

**OUR SAVIOUR'S COMMUNITY
SERVICES**

FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2020 AND 2019

**OUR SAVIOUR'S COMMUNITY
SERVICES**

FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2020 AND 2019

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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, 2020, 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, 2020, 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 2020 the Organization adopted Accounting Standards Update (ASU) No. 2018-08 – *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. 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, 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 19, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

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

July 31, 2020

OUR SAVIOUR'S COMMUNITY SERVICES

STATEMENTS OF FINANCIAL POSITION

MARCH 31, 2020 AND 2019

	2020			2019
	Without Donor Restrictions	With Donor Restrictions	Total	Total (Summarized)
<u>ASSETS</u>				
Current assets:				
Cash and savings	\$ 97,441	\$ -	\$ 97,441	\$ 60,692
Grants and pledges receivable	83,309	-	83,309	85,389
Prepaid expenses	26,195	-	26,195	18,533
Total current assets	206,945	-	206,945	164,614
Property and equipment:				
Housing	531,561	328,587	860,148	860,148
Vehicles	22,175	-	22,175	22,175
Furniture and equipment	96,922	-	96,922	93,907
	650,658	328,587	979,245	976,230
Less accumulated depreciation	403,678	82,147	485,825	455,788
Total property and equipment	246,980	246,440	493,420	520,442
Total assets	\$ 453,925	\$ 246,440	\$ 700,365	\$ 685,056

The accompanying notes are an integral part of these financial statements

OUR SAVIOUR'S COMMUNITY SERVICES

STATEMENTS OF FINANCIAL POSITION

MARCH 31, 2020 AND 2019

	2020			2019
	Without Donor Restrictions	With Donor Restrictions	Total	Total (Summarized)
<u>LIABILITIES AND NET ASSETS</u>				
Current liabilities:				
Accounts payable	\$ 169,528	\$ -	\$ 169,528	\$ 73,161
Deferred revenue	350	-	350	13,063
Accrued expenses:				
Payroll and related	70,647	-	70,647	62,743
Participation fees	4,000	-	4,000	1,600
Note payable - OSLC Foundation	10,093	-	10,093	-
Current portion of notes payable	9,946	-	9,946	9,415
Current portion of notes payable - transitional housing	4,115	-	4,115	4,115
Current portion of capital leases	9,987	-	9,987	9,509
Total current liabilities	278,666	-	278,666	173,606
Long-term liabilities:				
Notes payable, net of current maturities	33,888	-	33,888	43,826
Notes payable - transitional housing, net of current maturities	5,152	-	5,152	9,266
Capital leases, net of current portion	12,823	-	12,823	22,810
Total long - term liabilities	51,863	-	51,863	75,902
Total liabilities	330,529	-	330,529	249,508
Net assets	123,396	246,440	369,836	435,548
Total liabilities and net assets	\$ 453,925	\$ 246,440	\$ 700,365	\$ 685,056

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, 2020 AND 2019

	2020		2019	
	Without Donor Restrictions	With Donor Restrictions	Total	Total (Summarized)
Revenues:				
Contributions	\$ 389,461	\$ -	\$ 389,461	\$ 382,778
Government grants	2,186,549	-	2,186,549	2,152,339
Rent income	49,530	-	49,530	24,017
Transitional housing debt forgiveness	4,114	-	4,114	4,115
Other income	101,790	6,640	108,430	148,304
Interest income	131	-	131	51
In-kind contributions	237,786	-	237,786	266,486
Loss on fixed asset disposal	(96)	-	(96)	-
Net assets released from restrictions	16,597	(16,597)	-	-
Total revenues	2,985,862	(9,957)	2,975,905	2,978,090
Expenses:				
Program services	2,897,118	-	2,897,118	2,769,937
Management and general	78,322	-	78,322	77,371
Fundraising	66,177	-	66,177	63,737
Total expenses	3,041,617	-	3,041,617	2,911,045
Change in net assets	(55,755)	(9,957)	(65,712)	67,045
Net assets:				
Beginning of year	179,151	256,397	435,548	368,503
End of year	\$ 123,396	\$ 246,440	\$ 369,836	\$ 435,548

