

**OUR SAVIOUR'S COMMUNITY
SERVICES**

FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2021 AND 2020

**OUR SAVIOUR'S COMMUNITY
SERVICES**

FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2021 AND 2020

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1
Financial Statements:	
Statements of Financial Position.....	3
Statements of Activities and Changes in Net Assets	5
Statements of Functional Expenses	6
Statements of Cash Flows.....	7
Notes of Financial Statements	8

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

Tel (952) 946-7900

Fax (952) 946-7901

MEMBERS

Minnesota Society of
Certified Public Accountants

American Institute of
Certified Public Accountants

MICHAEL A. CASEY, RETIRED
JOHN F. MENDEN, C.P.A.
DOUGLAS J. FAUST, C.P.A.
JOHN C. NELSON, C.P.A.
MICHAEL A. CASEY, JR., C.P.A.
SCOTT M. CALLAHAN, C.P.A.
DONALD G. LANGEWISCH, C.P.A.
PAULA M. MEIDL, C.P.A.
MICHAEL P. MENDEN, C.P.A.
JESSICA J. MAGRUM, C.P.A.
PAUL J. MCDONALD, C.P.A.
MICHAEL B. ANDERSON, C.P.A.
STEPHEN R. AUCHSTETTER, C.P.A.
BRADLEY D. BREEGGEMANN, C.P.A.
ANDREW M. CASEY
CATHY L. DALRYMPLE
BRENDA L. NAASZ
KIMBERLY A. PETTIT

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, 2021, 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, 2021, 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.

Report on Summarized Comparative Information

We have previously audited the Our Saviour's Community Services March 31, 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 31, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

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

February 11, 2022

OUR SAVIOUR'S COMMUNITY SERVICES

STATEMENTS OF FINANCIAL POSITION

MARCH 31, 2021 AND 2020

	2021		2020						
	Without Donor Restrictions	With Donor Restrictions	Total	Total (Summarized)					
<u>ASSETS</u>									
Current assets:									
Cash and savings	\$ 457,024	\$ -	\$ 457,024	\$ 97,441					
Grants and pledges receivable	62,559	-	62,559	83,309					
Prepaid expenses	106,485	-	106,485	26,195					
 Total current assets	 626,068	 -	 626,068	 206,945					
Property and equipment:									
Housing	531,561	328,587	860,148	860,148					
Vehicles	22,175	-	22,175	22,175					
Furniture and equipment	104,622	-	104,622	96,922					
	658,358	328,587	986,945	979,245					
Less accumulated depreciation	422,820	92,104	514,924	485,825					
 Total property and equipment	 235,538	 236,483	 472,021	 493,420					
<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 35%; padding: 5px;">Total assets</td> <td style="text-align: right; padding: 5px; border-bottom: 3px double black;">\$ 861,606</td> <td style="text-align: right; padding: 5px; border-bottom: 3px double black;">\$ 236,483</td> <td style="text-align: right; padding: 5px; border-bottom: 3px double black;">\$ 1,098,089</td> <td style="text-align: right; padding: 5px; border-bottom: 3px double black;">\$ 700,365</td> </tr> </table>					Total assets	\$ 861,606	\$ 236,483	\$ 1,098,089	\$ 700,365
Total assets	\$ 861,606	\$ 236,483	\$ 1,098,089	\$ 700,365					

The accompanying notes are an integral part of these financial statements

OUR SAVIOUR'S COMMUNITY SERVICES

STATEMENTS OF FINANCIAL POSITION

MARCH 31, 2021 AND 2020

	2021		2020	
	Without Donor Restrictions	With Donor Restrictions	Total	Total (Summarized)
<u>LIABILITIES AND NET ASSETS</u>				
Current liabilities:				
Accounts payable	\$ 132,934	\$ -	\$ 132,934	\$ 169,528
Deferred revenue	131,935	-	131,935	350
Accrued expenses:				
Payroll and related	99,730	-	99,730	70,647
Participation fees	3,000	-	3,000	4,000
Note payable - OSLC Foundation	-	-	-	10,093
Current portion of notes payable	10,507	-	10,507	9,946
Current portion of notes payable - transitional housing	1,288	-	1,288	4,115
Current portion of capital leases	9,546	-	9,546	9,987
	388,940	-	388,940	278,666
Total current liabilities				
Long-term liabilities:				
Notes payable, net of current maturities	23,380	-	23,380	33,888
Notes payable - transitional housing, net of current maturities	3,864	-	3,864	5,152
Capital leases, net of current portion	3,277	-	3,277	12,823
	30,521	-	30,521	51,863
Total long - term liabilities				
	419,461	-	419,461	330,529
Total liabilities				
Net assets	442,145	236,483	678,628	369,836
	442,145	236,483	678,628	369,836
Total liabilities and net assets	\$ 861,606	\$ 236,483	\$ 1,098,089	\$ 700,365

