



Financial Statements
December 31, 2020 and 2019
Guild

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Independent Auditor's Report

The Board of Directors
Guild
Saint Paul, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of Guild (the Organization), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years 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 audits. We conducted our audits 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 the Organization as of December 31, 2020 and 2019, and the results of its activities and changes in net assets and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Eide Bailly LLP

Minneapolis, Minnesota
April 26, 2021

Guild
Statements of Financial Position
December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Assets		
Cash and cash equivalents	\$ 4,349,501	\$ 2,596,501
Accounts receivable	1,122,993	1,222,883
Promises to give, net	785,586	867,783
Prepaid expenses and other assets	211,622	175,073
Property and equipment, net	2,241,556	1,318,583
Beneficial interests in assets held by others	990,145	954,666
	<u>\$ 9,701,403</u>	<u>\$ 7,135,489</u>
Liabilities and Net Assets		
Accounts payable	\$ 74,793	\$ 135,519
Accrued liabilities	912,682	747,664
Deferred revenue	302,249	120,897
Notes payable	922,209	-
Paycheck Protection Program (PPP) loan	2,153,650	-
	<u>4,365,583</u>	<u>1,004,080</u>
Total liabilities		
	<u>4,365,583</u>	<u>1,004,080</u>
Net Assets		
Without donor restrictions	3,402,577	4,006,442
With donor restrictions		
Purpose of time restrictions	1,149,277	1,341,001
Perpetual in nature	783,966	783,966
	<u>1,933,243</u>	<u>2,124,967</u>
Total net assets		
	<u>5,335,820</u>	<u>6,131,409</u>
Total liabilities and net assets		
	<u>\$ 9,701,403</u>	<u>\$ 7,135,489</u>

Guild
Statements of Activities
Years Ended December 31, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue, Support, and Gains			
Program service fees			
MN healthcare programs	\$ 8,426,014	\$ -	\$ 8,426,014
County service fees	1,544,010	-	1,544,010
Housing subsidies	1,501,412	-	1,501,412
Resident fees	837,131	-	837,131
Private health insurance and private pay	105,800	-	105,800
Grants	2,308,733	-	2,308,733
Contributions	451,509	892,605	1,344,114
In-kind contributions	71,052	-	71,052
Gross event sponsorships and ticket revenue	177,899	-	177,899
Investment income	4,544	-	4,544
Gain on sale of asset	268,699	-	268,699
Other revenue	58,810	-	58,810
Net assets released from restriction	<u>1,155,463</u>	<u>(1,155,463)</u>	<u>-</u>
Total revenue, support, and gains	<u>16,911,076</u>	<u>(262,858)</u>	<u>16,648,218</u>
Expenses			
Program services	<u>14,187,576</u>	<u>-</u>	<u>14,187,576</u>
Supporting services			
Management and general	2,835,212	-	2,835,212
Fundraising	451,306	-	451,306
Fundraising events - costs to direct benefit to donors	<u>40,847</u>	<u>-</u>	<u>40,847</u>
Total supporting services	<u>3,327,365</u>	<u>-</u>	<u>3,327,365</u>
Total expenses	<u>17,514,941</u>	<u>-</u>	<u>17,514,941</u>
Change in value of beneficial interest in assets held by others	<u>-</u>	<u>71,134</u>	<u>71,134</u>
Change in Net Assets	(603,865)	(191,724)	(795,589)
Net Assets, Beginning of Year	<u>4,006,442</u>	<u>2,124,967</u>	<u>6,131,409</u>
Net Assets, End of Year	<u><u>\$ 3,402,577</u></u>	<u><u>\$ 1,933,243</u></u>	<u><u>\$ 5,335,820</u></u>

