes are also made available to students enrolled in the program. This program offers free classes year-round, morning and evening four days each week. Volunteers are recruited, trained and supported as they provide the classroom instruction for students.

#### Our Saviour's Housing (OSH)

OSH provides emergency shelter, transitional housing and permanent supportive housing for single adults who are homeless. Supportive case management services are also made available to residents who participate in these programs. This program offers year-round housing to participants. Volunteers and volunteer groups are recruited to provide the meals that are served in the emergency shelter.

#### Basis of Presentation

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. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Without Donor Restrictions - Net assets are not subject to donor-imposed stipulations.

With Donor Restrictions - Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. Expirations of restrictions on net assets with donor restrictions are reported as net assets released from restrictions.

(Continued)

# OUR SAVIOUR'S COMMUNITY SERVICES

## NOTES OF FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2019 AND 2018

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND SIGNIFICANT OTHER INFORMATION (Continued)

#### Comparative Financial Statements

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with Our Saviour's Community Services' financial statements for the year ended March 31, 2018, from which the summarized information was derived.

#### Reclassifications

Certain reclassifications have been made to the 2018 financial statements to conform to the 2019 presentation. These reclassifications had no effect on the change in net assets.

#### Restatement of Financial Results

The Organization has restated its previously reported financial statements for the year ended March 31, 2018 and all related disclosures. During the March 31, 2019 audit it was noted the March 31, 2018 financial statements overstated in-kind contributions by \$161,191 and overstated donated volunteer instructor time by \$161,191. These overstatements had no impact on the Organization's net assets at March 31, 2018. The effects of the restatement are reflected in the Organization's financial statements and accompanying notes included herein.

#### Recent Accounting Pronouncements

During 2018, the Organization adopted ASU No. 2016-14 - *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. This guidance is intended to improve the net asset classification requirements and the information presented in the financial statement and notes about a not-for-profit entity's liquidity, financial performance, and cash flows. Main provisions of this guidance include: presentation of two classes of net assets versus previously required three; recognition of underwater endowment funds as a reduction in net assets with donor restrictions; and enhanced disclosures for board designated amounts, composition of net assets without donor restrictions, liquidity and availability, and expenses by both their natural and functional classification. Net asset reclassifications driven by the adoption of ASU 2016-14 as of March 31, 2018 are as follows:

(Continued)

# OUR SAVIOUR'S COMMUNITY SERVICES

## NOTES OF FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2019 AND 2018

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND SIGNIFICANT OTHER INFORMATION (Continued)

#### Recent Accounting Pronouncements (Continued)

	As previously presented	Reclassifications	Net assets, reclassified
Net assets:			
Unrestricted	\$ 102,148	\$ (102,148)	\$ -
Temporarily restricted	266,355	(266,355)	-
Permanently restricted	-	-	-
Without donor restrictions	-	102,148	102,148
With donor restrictions	-	266,355	266,355
Total net assets	<u>\$ 368,503</u>	<u>\$ -</u>	<u>\$ 368,503</u>

#### Revenue Recognition

Contributions are recorded as received or unconditionally pledged. All contributions are available for unrestricted use unless specifically restricted by the donor. Service revenues are recorded as earned. Amounts received in advance of revenue recognition are recorded as deferred revenue. Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

#### Long-Lived Assets

In accordance with ASC 360-10: Accounting for The Impairment of Long-Lived Assets and For Long-Lived Assets to Be Disposed Of, the Organization reviews its long-lived assets and intangibles related to those assets periodically to determine potential impairment by comparing the carrying value of the long-lived assets outstanding with estimated future cash flows expected to result from the use of the assets, including cash flows from disposition. Should the sum of the expected future cash flows be less than the carrying value, the Organization would recognize an impairment loss. An impairment loss would be measured by comparing the amount by which the carrying value exceeds the fair value of the long-lived assets and intangibles. Management determined that no impairment of long-lived assets existed in 2019 and 2018.