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, 2021 AND 2020

	2021		2020	
	Without Donor Restrictions	With Donor Restrictions	Total	Total (Summarized)
Revenues:				
Contributions	\$ 429,756	\$ -	\$ 429,756	\$ 389,461
Government grants, contracts	2,091,404	-	2,091,404	2,186,549
COVID Emergency Funding	1,217,597	-	1,217,597	-
Payroll Protection Program	224,000	-	224,000	-
Rent income	42,737	-	42,737	49,530
Transitional housing debt forgiveness	4,115	-	4,115	4,114
Other income	69,478	184,280	253,758	108,430
Interest income	133	-	133	131
In-kind contributions	71,196	-	71,196	237,786
Loss on fixed asset disposal	-	-	-	(96)
Net assets released from restrictions	194,237	(194,237)	-	-
Total revenues	4,344,653	(9,957)	4,334,696	2,975,905
Expenses:				
Program services	3,885,769	-	3,885,769	2,897,118
Management and general	87,087	-	87,087	78,322
Fundraising	53,048	-	53,048	66,177
Total expenses	4,025,904	-	4,025,904	3,041,617
Change in net assets	318,749	(9,957)	308,792	(65,712)
Net assets:				
Beginning of year	123,396	246,440	369,836	435,548
End of year	<u>\$ 442,145</u>	<u>\$ 236,483</u>	<u>\$ 678,628</u>	<u>\$ 369,836</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, 2021 AND 2020

	2021				2020		
	English Learning Center (ELC)	Our Saviour's Housing (OSH)	Total Program	General and Administrative	Fundraising	Total	Total
Expenses:							(Summarized)
Salary and wages	\$ 247,786	\$ 845,494	\$ 1,093,280	\$ 59,183	\$ 37,662	\$ 1,190,125	\$ 1,121,274
Stipendiary workers	5,000	33,232	38,232	-	-	38,232	35,000
Workers compensation insurance	4,077	13,474	17,551	919	766	19,236	16,652
Payroll taxes	20,332	76,663	96,995	3,100	2,583	102,678	84,367
Employee benefits	27,991	77,262	105,253	7,711	3,525	116,489	122,199
Other staff expenses	3,431	14,725	18,156	963	148	19,267	7,603
Communications	2,330	10,266	12,596	1,400	113	14,109	22,631
Computer repairs and related	350	6,800	7,150	397	397	7,944	5,388
Copier lease and maintenance	2,290	382	2,672	382	763	3,817	6,043
Depreciation expense	5,700	26,569	32,269	261	216	32,746	31,091
Indirect operating expenses	4,654	20,382	25,036	821	821	26,678	24,277
Insurance expense	1,556	7,145	8,701	729	729	10,159	9,322
Occupancy and related	24,388	118,132	142,520	1,621	1,327	145,468	157,669
Professional fees	-	-	-	5,602	-	5,602	5,547
Program expenses	36,066	1,146,818	1,182,884	-	-	1,182,884	1,120,318
COVID-19 expenses	-	999,295	999,295	-	-	999,295	7
Volunteer services	28,242	25,775	54,017	-	-	54,017	139,612
Donated meals	-	17,179	17,179	-	-	17,179	98,174
Telecommunications	5,169	26,814	31,983	3,998	3,998	39,979	34,443
Total expenses	\$ 419,362	\$ 3,466,407	\$ 3,885,769	\$ 87,087	\$ 53,048	\$ 4,025,904	\$ 3,041,617

The accompanying notes are an integral part of these financial statements

OUR SAVIOUR'S COMMUNITY SERVICES

STATEMENTS OF CASH FLOWS

YEARS ENDED MARCH 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u> (Summarized)
Cash flows from operating activities:		
Contributions and grants	\$ 4,411,587	\$ 2,723,241
Interest received	133	131
Interest paid	(3,058)	(5,266)
Program, administrative and fundraising services	<u>(4,007,705)</u>	<u>(2,668,371)</u>
Net cash flows from operating activities	<u>400,957</u>	<u>49,735</u>
Cash flows from investing activities:		
Purchase of fixed assets	<u>(11,347)</u>	<u>(4,163)</u>
Cash flows from financing activities:		
Proceeds from note payable - OSLC Foundation	-	40,000
Principal payments notes payable - OSLC Foundation	(10,093)	(29,907)
Principal payments notes payable	(9,947)	(9,407)
Principal payments on capital leases	<u>(9,987)</u>	<u>(9,509)</u>
Net cash flows from financing activities	<u>(30,027)</u>	<u>(8,823)</u>
Net change in cash and cash equivalents	359,583	36,749
Cash and cash equivalents:		
Beginning of year	<u>97,441</u>	<u>60,692</u>
End of year	<u>\$ 457,024</u>	<u>\$ 97,441</u>

The accompanying notes are an integral part of these financial statements

OUR SAVIOUR'S COMMUNITY SERVICES

NOTES OF FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2021 AND 2020

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, 2021 AND 2020

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, 2020, from which the summarized information was derived.