Guild
Statements of Activities
Years Ended December 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Support, and Gains			
Program service fees			
MN healthcare programs	\$ 9,020,398	\$ -	\$ 9,020,398
County service fees	1,669,754	-	1,669,754
Housing subsidies	1,022,330	-	1,022,330
Resident fees	759,650	-	759,650
Private health insurance and private pay	160,093	-	160,093
Grants	2,272,144	-	2,272,144
Contributions	339,093	1,184,538	1,523,631
In-kind contributions	71,680	-	71,680
Gross event sponsorships and ticket revenue	108,180	-	108,180
Investment income	18,726	-	18,726
Other revenue	72,300	-	72,300
Net assets released from restriction	1,225,740	(1,225,740)	-
Total revenue, support, and gains	16,740,088	(41,202)	16,698,886
Expenses			
Program services	13,524,062	-	13,524,062
Supporting services			
Management and general	2,457,257	-	2,457,257
Fundraising	379,484	-	379,484
Fundraising events - costs to direct benefit to donors	151,297	-	151,297
Total supporting services	2,988,038	-	2,988,038
Total expenses	16,512,100	-	16,512,100
Change in value of beneficial interest in assets held by others	-	130,618	130,618
Change in Net Assets	227,988	89,416	317,404
Net Assets, Beginning of Year	3,778,454	2,035,551	5,814,005
Net Assets, End of Year	\$ 4,006,442	\$ 2,124,967	\$ 6,131,409

Guild
Statements of Functional Expenses
Years Ended December 31, 2020

		Supporting Services			
	Program Services	Management and General	Fundraising	Total Supporting Services	Totals
Salaries	\$ 8,159,776	\$ 1,610,113	\$ 350,614	\$ 1,960,727	\$ 10,120,503
Benefits and Payroll Taxes	2,118,284	395,054	61,276	456,330	2,574,614
	10,278,060	2,005,167	411,890	2,417,057	12,695,117
Client Assistance	2,081,313	16	62	78	2,081,391
Professional Fees	455,950	311,556	2,776	314,332	770,282
Occupancy	54,202	277,853	-	277,853	332,055
Travel	178,972	9,813	1,210	11,023	189,995
Program and Development					
Supplies	29,523	57,567	62,612	120,179	149,702
Telephone	130,322	20,506	1,547	22,053	152,375
Insurance Expense	153,995	29,019	2,395	31,414	185,409
Building and Grounds					
Maintenance	103,231	4,205	4	4,209	107,440
Equipment Rental and					
Maintenance	44,542	3,435	15	3,450	47,992
Food	44,659	-	-	-	44,659
Maintenance Supplies	9,262	2,484	-	2,484	11,746
Office Supplies	247,085	56,305	35	56,340	303,425
Postage	4,133	4,275	1,414	5,689	9,822
Bad Debt	169,466	-	(9,475)	(9,475)	159,991
Interest	-	10,302	-	10,302	10,302
Other	75,259	30,569	16,458	47,027	122,286
Total Expenses Before					
Depreciation and					
Amortization	14,059,974	2,823,072	490,943	3,314,015	17,373,989
Depreciation and Amortization	127,602	12,140	1,210	13,350	140,952
Total expenses	<u>\$ 14,187,576</u>	<u>\$ 2,835,212</u>	<u>\$ 492,153</u>	<u>\$ 3,327,365</u>	<u>\$ 17,514,941</u>

Guild
Statements of Functional Expenses
Years Ended December 31, 2019

	Program Services	Management and General	Fundraising	Total Supporting Services	Totals
Salaries	\$ 7,751,294	\$ 1,439,106	\$ 238,827	\$ 1,677,933	\$ 9,429,227
Benefits and Payroll Taxes	2,152,941	366,962	47,905	414,867	2,567,808
	9,904,235	1,806,068	286,732	2,092,800	11,997,035
Client Assistance	1,893,463	-	-	-	1,893,463
Professional Fees	387,823	372,835	15,866	388,701	776,524
Occupancy	308,361	75,127	-	75,127	383,488
Travel	336,001	15,051	7,764	22,815	358,816
Program and Development					
Supplies	10,143	30,568	138,665	169,233	179,376
Telephone	87,080	29,722	1,053	30,775	117,855
Insurance Expense	96,908	19,200	-	19,200	116,108
Building and Grounds					
Maintenance	105,361	8,547	-	8,547	113,908
Equipment Rental and					
Maintenance	20,428	6,157	-	6,157	26,585
Food	55,882	4,382	-	4,382	60,264
Maintenance Supplies	46,349	55,460	-	55,460	101,809
Office Supplies	34,520	16,456	905	17,361	51,881
Postage	6,338	2,040	1,630	3,670	10,008
Bad Debt	76,843	1,388	67,056	68,444	145,287
Interest	1,455	814	-	814	2,269
Other	13,317	1,302	9,900	11,202	24,519
Total Expenses Before					
Depreciation and					
Amortization	13,384,507	2,445,117	529,571	2,974,688	16,359,195
Depreciation and Amortization	139,555	12,140	1,210	13,350	152,905
Total expenses	<u>\$ 13,524,062</u>	<u>\$ 2,457,257</u>	<u>\$ 530,781</u>	<u>\$ 2,988,038</u>	<u>\$ 16,512,100</u>

