

**OUR SAVIOUR'S COMMUNITY  
SERVICES**

FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2022 AND 2021

# OUR SAVIOUR'S COMMUNITY SERVICES

## FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2022 AND 2021

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## **INDEPENDENT AUDITOR'S REPORT**

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

### **Opinion**

We have audited the accompanying financial statements of Our Saviour's Community Services, which comprise the statement of financial position as of March 31, 2022, 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.

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

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Our Saviour's Community Services and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Responsibilities of Management for the Financial Statements**

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Our Saviour's Community Services' ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Our Saviour's Community Services' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Our Saviour's Community Services' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

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

We have previously audited Our Saviour's Community Services' 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 11, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

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

September 7, 2022

# OUR SAVIOUR'S COMMUNITY SERVICES

## STATEMENTS OF FINANCIAL POSITION

MARCH 31, 2022 AND 2021

	2022			2021
	Without Donor Restrictions	With Donor Restrictions	Total	Total (Summarized)
<u>ASSETS</u>				
Current assets:				
Cash and savings	\$ 190,391	\$ -	\$ 190,391	\$ 457,024
Grants and pledges receivable	167,661	-	167,661	62,559
Prepaid expenses	32,279	-	32,279	106,485
Total current assets	390,331	-	390,331	626,068
Property and equipment:				
Housing	929,329	212,763	1,142,092	860,148
Vehicles	22,175	-	22,175	22,175
Furniture and equipment	90,140	-	90,140	104,622
	1,041,644	212,763	1,254,407	986,945
Less accumulated depreciation	527,432	4,298	531,730	514,924
Total property and equipment	514,212	208,465	722,677	472,021
Total assets	\$ 904,543	\$ 208,465	\$ 1,113,008	\$ 1,098,089

The accompanying notes are an integral part of these financial statements

# OUR SAVIOUR'S COMMUNITY SERVICES

## STATEMENTS OF FINANCIAL POSITION

MARCH 31, 2022 AND 2021

	2022			2021
	Without Donor Restrictions	With Donor Restrictions	Total	Total  (Summarized)
<u>LIABILITIES AND NET ASSETS</u>				
Current liabilities:				
Accounts payable	\$ 152,185	\$ -	\$ 152,185	\$ 132,934
Deferred revenue	35,824	-	35,824	131,935
Accrued expenses:				
Payroll and related	92,562	-	92,562	99,730
Participation fees	1,200	-	1,200	3,000
Current portion of note payable - OSLC Foundation	-	-	-	-
Current portion of note payable - Mission Investment Fund	11,009	-	11,009	10,507
Current portion of notes payable - transitional housing	1,288	-	1,288	1,288
Current portion of capital leases	7,498	-	7,498	9,546
	301,566	-	301,566	388,940
Total current liabilities				
Long-term liabilities:				
Note payable - OSLC Foundation net of current maturities	80,000	-	80,000	-
Note payable - Mission Investment Fund net of current maturities	12,373	-	12,373	23,380
Notes payable - transitional housing, net of current maturities	2,576	-	2,576	3,864
Capital leases, net of current portion	3,510	-	3,510	3,277
	98,459	-	98,459	30,521
Total long - term liabilities	98,459	-	98,459	30,521
Total liabilities	400,025	-	400,025	419,461
Net assets	504,518	208,465	712,983	678,628
Total liabilities and net assets	\$ 904,543	\$ 208,465	\$ 1,113,008	\$ 1,098,089

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, 2022 AND 2021

	2022		2021	
	Without Donor Restrictions	With Donor Restrictions	Total	Total (Summarized)
<b>Revenues:</b>				
Contributions	\$ 540,498	\$ -	\$ 540,498	\$ 429,756
Government grants, contracts	1,936,928	-	1,936,928	2,091,404
COVID Emergency Funding	198,878	-	198,878	1,217,597
Payroll Protection Program	-	-	-	224,000
Medical respite	75,000	-	75,000	-
Rent income	33,813	-	33,813	42,737
Transitional housing debt forgiveness	1,289	-	1,289	4,115
Other income	58,869	217,111	275,980	253,758
Interest income	80	-	80	133
In-kind contributions	195,857	-	195,857	71,196
Loss on fixed asset disposal	-	-	-	-
Net assets released from restrictions	245,129	(245,129)	-	-
<b>Total revenues</b>	<b>3,286,341</b>	<b>(28,018)</b>	<b>3,258,323</b>	<b>4,334,696</b>
<b>Expenses:</b>				
Program services	3,074,727	-	3,074,727	3,885,769
Management and general	91,346	-	91,346	87,087
Fundraising	57,895	-	57,895	53,048
<b>Total expenses</b>	<b>3,223,968</b>	<b>-</b>	<b>3,223,968</b>	<b>4,025,904</b>
<b>Change in net assets</b>	<b>62,373</b>	<b>(28,018)</b>	<b>34,355</b>	<b>308,792</b>
<b>Net assets:</b>				
Beginning of year	442,145	236,483	678,628	369,836
End of year	\$ 504,518	\$ 208,465	\$ 712,983	\$ 678,628