Reclassifications

Certain reclassifications have been made to the 2020 financial statements to conform to the 2021 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.

On April 1, 2019, the Organization would have been required to adopt and implement ASU 2014-09 and all subsequent amendments to the ASU (collectively, "ASC 606"), which creates a single framework for recognizing revenue from contracts with customers that fall within its scope. In April 2020, the Financial Accounting Standards Board (FASB) delayed the effective dates of its standards on revenue recognition (ASC 606) by one year due to challenges related to the COVID-19 pandemic. Because of this delay, in fiscal year 2020, the Organization reported revenue as it historically had done.

In fiscal year 2021, the Organization implemented ASC 606. The adoption of this guidance did not have a material impact on the Organization's financial statements.

(Continued)

OUR SAVIOUR'S COMMUNITY SERVICES

NOTES OF FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2021 AND 2020

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

Recently Issued Accounting Pronouncements (Continued)

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.

Revenue Recognition

Contracts consist of purchase of service agreements and cost reimbursement arrangements with the State of Minnesota, federal agencies, county and city governments, Minneapolis Public School District #1, and other nonprofit organizations. Services and cost reimbursement arrangements billed under these contracts are subject to review and adjustment by the contracting party. These agreements can be canceled by either party, at any time, upon proper written notice.

Service revenues are recorded as revenue as earned. Cost reimbursement revenues are recorded as revenue as incurred. Amounts received in advance are recorded as Unearned Revenue.

Contributions are recorded as received or unconditionally pledged. Conditional contributions are recorded as Unearned Revenue. Revenue is recognized as conditions are met. The Organization has elected the Simultaneous Release Option under ASU 2018-08. Accordingly, donor-restricted contributions whose restrictions are met in the same period in which the corresponding revenue is recognized are reported as support without donor restrictions in the accompanying financial statements. All contributions are available for unrestricted use unless specifically restricted by the donor. 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.

(Continued)

OUR SAVIOUR'S COMMUNITY SERVICES

NOTES OF FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2021 AND 2020

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

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 2021 and 2020.

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.

86% of accounts receivable at March 31, 2021 were due from the State of Minnesota. 87% of accounts receivable at March 31, 2020 were due from the State of Minnesota.

(Continued)

OUR SAVIOUR'S COMMUNITY SERVICES

NOTES OF FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2021 AND 2020

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

Concentration of Risk (Continued)

In 2021, sixty-four percent (63%) of OSCS's cash revenues were provided through grants and purchase of service agreements with the State of Minnesota. In 2021, five percent (5%) of OSCS's cash revenues were provided through a purchase of service agreement with Minneapolis Public Schools. 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.

COVID-19

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. The impact of COVID-19 continues to impact the world and the Organization's operations. It is anticipated that these impacts will continue for some time. Future potential impacts at this time are unknown and the ultimate resolution cannot be determined at this time.

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 2021 and 2020 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, 2021 and 2020, OSCS had no cash equivalents.

(Continued)

OUR SAVIOUR'S COMMUNITY SERVICES

NOTES OF FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2021 AND 2020

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

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>2021</u>	<u>2020</u> (Summarized)	<u>Useful Lives</u>
Housing	\$ 860,148	\$ 860,148	10 to 40
Vehicles	22,175	22,175	10
Furniture and equipment	<u>104,622</u>	<u>96,922</u>	3 to 7
	<u>\$ 986,945</u>	<u>\$ 979,245</u>	

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 2021, volunteer instructors contributed 912 hours of their time teaching in the

(Continued)

OUR SAVIOUR'S COMMUNITY SERVICES

NOTES OF FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2021 AND 2020

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

Donated Goods and Services (Continued)

OSCS's classrooms and virtual sessions. In fiscal year 2020, volunteer instructors contributed 4,742 hours of their time teaching in the OSCS's classrooms. Volunteer instructor services were valued at \$30.98 per hour in 2021 and \$29.44 per hour in 2020 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 2021 were impacted significantly by 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 \$6.51 per meal in 2021 and \$6.17 per meal in 2020. Donated meals in 2021 were impacted significantly by COVID-19. In fiscal year 2021, volunteers contributed 832 hours of their time to Our Saviour's Housing. Volunteer services were valued at \$30.98 per hour in 2021 based on research performed by Independent Sector.