Guild
Statements of Cash Flows
Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash Flows from Operating Activities		
Change in net assets	\$ (795,589)	\$ 317,404
Adjustments to reconcile change in net assets to net cash and cash equivalents from (used for) operating activities		
Depreciation and amortization	140,952	152,905
Bad debt expense	159,991	145,287
Gain on sale of assets	(259,280)	-
Change in value of beneficial interests in assets held by others	(35,479)	(95,675)
Changes in operating assets and liabilities		
Accounts receivable	(60,101)	(145,803)
Promises to give, net	82,197	53,689
Prepaid expenses and other assets	(36,549)	8,167
Accounts payable	(60,726)	122,891
Accrued liabilities	165,018	39,945
Deferred revenue	181,352	110,078
Net Cash used for (from) Operating Activities	<u>(518,214)</u>	<u>708,888</u>
Cash Flows from (used for) Investing Activities		
Proceeds from sale of property and equipment	419,000	-
Purchase of property and equipment	(1,223,645)	(7,219)
Net Cash used for Investing Activities	<u>(804,645)</u>	<u>(7,219)</u>
Cash Flows from (used for) Financing Activities		
Payments on notes payable	-	(44,237)
Proceeds from notes payable	922,209	-
Proceeds from Payroll Protection Program (PPP) loan	2,153,650	-
Net Cash from (used for) Financing Activities	<u>3,075,859</u>	<u>(44,237)</u>
Net Change in Cash and Cash Equivalents	1,753,000	657,432
Cash and Cash Equivalents, Beginning of Year	<u>2,596,501</u>	<u>1,939,069</u>
Cash and Cash Equivalents, End of Year	<u>\$ 4,349,501</u>	<u>\$ 2,596,501</u>
Supplemental Disclosures of Cash Flow Information		
Cash paid for interest	<u>\$ 10,302</u>	<u>\$ 2,268</u>

Note 1 - Principal Activity and Significant Accounting Policies

Organization

Guild (the Organization) is a health and human services organization that exists to help people with mental illness lead quality lives. The Organization was incorporated in 1990 as a Minnesota nonprofit corporation.

The Organization provides an array of individually tailored health and human services. The mission is fulfilled when individuals served:

- Live in safe, affordable housing and homelessness is prevented;
- Maintain their optimum physical and mental health;
- Find suitable employment or pursue education;
- Have recreation and socializing opportunities; and
- Report a sense of satisfaction with their quality of life, security, and hope for the future.

Cash and Cash Equivalents

All cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, are considered to be cash and cash equivalents. Cash and highly liquid financial instruments that are limited as to use are excluded from this definition.

Accounts Receivable and Credit Policies

Accounts receivable consists primarily of noninterest-bearing amounts due for program service fees provided. Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for estimated uncollectible amounts through a charge to expense and a credit to a valuation allowance based on its assessment of the current status of individual accounts as well as historical trends. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. At December 31, 2020 and 2019, the Organization had an allowance of \$85,000.

Promises to Give

The Organization records unconditional promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statements of activities. Allowance for uncollectable promises to give is determined based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectable. At December 31, 2020 and 2019, the allowance was \$30,000 and \$53,250, respectively.