The accompanying notes are an integral part of these financial statements

# OUR SAVIOUR'S COMMUNITY SERVICES

## STATEMENTS OF FUNCTIONAL EXPENSES

YEARS ENDED MARCH 31, 2022 AND 2021

	2022					2021	
	English Learning Center (ELC)	Our Saviour's Housing (OSH)	Total Program	General and Administrative	Fundraising	Total	Total (Summarized)
Expenses:							
Salary and wages	\$ 215,792	\$ 920,111	\$ 1,135,903	\$ 56,273	\$ 35,810	\$ 1,227,986	\$ 1,190,125
Stipendiary workers	-	19,964	19,964	-	-	19,964	38,232
Workers compensation insurance	4,639	15,292	19,931	982	818	21,731	19,236
Payroll taxes	17,493	77,782	95,275	3,310	2,758	101,343	102,678
Employee benefits	29,379	103,773	133,152	8,242	3,768	145,162	116,489
Other staff expenses	5,119	21,984	27,103	1,506	1,506	30,115	19,267
Communications	1,750	7,555	9,305	1,060	239	10,604	14,109
Computer repairs and related	5,446	10,343	15,789	877	877	17,543	7,944
Copier lease and maintenance	2,423	404	2,827	404	808	4,039	3,817
Depreciation expense	3,118	28,352	31,470	3,934	3,934	39,338	32,746
Indirect operating expenses	3,026	17,967	20,993	2,278	878	24,149	26,678
Insurance expense	1,781	8,060	9,841	780	780	11,401	10,159
Occupancy and related	33,924	164,294	198,218	1,621	1,327	201,166	145,468
Professional fees	-	-	-	5,687	-	5,687	5,602
Program expenses	15,522	990,901	1,006,423	-	-	1,006,423	1,182,884
COVID-19 expenses	-	117,541	117,541	-	-	117,541	999,295
Volunteer services	135,689	29,226	164,915	-	-	164,915	54,017
Donated meals	-	30,942	30,942	-	-	30,942	17,179
Telecommunications	6,656	28,479	35,135	4,392	4,392	43,919	39,979
<b>Total expenses</b>	<b>\$ 481,757</b>	<b>\$ 2,592,970</b>	<b>\$ 3,074,727</b>	<b>\$ 91,346</b>	<b>\$ 57,895</b>	<b>\$ 3,223,968</b>	<b>\$ 4,025,904</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, 2022 AND 2021

	<u>2022</u>	<u>2021</u> (Summarized)
Cash flows from operating activities:		
Contributions and grants	\$ 2,859,885	\$ 4,411,587
Interest received	80	133
Interest paid	(1,902)	(3,058)
Program, administrative and fundraising services	<u>(2,902,382)</u>	<u>(4,007,705)</u>
Net cash flows from operating activities	<u>(44,319)</u>	<u>400,957</u>
Cash flows from investing activities:		
Purchase of fixed assets	<u>(289,994)</u>	<u>(11,347)</u>
Cash flows from financing activities:		
Proceeds from note payable - OSLC Foundation	80,000	-
Principal payments notes payable - OSLC Foundation	-	(10,093)
Principal payments notes payable	(10,505)	(9,947)
Principal payments on capital leases	<u>(1,815)</u>	<u>(9,987)</u>
Net cash flows from financing activities	<u>67,680</u>	<u>(30,027)</u>
Net change in cash and cash equivalents	(266,633)	359,583
Cash and cash equivalents:		
Beginning of year	<u>457,024</u>	<u>97,441</u>
End of year	<u>\$ 190,391</u>	<u>\$ 457,024</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, 2022 AND 2021

### 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, 2022 AND 2021

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

#### Recent 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.

The Organization adopted 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. The majority of the Organization's revenues come from service agreements with government agencies for providing developmental achievement services to clients with disabilities. Each entity is billed for each of its participants for the number of days in which the participant was enrolled in the Organization's programs. The adoption of this new guidance did not have a material impact on the Organization's financial statements and had no impact on the prior year accompanying financial statements.