(Continued)

# OUR SAVIOUR'S COMMUNITY SERVICES

## NOTES OF FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2019 AND 2018

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND SIGNIFICANT OTHER INFORMATION (Continued)

#### Concentrations, Risks and Uncertainties

##### Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

##### Grants, Pledges and Service Fee Receivables

Grants, pledges and service fee receivables are unsecured. Management believes all grants, pledges and service fee receivables are collectible, and accordingly, has not recorded an allowance for doubtful accounts. This determination was based on a number of factors including: a review of the receivables; ability to pay; past collection history; and existing economic conditions. While the ultimate loss may differ, management believes that any loss will not have a material impact on the Organization's financial position. Due to uncertainties in collection process, however, it is reasonable that management's estimate of the outcome may change during the next year. That amount cannot be estimated.

All grants and pledges receivable are due within one year.

15% of accounts receivable at March 31, 2019 were due from the State of Minnesota. 78% of accounts receivable at March 31, 2018 were due from the State of Minnesota.

##### Concentration of Risk

In 2019, fifty-nine percent (59%) of OSCS's cash revenues were provided through grants and purchase of service agreements with the State of Minnesota. In 2019 ten percent (10%) of OSCS's cash revenues were provided through a purchase of service agreement with Minneapolis Public Schools. In 2018, sixty percent (60%) of OSCS's cash revenues were provided through grants and purchase of service agreements with the State of Minnesota. In 2018 ten percent (10%) of OSCS's cash revenues were provided through a purchase of service agreement with Minneapolis Public Schools.

(Continued)

# OUR SAVIOUR'S COMMUNITY SERVICES

## NOTES OF FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2019 AND 2018

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND SIGNIFICANT OTHER INFORMATION (Continued)

#### Income Taxes

The activities of the Organization are exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

The Organization has reviewed for uncertain tax positions and feels there are none. Federal and state taxing authorities generally have the right to examine returns for three years from the date of filing. Any interest or penalties incurred by the Organization would be included in operating expenses in the accompanying financial statements. No interest or penalties are reflected in the 2019 and 2018 financial statements.

#### Cash Equivalents

For purposes of the statement of cash flows, the OSCS considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. At March 31, 2019 and 2018, OSCS had no cash equivalents.

#### Property and Equipment

OSCS's policy is to capitalize fixed asset additions greater than \$500. Property and equipment are stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and the resulting gain or loss is recognized in income for the period. The cost of maintenance and repairs is expensed as incurred; significant renewals and betterments are capitalized. Deduction is made for retirements resulting from renewals or betterments.

A summary of property and equipment is as follows:

	<u>2019</u>	<u>2018</u> (Summarized)	<u>Useful Lives</u>
Housing	\$ 860,148	\$ 850,427	10 to 40
Vehicles	22,175	22,175	10
Furniture and equipment	<u>93,907</u>	<u>77,721</u>	3 to 7
	<u>\$ 976,230</u>	<u>\$ 950,323</u>	

(Continued)

# OUR SAVIOUR'S COMMUNITY SERVICES

## NOTES OF FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2019 AND 2018

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND SIGNIFICANT OTHER INFORMATION (Continued)

#### Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of revenue, expenses and changes in fund balance. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management on an equitable basis. Methods of allocation included: time and effort; square footage; and deemed benefit.

#### Donated Goods and Services

The programs of Our Saviour's Community Services are enriched by the time and talents of many dedicated community volunteers. Two of OSCS's program areas would be substantially diminished or nonexistent without donated goods and services:

The English Learning Center programs are taught entirely by trained volunteer instructors. In fiscal year 2019, volunteer instructors contributed 6,198 hours of their time teaching in the OSCS's classrooms. In fiscal year 2018, volunteer instructors contributed 7,089 hours of their time teaching in the OSCS's classrooms. Volunteer instructor services were valued at \$28.15 per hour in 2019 and \$27.58 per hour in 2018 based on research performed by Independent Sector, a nonprofit organization performing research on giving and volunteering in the United States of America.