The accompanying notes are an integral part of these financial statements

OUR SAVIOUR'S COMMUNITY SERVICES

STATEMENTS OF FUNCTIONAL EXPENSES

YEARS ENDED MARCH 31, 2020 AND 2019

	2020				2019
	English Learning Center (ELC)	Our Saviour's Housing (OSH)	Total Program	General Administrative and Fundraising	Total (Summarized)
Expenses:					
Salary and wages	\$ 242,766	\$ 786,572	\$ 1,029,338	\$ 52,017	\$ 1,121,274
Stipendiary workers	5,000	30,000	35,000	-	35,000
Workers compensation insurance	3,793	11,204	14,997	903	16,652
Payroll taxes	18,568	60,213	78,781	3,047	84,367
Employee benefits	24,969	86,188	111,157	7,578	122,199
Other staff expenses	1,652	5,425	7,077	380	7,603
Communications	2,023	8,115	10,138	1,126	22,631
Computer repairs and related	544	4,306	4,850	269	5,388
Copier lease and maintenance	3,626	604	4,230	604	6,043
Depreciation expense	5,748	24,866	30,614	261	31,091
Indirect operating expenses	4,413	18,250	22,663	807	24,277
Insurance expense	1,405	6,481	7,886	718	9,322
Occupancy and related	34,329	120,392	154,721	1,621	157,669
Professional fees	-	-	-	5,547	5,547
Program expenses	12,090	1,108,228	1,120,318	-	1,120,318
COVID-19 expenses	-	7	7	-	7
Volunteer instructors	139,612	-	139,612	-	139,612
Donated meals	-	98,174	98,174	-	98,174
Telecommunications	3,906	23,649	27,555	3,444	34,443
Total expenses	\$ 504,444	\$ 2,392,674	\$ 2,897,118	\$ 78,322	\$ 3,041,617
				\$ 66,177	\$ 2,911,045

The accompanying notes are an integral part of these financial statements

OUR SAVIOUR'S COMMUNITY SERVICES

STATEMENTS OF CASH FLOWS

YEARS ENDED MARCH 31, 2020 AND 2019

	2020	2019 (Summarized)
Cash flows from operating activities:		
Contributions and grants	\$ 2,723,241	\$ 2,696,552
Interest received	131	51
Interest paid	(5,266)	(1,726)
Program, administrative and fundraising services	(2,668,371)	(2,626,050)
Net cash flows from operating activities	49,735	68,827
Cash flows from investing activities:		
Purchase of fixed assets	(4,163)	(21,722)
Cash flows from financing activities:		
Proceeds from note payable - OSLC Foundation	40,000	-
Principal payments notes payable - OSLC Foundation	(29,907)	-
Principal payments notes payable	(9,407)	(8,910)
Principal payments on capital leases	(9,509)	(8,702)
Net cash flows from financing activities	(8,823)	(17,612)
Net change in cash and cash equivalents	36,749	29,493
Cash and cash equivalents:		
Beginning of year	60,692	31,199
End of year	\$ 97,441	\$ 60,692

The accompanying notes are an integral part of these financial statements

OUR SAVIOUR'S COMMUNITY SERVICES

NOTES OF FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2020 AND 2019

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, 2020 AND 2019

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, 2019, from which the summarized information was derived.

Reclassifications

Certain reclassifications have been made to the 2019 financial statements to conform to the 2020 presentation. These reclassifications had no effect on the change in net assets.

Recently Adopted Accounting Pronouncement

In 2020 the Organization adopted Accounting Standards Update (ASU) No. 2018-08 – *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This update clarified the guidance for evaluating whether a transaction is a reciprocal (i.e., an exchange transaction) or nonreciprocal (i.e., a contribution) and for distinguishing between conditional and unconditional contributions. The adoption of this guidance did not have a material impact on the Organization's financial statements.