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 leases 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.

(Continued)

# OUR SAVIOUR'S COMMUNITY SERVICES

## NOTES OF FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2022 AND 2021

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

#### Revenue Recognition (Continued)

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.

#### 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 2022 and 2021.

#### 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

(Continued)

# OUR SAVIOUR'S COMMUNITY SERVICES

## NOTES OF FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2022 AND 2021

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

#### Concentration of Risk (Continued)

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.

55% of accounts receivable at March 31, 2022 were due from the State of Minnesota. 45% of accounts receivable at March 31, 2022 were due from Fairview Health Services. 86% of accounts receivable at March 31, 2021 were due from the State of Minnesota.

In 2022, 72% of OSCS's cash revenues were provided through grants and purchase of service agreements with the State of Minnesota. In 2022, 11% of OSCS's cash revenues were provided through a purchase of service agreement with Minneapolis Public Schools. In 2021, 63% of OSCS's cash revenues were provided through grants and purchase of service agreements with the State of Minnesota. In 2021, 5% 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.

(Continued)

# OUR SAVIOUR'S COMMUNITY SERVICES

## NOTES OF FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2022 AND 2021

### 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 2022 and 2021 financial statements.

#### Cash Equivalents

For purposes of the statement of cash flows, OSCS considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. At March 31, 2022 and 2021, 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>2022</u>	<u>2021</u> (Summarized)	<u>Useful Lives</u>
Housing	\$ 1,142,092	\$ 860,148	10 to 40
Vehicles	22,175	22,175	10
Furniture and equipment	<u>90,140</u>	<u>104,622</u>	3 to 7
	<u>\$ 1,254,407</u>	<u>\$ 986,945</u>	

(Continued)

# OUR SAVIOUR'S COMMUNITY SERVICES

## NOTES OF FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2022 AND 2021

### 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 2022, volunteer instructors contributed 4,197 hours of their time teaching in the OSCS's classrooms and virtual sessions. In fiscal year 2021, volunteer instructors contributed 912 hours of their time teaching in the OSCS's classrooms. Volunteer instructor services were valued at \$32.33 per hour in 2022 and \$30.98 per hour in 2021 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 \$7.28 per meal in 2022 and \$6.51 per meal in 2021. In fiscal year 2022, volunteers contributed 904 hours of their time to Our Savior's Housing. In fiscal year 2021, volunteers contributed 832 hours of their time to Our Saviour's Housing. Volunteer services were valued at \$32.33 and \$30.98 per hour in 2022 and 2021 based on research performed by Independent Sector. Donated meals in 2021 were impacted significantly by COVID-19.

### 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

(Continued)

# OUR SAVIOUR'S COMMUNITY SERVICES

## NOTES OF FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2022 AND 2021

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

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:

	<u>2022</u>	<u>2021</u>
Financial assets at end of year	\$ 358,052	\$ 519,583
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	<u>\$ 358,052</u>	<u>\$ 519,583</u>

(Continued)

# OUR SAVIOUR'S COMMUNITY SERVICES

## NOTES OF FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2022 AND 2021

### NOTE 3 - NOTES PAYABLE

A summary of notes payable is as follows:

	2022	2021 (Summarized)
Note payable to OSLC Foundation in monthly payments of \$3,438.50, commencing on April 1, 2023, including interest at 3.00% per annum, through March 31, 2025, unsecured.	\$ 80,000	\$ -
Note payable to Mission Investment Fund in monthly payments of \$1,009 including interest at 5.50% per annum, through May 2024, unsecured.	23,382	33,887
Less current maturities	11,009	10,507
Long-term debt	\$ 92,373	\$ 23,380

Future maturities on this obligation are as follows:

Year ending March 31,	
2023	\$ 11,099
2024	21,466
2025	40,246
2026	30,571
2027	-
	\$ 103,382

### NOTE 4 - 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:

(Continued)

# OUR SAVIOUR'S COMMUNITY SERVICES

## NOTES OF FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2022 AND 2021

### NOTE 4 - NOTES PAYABLE – TRANSITIONAL HOUSING (Continued)

<u>Year ending March 31,</u>	
2023	\$ 1,288
2024	1,288
2025	1,288
2026	-
	<u>\$ 3,864</u>

### NOTE 5 – 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 6 - CAPITAL LEASES

The Organization leases copiers under capital lease agreements. Amortization of assets under capital leases is included in depreciation for 2022 and 2021.