The Emergency Shelter at Our Saviour's Housing is served by a wide variety of community volunteer groups who purchase, prepare and serve the evening meal to shelter residents each night of the year. These groups vary widely in their size and composition; sometimes several adults are responsible for the meal and sometimes the groups consist of adults and youth. Each group prepares food for a minimum of 40 persons each night. Donated meals are valued in the accompanying financial statements at \$6.00 per meal in 2019 and \$5.48 per meal in 2018.

### NOTE 2 - FINANCIAL ASSETS AND LIQUIDITY RESOURCES

The Organization receives contributions from donors that contain restrictions. Those restrictions require that resources be used in a certain manner in a future period. Therefore, the Organization must maintain adequate resources to meet those responsibilities to its donors and certain financial assets may not be available for general expenditure within one year. As part of its liquidity management, the Organization has a policy to structure its financial assets to be available as general expenditures, liabilities, and other obligations become due.

(Continued)

# OUR SAVIOUR'S COMMUNITY SERVICES

## NOTES OF FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2019 AND 2018

### NOTE 2 - FINANCIAL ASSETS AND LIQUIDITY RESOURCES (Continued)

The below reflects the Organization's financial assets as of the statement of the financial position date, reduced by amounts that are not available for general use due to contractual or donor-imposed restrictions within one year of the statement of financial position date. Amounts that are not available also include the board designated amounts that could be utilized if the Organization approved the use:

Financial assets at March 31, 2019	\$ 146,081
Less those unavailable for general expenditures within one year, due to:	
Contractual or donor-imposed restrictions:	
Restricted by donor with time or purpose restrictions	-
Board designations:	
Designated by Board	-
Financial assets available to meet cash needs for general expenditures within one year	\$ 146,081

### NOTE 3 - NOTES PAYABLE

A summary of notes payable is as follows:

	2019	2018
		(Summarized)
Note payable to Mission Investment Fund in monthly payments of \$1,009 including interest at 5.50% per annum, through May 2024, unsecured.	\$ 53,241	\$ 62,152
Less current maturities	9,415	8,913
Long-term debt	\$ 43,826	\$ 53,239

Future maturities on this obligation are as follows:

Year ending March 31,	
2020	\$ 9,415
2021	9,946
2022	10,507
2023	11,099
2024	11,726
Thereafter	548
	\$ 53,241

(Continued)



# OUR SAVIOUR'S COMMUNITY SERVICES

## NOTES OF FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2019 AND 2018

### NOTE 3 - NOTES PAYABLE – TRANSITIONAL HOUSING

OSCS is indebted to the Minnesota Housing Finance Agency for notes on its transitional housing unit. These notes are secured by 2309 Chicago Avenue and provide for forgiveness of indebtedness on anniversary dates of the obligations provided OSCS continues to comply with the terms of the agreements. If OSCS does not comply with the terms of the agreements all amounts are immediately due and payable to the Minnesota Housing Finance Agency. Future scheduled debt forgiveness on these obligations is as follows:

<u>Year ending March 31,</u>	
2020	\$ 4,115
2021	4,115
2022	1,288
2023	1,288
2024	1,288
Thereafter	<u>1,287</u>
	<u>\$ 13,381</u>

### NOTE 4 - CAPITAL LEASES

The Organization leases copiers under capital lease agreements. Amortization of assets under capital leases is included in depreciation for 2019 and 2018.