Recently Issued Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. The new guidance will require all leases to be recorded as assets and liabilities on the statement of financial position. This update would require capitalization of the "right to use" an asset and recognition of an obligation for future lease payments for most leases currently classified as operating leases. Other leases currently classified as capital leases will be referred to as financing leases and will continue to be recorded as assets and liabilities in a similar manner. In June 2020, the FASB issued ASU 2020-05, which defers the effective date one year making it effective for reporting periods beginning after December 15, 2021, with early adoption permitted. The Organization is currently evaluating the impact this standard will have on its financial statements.

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OUR SAVIOUR'S COMMUNITY SERVICES

NOTES OF FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2020 AND 2019

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

Recently Issued Accounting Pronouncements (Continued)

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This update will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective. The standard will affect organizations that enter into contracts with customers and provides a five-step process for determining when revenue should be recognized to match the transfer of goods or services. In June 2020, the FASB issued ASU 2020-05, which defers the effective date one year making it effective for reporting periods beginning after December 15, 2019, with early adoption permitted. The Organization is currently evaluating the impact this standard will have on its financial statements.

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 2020 and 2019.

(Continued)

OUR SAVIOUR'S COMMUNITY SERVICES

NOTES OF FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2020 AND 2019

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.

40% of accounts receivable at March 31, 2020 were due from the State of Minnesota. 15% of accounts receivable at March 31, 2019 were due from the State of Minnesota.

Concentration of Risk

In 2020, fifty-nine percent (59%) of OSCS's cash revenues were provided through grants and purchase of service agreements with the State of Minnesota. In 2020 ten percent (10%) of OSCS's cash revenues were provided through a purchase of service agreement with Minneapolis Public Schools. 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.

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OUR SAVIOUR'S COMMUNITY SERVICES

NOTES OF FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2020 AND 2019

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.

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, 2020 and 2019, 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>2020</u>	<u>2019</u> (Summarized)	<u>Useful Lives</u>
Housing	\$ 860,148	\$ 860,148	10 to 40
Vehicles	22,175	22,175	10
Furniture and equipment	<u>96,922</u>	<u>93,907</u>	3 to 7
	<u>\$ 979,245</u>	<u>\$ 976,230</u>	

(Continued)

OUR SAVIOUR'S COMMUNITY SERVICES

NOTES OF FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2020 AND 2019

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 2020, volunteer instructors contributed 4,742 hours of their time teaching in the OSCS's classrooms and virtual sessions. In fiscal year 2019, volunteer instructors contributed 6,198 hours of their time teaching in the OSCS's classrooms. Volunteer instructor services were valued at \$29.44 per hour in 2020 and \$28.15 per hour in 2019 based on research performed by Independent Sector, a nonprofit organization performing research on giving and volunteering in the United States of America. Donated hours in 2020 were impacted successively by a strong job market, a sewer pump failure in the English Learning Center, and COVID-19.

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 \$6.17 per meal in 2020 and \$6.00 per meal in 2019. In March 2020, the donated meals were stopped because of COVID-19.

(Continued)

OUR SAVIOUR'S COMMUNITY SERVICES

NOTES OF FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2020 AND 2019

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.

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 end of year	\$ 180,750
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	\$ 180,750

NOTE 3 - NOTES PAYABLE

A summary of notes payable is as follows:

	2020	2019
		(Summarized)
Note payable to Mission Investment Fund in monthly payments of \$1,009 including interest at 5.50% per annum, through May 2024, unsecured.	\$ 43,834	\$ 53,241
Less current maturities	9,946	9,415
Long-term debt	\$ 33,888	\$ 43,826

(Continued)

OUR SAVIOUR'S COMMUNITY SERVICES

NOTES OF FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2020 AND 2019

NOTE 3 - NOTES PAYABLE (Continued)