Property and Equipment

Property and equipment additions over \$1,500 are recorded at cost, or if donated, at fair value on the date of donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets ranging from 3 to 30 years, or in the case of capitalized leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

The Organization reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the years ended December 31, 2020 and 2019.

Beneficial Interest in Assets Held by Others

The Organization has established the Guild Endowment Fund with The Saint Paul Foundation (TSPF or the Foundation). The fund was established as an endowment fund under terms of a separate fund agreement by the transfer of net assets with donor restrictions that are perpetual in nature. The plan governing the administration of the funds indicates TSPF has the power to modify the beneficiary, the purpose, and the timing of the distributions, if the distributions become unnecessary, the Organization becomes incapable of fulfilling the purpose of the distributions, or the distributions become inconsistent with TSPF investment policies or the charitable needs served by TSPF. However, the funds were established in a reciprocal arrangement in which the Board and management expect the Organization to continue to be the beneficiary of the funds in the future. Accordingly, the estimated fair values of the funds have been recognized by the Organization as Beneficial Interests in Assets Held by Others. The amount of principal originally contributed to a given fund is classified as net assets with donor restrictions that are perpetual in nature.

Under terms of the agreements which established the funds, TSPF holds, administers, and invests the assets which have been transferred to it, and distributes net income and principal of the trusts in accordance with TSPF distribution policy. Annual adjustments to the fair values of the amounts reported as beneficial interests are recognized as increases or decreases in value of interests and are reflected in net assets with donor restrictions. Annual distributions from these funds are reported as decreases in Beneficial Interests in Assets Held by Others and are shown as releases from restriction.

In addition to the beneficial interest in assets held by TSPF, the Organization also has beneficial interests in funds at The Minneapolis Foundation and the Catholic Community Foundation which are similar in nature to the terms described above.

Net Assets

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

Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and Board-designated endowment.

With Donor Restrictions – Net assets subject to donor (or certain grantor) restrictions. Some donor-imposed (or grantor) restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Organization reports contributions restricted by donors as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Donor restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Revenue and Revenue Recognition

Program service fee revenue is reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing client care (various mental health therapeutic services). These amounts are due from clients, third-party payors (including health insurers and government programs), and others and includes variable consideration for retroactive revenue adjustments due to settlement of audits, reviews and investigations. Generally, the Organization bills the third-party payors or the clients several days after the services are performed. Revenue is recognized as performance obligations are satisfied.

Performance obligations are determined based on the nature of the services provided by the Organization. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected (or actual) charges. The Organization believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to clients receiving skilled therapy services. The Organization measures the performance obligation (associated with therapy services) from intake of the patient to the point when it is no longer required to provide services to that patient. There are no significant revenues with related performance obligations satisfied at a point in time.

The Organization determines the transaction price based on pre-determined charges for services provided, reduced by contractual adjustments provided to third-party payors, discounts provided to uninsured patients in accordance with the Organization's policy, and/or implicit price concessions provided to uninsured clients. The Organization determines its estimates of contractual adjustments and discounts based on contractual agreements, its discount policies and historical experience. The Organization determines its estimate of implicit price concessions based on its historical collection experience with this class of clients.

The nature, amount, timing, and uncertainty of revenue and cash flows are affected by several factors that the Organization considers in its recognition of revenue. Following are some of the factors considered:

- Payors (for example, counties, managed care or other insurance, or client) have different reimbursement/payment methodologies.
- Length of a client's service/episode of care.
- Nature or line of service provided by the Organization.

Program service fees and payments under cost-reimbursable contracts and under service grants and contracts received in advance are deferred to the applicable period in which the related services are performed, or expenditures are incurred, respectively. The Organization's accounts receivable and deferred revenues as of January 1, 2019, were \$1,222,367 and \$10,819, respectively.

The Organization recognizes contributions when cash, securities, or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met. The Organization records special events revenue equal to the fair value of direct benefits to donors, and contribution income for the excess received when the event takes place.

Donated Services and In-Kind Contributions

Volunteers contribute significant amounts of time to program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. For the years ended December 31, 2020 and 2019, the Organization received \$71,052 and \$71,680, respectively, in donated food and food gift cards.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy, depreciation, and amortization, which are allocated on a square footage basis, as well as salaries and wages, benefits, payroll taxes, professional service fees, office expenses, information technology, interest, insurance, and other, which are allocated on the basis of estimates of time and effort.