The following is a summary of assets under capital lease agrees:

	<u>2019</u>	<u>2018</u>
Office equipment	\$ 48,170	(Summarized) \$ 42,009
Less accumulated amortization	<u>17,215</u>	<u>7,903</u>
Net book value	<u>\$ 30,955</u>	<u>\$ 34,106</u>

(Continued)

# OUR SAVIOUR'S COMMUNITY SERVICES

## NOTES OF FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2019 AND 2018

### NOTE 4 - CAPITAL LEASES (Continued)

Minimum future lease payments under capital leases are as follows:

<u>Year ending March 31,</u>	
2020	\$ 10,884
2021	10,884
2022	9,855
2023	2,984
2024	455
Total minimum lease payments	<u>\$ 35,062</u>
Less amount representing interest	<u>\$ 2,743</u>
	<u>\$ 32,319</u>
Less current portion	9,509
Long-term portion	<u><u>\$ 22,810</u></u>

### NOTE 5 - CITY OF MINNEAPOLIS EMERGENCY SHELTER GRANT

In 2012 the Organization received a grant through the City of Minneapolis to rehabilitate its transitional housing facility at 2309 Chicago Avenue. Rehabilitation expenditures under this grant totaled \$328,587 and were fully expended on the rehabilitation during the year. As a condition of this grant the Organization has a contingent liability to the City of Minneapolis through October 14, 2021. The Organization is depreciating the rehabilitation expenditures over the remaining 33-year useful life assigned to 2309 Chicago Avenue. During the period of the contingent liability relating to this grant the Organization is reflecting the rehabilitation expenditures, net of depreciation, as temporarily restricted in the accompanying financial statements.

### NOTE 6 - OUR SAVIOUR'S LUTHERAN CHURCH

The services of OSCS grew out of the outreach programs of Our Saviour's Lutheran Church (OSLC). Amounts paid OSLC are as follows:

OSCS leases facilities from OSLC under agreements cancellable upon ninety days notice by either party. Rent expense under these agreements totaled \$26,532 in 2019 and \$25,968 in 2018.

(Continued)

# OUR SAVIOUR'S COMMUNITY SERVICES

## NOTES OF FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2019 AND 2018

### NOTE 6 - OUR SAVIOUR'S LUTHERAN CHURCH (Continued)

Certain employee benefits of OSCS employees are paid OSLC employee benefit plans. Payments under this agreement totaled \$21,016 in 2019 and \$21,249 in 2018.

OSCS utilizes the services of OSLC's business administrator. Payments for these services totaled \$9,552 in 2019 and \$8,760 in 2018.

In July 2018 Our Saviour's Lutheran Church Foundation loaned \$35,000 to OSCS. OSCS repaid this loan in payments in November, December and January. This loan was unsecured and bore interest at 3.0%. Interest on this loan totaled \$1,051 and is included in interest expense in the accompanying financial statements.

### NOTE 7 - SUPPLEMENTAL CASH FLOW DISCLOSURES – NON-CASH ACTIVITY

In-kind contributions of donated services and meals consist of non-cash contributions. In-kind contributions totaled \$266,486 in 2019. In-kind contributions totaled \$279,516 in 2018.

MHFA forgave \$4,115 in principal on the notes payable - transitional housing during the fiscal year ended March 31, 2019. MHFA forgave \$4,115 in principal on the notes payable - transitional housing during the fiscal year ended March 31, 2018.

During the fiscal year ended March 31, 2019 the Organization acquired \$4,833 of office equipment through the incurrence of capital lease obligations. During the fiscal year ended March 31, 2018 the Organization acquired \$43,337 of office equipment through the incurrence of capital lease obligations.

### NOTE 8 - BENEFIT PLANS

The Organization provides a tax deferred annuity plan for its employees under Section 403(b) of the Internal Revenue Code. Employer retirement plan contributions totaled \$29,877 in 2019 and \$22,536 in 2018.

### NOTE 9 - SUBSEQUENT EVENTS

In June 2019 the Organization borrowed \$40,000 from Our Saviour's Lutheran Church Foundation. This loan is unsecured and bears interest at 3.0%.

Subsequent events have been evaluated through September 19, 2019 which is the date the financial statements were available to be issued.