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

	<u>2022</u>	<u>2021</u>
Office equipment	\$ 38,685	\$ 48,170
Less accumulated amortization	<u>27,677</u>	<u>26,849</u>
Net book value	<u>\$ 11,008</u>	<u>\$ 21,321</u>

(Continued)

# OUR SAVIOUR'S COMMUNITY SERVICES

## NOTES OF FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2022 AND 2021

### NOTE 6 - CAPITAL LEASES (Continued)

Minimum future lease payments under capital leases are as follows:

<u>Year ending March 31,</u>	
2023	\$ 6,272
2024	3,743
2025	<u>1,918</u>
Total minimum lease payments	\$ 11,933
Less amount representing interest	<u>(928)</u>
	\$ 11,008
Less current portion	<u>7,498</u>
Long-term portion	<u><u>\$ 3,510</u></u>

### NOTE 7 - CITY OF MINNEAPOLIS GRANTS

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 had a contingent liability to the City of Minneapolis through October 14, 2021. During the period of the contingent liability relating to this grant the Organization reflected the rehabilitation expenditures, net of depreciation, as assets with donor restrictions in the accompanying financial statements. The conditional liability was satisfied during fiscal year 2022 and the rehabilitation expenditures, net of depreciation, have been moved to assets without restrictions.

In 2020, the Organization received a grant through the City of Minneapolis to rehabilitate its emergency shelter housing facility at 2219 Chicago Avenue. The monies used for this grant were Emergency Solutions Grant monies passed through to the Organization from allocations from the United States Department of Housing and Urban Development. Rehabilitation expenditures under this grant totaled \$225,081 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 for three years through July 1, 2024. The Organization spent \$12,318 of the grant on mattresses that were expensed in the year. The Organization is depreciating the capitalized rehabilitation expenditures of \$212,763 over the remaining 33-year useful life assigned to 2219 Chicago Avenue. During the period of the contingent liability relating to this grant the Organization is reflecting the rehabilitation expenditures, net of depreciation, as assets with donor restrictions in the accompanying financial statements.

(Continued)

# OUR SAVIOUR'S COMMUNITY SERVICES

## NOTES OF FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2022 AND 2021

### NOTE 8 - 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 \$30,384 in 2022 and \$30,684 in 2021.

Certain employee benefits of a OSCS employee were paid by OSLC employee benefit plans. Payments under this agreement totaled \$ - 0 - in 2022 and \$1,595 in 2021.

OSCS utilizes other services of OSLC for program and occupancy expenses. Payments for these services totaled \$9,384 in 2022 and \$9,384 in 2021.

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 \$ - 0 - and \$88 in 2021 and is included in interest expense in the accompanying financial statements.

In January 2022, Our Saviour's Lutheran Church Foundation loaned \$80,000 to Our Saviour's Community Services. The loan bears interest at an annual rate of 3%. Until March 31, 2023, no payments of principal or interest is due, with the exception of two semi-annual interest payments in the amount of \$1,200, which will be payable on September 30, 2022 and March 31, 2023. Repayment of the loan will commence April 1, 2023 in 24 monthly installments of \$3,438.50.

### NOTE 9 - SUPPLEMENTAL CASH FLOW DISCLOSURES – NON-CASH ACTIVITY

In-kind contributions of donated services and meals consist of non-cash contributions. In-kind contributions totaled \$195,857 in 2022. In-kind contributions totaled \$71,196 in 2021.

MHFA forgave \$1,289 of principal on the notes payable - transitional housing during the fiscal year ended March 31, 2022. MHFA forgave \$4,115 of principal on the notes payable - transitional housing during the fiscal year ended March 31, 2021.

### NOTE 10 - 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 2022 and \$26,381 in 2021.

(Continued)

# **OUR SAVIOUR'S COMMUNITY SERVICES**

## **NOTES OF FINANCIAL STATEMENTS**

**YEARS ENDED MARCH 31, 2022 AND 2021**

### **NOTE 11 - SUBSEQUENT EVENTS**

Subsequent events have been evaluated through September 7, 2022, which is the date the financial statements were available to be issued.