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates. Management believes that these estimates and assumptions provide a reasonable basis for the fair presentation of the financial statements.

Income Taxes

The Organization is organized as a Minnesota nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3), qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi), and has been determined not to be a private foundation under Section 509(a)(1). The Organization is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Organization is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purposes. The Organization has determined it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

The Organization believes that it has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. The Organization would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

Advertising Costs

Advertising costs are expensed as incurred and was \$30,329 and \$23,217 during the years ended December 31, 2020 and 2019, respectively.

Recent Accounting Guidance

The Organization has adopted Accounting Standards Update (ASU) No. 2018-13, *Fair Value Measurement (Topic 802) Disclosure Framework – Changes to Disclosure Requirements for Fair Value Measurement*, as management believes the standard improves the usefulness and understandability of the Organization's financial reporting. This ASU provides revisions and deletions to guidance regarding the disclosure requirements included in Topic 802, including eliminating and modifying existing disclosure requirements. The accounting change has been retrospectively applied to prior periods presented, as required.

Subsequent Events

The Organization has evaluated subsequent events through April 26, 2021, the date on which the financial statements were available to be issued.

Note 2 - Provider Relief Funds

The Organization received \$209,430 of Coronavirus Aid, Relief, and Economic Security (CARES) Act Provider Relief Funds administered by the Department of Health and Human Services (HHS) during the year ended December 31, 2020. The funds are subject to terms and conditions imposed by HHS. Among the terms and conditions is a provision that payments will only be used to prevent, prepare for, and respond to coronavirus and shall reimburse the recipient only for healthcare-related expenses or lost revenues that are attributable to coronavirus. Recipients may not use the payments to reimburse expenses or losses that have been reimbursed from other sources or that other sources are obligated to reimburse. HHS currently has a deadline to incur eligible expenses of June 30, 2021. Unspent funds will be expected to be repaid.

These funds are recorded as a refundable advance when received and are recognized as revenues in the accompanying statements of activities as all terms and conditions are considered met. The terms and conditions are subject to interpretation, changes and future clarification, the most recent of which have been considered through the date that the financial statements were available to be issued. In addition, this program may be subject to oversight, monitoring, and audit. Failure by a provider that received a payment from the Provider Relief Fund to comply with any term or condition can subject the provider to recoupment of some or all of the payment. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term.

During the year ended December 31, 2020, the Organization recognized \$8,000 as revenue, and included as operating revenue on the statements of activities. The Organization deferred the remaining \$201,430 as of December 31, 2020 which is recorded on the statement of financial position.

Note 3 - Liquidity and Availability

Financial assets available for general expenditure, that is, without restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

	2020	2019
Cash and cash equivalents	\$ 4,349,501	\$ 2,596,501
Accounts receivable	1,122,993	1,222,883
Promises to give	236,170	265,788
Distributions from beneficial interests held by others	34,000	34,000
	<u>\$ 5,742,664</u>	<u>\$ 4,119,172</u>

The Organization strives to maintain liquid financial assets sufficient to cover three to six months of general operating expenditures. Financial assets in excess of daily cash requirements are reserved for capital expenditures. Capital expenditures are processed through our annual capital planning process, items are reviewed monthly for changes and additions as new needs arise. New capital plans are subject to Board of Directors approval.

Note 4 - Fair Value Measurements

Certain assets are reported at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets that can be accessed at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. These include quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, inputs other than quoted prices that are observable for the asset, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset. In these situations, inputs are developed using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to our assessment of the quality, risk, or liquidity profile of the asset or liability.

The fair value of beneficial interest in assets held by others (community foundation) is based on the fair value of fund investments as reported by the community foundation. These are considered to be Level 3 measurements.