Future maturities on this obligation are as follows:

<u>Year ending March 31,</u>	
2021	\$ 9,946
2022	10,507
2023	11,099
2024	11,726
2025	556
	<u>\$ 43,834</u>

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>	
2021	\$ 4,115
2022	1,288
2023	1,288
2024	1,288
2025	1,288
	<u>\$ 9,267</u>

(Continued)

OUR SAVIOUR'S COMMUNITY SERVICES

NOTES OF FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2020 AND 2019

NOTE 4 - CAPITAL LEASES

The Organization leases copiers under capital lease agreements. Amortization of assets under capital leases is included in depreciation for 2020 and 2019.

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

	<u>2020</u>	<u>2019</u> (Summarized)
Office equipment	\$ 48,170	\$ 48,170
Less accumulated amortization	<u>26,849</u>	<u>17,215</u>
Net book value	<u>\$ 21,321</u>	<u>\$ 30,955</u>

Minimum future lease payments under capital leases are as follows:

<u>Year ending March 31,</u>	
2021	\$ 10,884
2022	9,855
2023	2,984
2024	<u>455</u>
Total minimum lease payments	\$ 24,178
Less amount representing interest	<u>\$ 1,368</u>
	\$ 22,810
Less current portion	<u>9,987</u>
Long-term portion	<u>\$ 12,823</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.

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OUR SAVIOUR'S COMMUNITY SERVICES

NOTES OF FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2020 AND 2019

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 \$28,680 in 2020 and \$26,532 in 2019.

Certain employee benefits of OSCS employees were paid OSLC employee benefit plans. Payments under this agreement totaled \$19,330 in 2020 and \$21,016 in 2019.

OSCS utilizes other services of OSLC for program and occupancy expenses. Payments for these services totaled \$11,191 in 2020 and \$9,552 in 2019.

In June 2019, Our Saviour's Lutheran Church Foundation loaned \$40,000 to OSCS. OSCS repaid this loan in payments in November and December 2018 and January 2019. This loan is unsecured, bears interest at 3.0%, and is due September 30, 2020. Interest on this loan totaled \$1,107 in 2020 and is included in interest expense in the accompanying financial statements.

In July 2018, Our Saviour's Lutheran Church Foundation loaned \$35,000 to OSCS. OSCS repaid this loan in payments in November and December 2018 and January 2019. This loan was unsecured and bore interest at 3.0%. Interest on this loan totaled \$1,051 in 2019 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 \$237,786 in 2020. In-kind contributions totaled \$266,486 in 2019.

MHFA forgave \$4,115 in principal on the notes payable - transitional housing during the fiscal year ended March 31, 2020. MHFA forgave \$4,115 in principal on the notes payable - transitional housing during the fiscal year ended March 31, 2019.

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

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OUR SAVIOUR'S COMMUNITY SERVICES

NOTES OF FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2020 AND 2019

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 \$33,206 in 2020 and \$29,877 in 2019.

NOTE 9 - SUBSEQUENT EVENTS

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) began and spread around the world, including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. Multiple jurisdictions in the U.S. have declared a state of emergency. It is anticipated that these impacts will continue for some time. As of July 31, 2020, some of the Organization's services are temporarily suspended. Future potential impacts at this time are unknown and the ultimate resolution cannot be determined at this time.

In April 2020, the Organization obtained a Paycheck Protection Program ("PPP") loan administered by the U.S. Small Business Administration through Sunrise Banks for \$224,000. The loan bears interest at 1.0%, is due in April 2022, and the loan may be forgiven if the funds are used for payroll costs, interest on mortgages, rent, and utilities in accordance with program guidance. The Organization anticipates full forgiveness of the \$224,000, but that forgiveness has not been determined at this date. The ultimate resolution cannot be determined at this time.

Subsequent events have been evaluated through July 31, 2020 which is the date the financial statements were available to be issued.