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:

(Continued)

OUR SAVIOUR'S COMMUNITY SERVICES

NOTES OF FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2021 AND 2020

NOTE 2 - FINANCIAL ASSETS AND LIQUIDITY RESOURCES (Continued)

	2021	2020
Financial assets at end of year	\$ 519,583	\$ 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	\$ 519,583	\$ 180,750

NOTE 3 - NOTES PAYABLE

A summary of notes payable is as follows:

	2021	2020
		(Summarized)
Note payable to Mission Investment Fund in monthly payments of \$1,009 including interest at 5.50% per annum, through May 2024, unsecured.	\$ 33,887	\$ 43,834
Less current maturities	10,507	9,946
Long-term debt	\$ 23,380	\$ 33,888

Future maturities on this obligation are as follows:

Year ending March 31,	
2022	\$ 10,507
2023	11,099
2024	11,726
2025	549
	\$ 33,887

(Continued)

OUR SAVIOUR'S COMMUNITY SERVICES

NOTES OF FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2021 AND 2020

NOTE 3 - NOTES PAYABLE – TRANSITIONAL HOUSING (Continued)

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>	
2022	\$ 1,288
2023	1,288
2024	1,288
2025	1,288
	<u>\$ 5,152</u>

NOTE 4 – PAYCHECK PROTECTION PROGRAM LOAN

OSCS took out a \$224,000 Paycheck Protection Program (PPP) loan in April 2020. OSCS accounted for the PPP Loan as a conditional contribution in accordance with ASC 958-605. Consistent with ASC 958-605 OSCS recognized the contribution as qualifying expenses were incurred. The PPP Loan was formally forgiven supporting that the conditions for forgiveness had been met.

NOTE 5 - CAPITAL LEASES

The Organization leases copiers under capital lease agreements. Amortization of assets under capital leases is included in depreciation for 2021 and 2020.

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

	<u>2021</u>	<u>2020</u>
Office equipment	\$ 48,170	(Summarized) \$ 48,170
Less accumulated amortization	<u>26,849</u>	<u>26,849</u>
Net book value	<u>\$ 21,321</u>	<u>\$ 21,321</u>

(Continued)

OUR SAVIOUR'S COMMUNITY SERVICES

NOTES OF FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2021 AND 2020

NOTE 5 - CAPITAL LEASES (Continued)

Minimum future lease payments under capital leases are as follows:

<u>Year ending March 31,</u>	
2022	\$ 9,855
2023	2,984
2024	455
Total minimum lease payments	<u>\$ 13,294</u>
Less amount representing interest	<u>\$ 471</u>
	\$ 12,823
Less current portion	<u>9,546</u>
Long-term portion	<u><u>\$ 3,277</u></u>

NOTE 6 - 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 7 - 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 \$30,684 in 2021 and \$28,740 in 2020.

Certain employee benefits of a OSCS employee were paid OSLC employee benefit plans. Payments under this agreement totaled \$1,595 in 2021 and \$19,330 in 2020.

(Continued)

OUR SAVIOUR'S COMMUNITY SERVICES

NOTES OF FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2021 AND 2020

NOTE 7 - OUR SAVIOUR'S LUTHERAN CHURCH (Continued)

OSCS utilizes other services of OSLC for program and occupancy expenses. Payments for these services totaled \$9,384 in 2021 and \$11,191 in 2020.

In June 2019, Our Saviour's Lutheran Church Foundation loaned \$40,000 to OSCS. OSCS repaid in fiscal years 2021 and 2020. This loan was unsecured, bore interest at 3.0%, and was due September 30, 2020. Interest on this loan totaled \$88 in 2021 and \$1,107 in 2020 and is included in interest expense in the accompanying financial statements.

NOTE 8 - SUPPLEMENTAL CASH FLOW DISCLOSURES – NON-CASH ACTIVITY

In-kind contributions of donated services and meals consist of non-cash contributions. In-kind contributions totaled \$71,196 in 2021. In-kind contributions totaled \$237,786 in 2020.

MHFA forgave \$4,115 in principal on the notes payable - transitional housing during the fiscal year ended March 31, 2021. MHFA forgave \$4,114 in principal on the notes payable - transitional housing during the fiscal year ended March 31, 2020.

NOTE 9 - 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 \$26,381 in 2021 and \$33,206 in 2020.

NOTE 10 - SUBSEQUENT EVENTS

Subsequent events have been evaluated through February 11, 2022, which is the date the financial statements were available to be issued.