The following table presents assets measured at fair value on a recurring basis at December 31:

		Fair Value Measurements at Reporting Date Using		
		Quoted Prices in Active Markets for Identified Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	Amount			
December 31, 2020				
Beneficial interests in assets held by community foundation				
The Saint Paul Foundation	\$ 951,105	\$ -	\$ -	\$ 951,105
The Catholic Community Foundation	25,355	-	-	25,355
The Minneapolis Foundation	13,685	-	-	13,685
Total	<u>\$ 990,145</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 990,145</u>
December 31, 2019				
Beneficial interests in assets held by community foundation				
The Saint Paul Foundation	\$ 918,622	\$ -	\$ -	\$ 918,622
The Catholic Community Foundation	23,101	-	-	23,101
The Minneapolis Foundation	12,943	-	-	12,943
Total	<u>\$ 954,666</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 954,666</u>

During the years ending December 31, 2020 and 2019, there were no amounts transferred in or out of Level 3 of the fair value hierarchy.

Note 5 - Promises to Give

At December 31, 2020, unconditional promises to give were scheduled to be received as follows:

	Promises to Give	Allowance for Uncollectible Promises	Discount	Promises to Give, Net
One year	\$ 281,864	\$ (30,000)	\$ -	\$ 251,864
Two to five years	550,745	-	(17,023)	533,722
	<u>\$ 832,609</u>	<u>\$ (30,000)</u>	<u>\$ (17,023)</u>	<u>\$ 785,586</u>

At December 31, 2019, unconditional promises to give were scheduled to be received as follows:

	Promises to Give	Allowance for Uncollectible Promises	Discount	Promises to Give, Net
One year	\$ 343,384	\$ (53,250)	\$ -	\$ 290,134
Two to five years	603,516	-	(25,867)	577,649
	<u>\$ 946,900</u>	<u>\$ (53,250)</u>	<u>\$ (25,867)</u>	<u>\$ 867,783</u>

Note 6 - Property and Equipment

Property and equipment consisted of the following at December 31:

	2020	2019
Land	\$ 331,500	\$ 369,500
Building and property improvements	1,433,593	1,724,564
Leasehold improvement	1,439,334	294,334
Furniture, equipment, and vehicles	1,050,849	978,604
	<u>4,255,276</u>	<u>3,367,002</u>
Less accumulated depreciation	<u>(2,013,720)</u>	<u>(2,048,419)</u>
	<u>\$ 2,241,556</u>	<u>\$ 1,318,583</u>

Depreciation expense totaled \$140,952 and \$152,905 for the years ended December 31, 2020 and 2019, respectively.

Note 7 - Notes Payable

Notes payable consisted of the following at December 31:

	<u>2020</u>	<u>2019</u>
Note payable to bank, due in monthly installments of \$12,898, including interest, through November 2027. The note bears nominal interest at 3.86% and effective interest at 3.93% and is secured by various properties of the Organization.	<u>\$ 922,209</u>	<u>\$ -</u>
Total notes payable	922,209	-
Less current portion	<u>118,643</u>	<u>-</u>
Notes payable, net of current portion	<u><u>\$ 803,566</u></u>	<u><u>\$ -</u></u>

Future maturities of long-term debt are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2021	\$ 118,643
2022	123,193
2023	128,103
2024	133,151
2025	138,516
Thereafter	<u>280,602</u>
	<u><u>\$ 922,208</u></u>

Note 8 - Line of Credit

The Organization has a line of credit agreement under which it can borrow up to \$500,000 through June 20, 2021, collateralized by substantially all of their assets. The agreement required monthly interest payments at a variable interest rate, defined by the Wall Street Journal Prime Rate plus 0.25%. There was no balance outstanding on the line of credit at December 31, 2020 and 2019.

Note 9 - Paycheck Protection Program (PPP) Loan

The Organization was granted a \$2,153,650 loan under the PPP administered by a Small Business Administration (SBA) approved partner. The loan is uncollateralized and is fully guaranteed by the Federal Government. The Organization is eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The Organization has recorded a note payable and will record the forgiveness upon being legally released from the loan obligation by the SBA. No forgiveness income has been recorded for the year ended December 31, 2020. The Organization intends to apply for forgiveness of the PPP loan in 2021. The Organization will be required to repay any remaining balance, plus interest accrued at 1% in monthly payments commencing in April 2021, principal and interest payments will be required through 2026. The terms of the loan provide for customary events of default including, among other things, payment defaults, breach of representations and warranties, and insolvency events. The loan may be accelerated upon the occurrence of an event of default.

Loans issued under the PPP were subject to good-faith certifications of the necessity of the loan request. Borrowers with loans issued under the program in excess of \$2 million are subject to review by the SBA for compliance with the program requirements. If the SBA determines that a borrower lacked an adequate basis for the loan or did not meet program requirements, the loan will not be eligible for loan forgiveness and the SBA will seek repayment of the outstanding PPP loan balance. As such, the potential exists that the Organization may be deemed ineligible for loan forgiveness and required to repay the loan.

Note 10 - Leases

The Organization leases office space under a non-cancelable lease. The lease commitment includes a base monthly rental payment and additional amounts for property taxes, operating expenses, and parking spaces through December 31, 2021. The Organization also has non-cancelable operating leases for office equipment.

The following is a summary of the future minimum lease payments required under these leases at December 31, 2020:

Year	Office Equipment	Office Space	Totals
2021	\$ 16,811	\$ 394,020	\$ 410,831
2022	-	454,020	454,020
2023	-	454,020	454,020
2024	-	462,600	462,600
2025	-	471,440	471,440
Thereafter	-	2,401,680	2,401,680
Total	<u>\$ 16,811</u>	<u>\$ 4,637,780</u>	<u>\$ 4,654,591</u>

Rent expense incurred for the years ended December 31, 2020 and 2019, was \$284,013 and \$304,526, respectively.

Note 11 - Endowment Funds

The Organization's endowment funds consist of the Beneficial Interests in Assets Held by Others. They are all donor-restricted and established to provide a source of income to the Organization. As required by accounting principles generally accepted in the United States, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law-Endowment funds are regulated by the Uniform Prudent Management of Institutional Funds Act (the UPMIFA) as enacted by the State of Minnesota. The Board of Directors of the Organization has interpreted the UPMIFA as requiring the preservation of the original gift of donor-restricted endowment funds absent explicit donor stipulations to the contrary. The original gift is valued at fair value on the date of the gift. As a result of this interpretation, the Organization classifies as net assets with donor restrictions that are perpetual in nature the original value of the gift donated to the endowment. The remaining portion of the donor-restricted endowment fund that is not classified as perpetual in nature is classified as net assets with donor restriction until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by the UPMIFA.

In accordance with the UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund;
- The purposes of the Organization and the donor-restricted endowment fund;
- General economic conditions;
- The possible effect of inflation and deflation;
- The expected total return from income and the appreciation of investments;
- Other resources of the Organization; and
- The investment policies of the Organization.

As of December 31, endowment net asset composition by type of fund is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
<u>December 31, 2020</u>			
Donor-restricted endowment funds			
Original-restricted gift amount and amounts required to be maintained in perpetuity by donor	\$ -	\$ 783,966	\$ 783,966
Accumulated investment gains	-	206,179	206,179
Total funds	<u>\$ -</u>	<u>\$ 990,145</u>	<u>\$ 990,145</u>

	Without Donor Restrictions	With Donor Restrictions	Total
December 31, 2019			
Donor-restricted endowment funds			
Original-restricted gift amount and amounts required to be maintained in perpetuity by donor	\$ -	\$ 783,966	\$ 783,966
Accumulated investment gains	-	170,700	170,700
Total funds	\$ -	\$ 954,666	\$ 954,666

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Organization has interpreted the UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. At December 31, 2020 and 2019, there were no underwater endowments.

Endowment Policies

The majority of the Organization's endowment funds are held by TSPF and are subject to the investment, spending, and distribution policies of TSPF. Therefore, the Organization's spending policy mirrors the distribution policy of TSPF. As defined by TSPF, the underlying investment objectives are to:

- Preserve the real purchasing power of the net assets with donor restrictions that are perpetual in nature while delivering funds to meet the charitable needs within the community;
- Strive for consistent absolute returns; and
- Earn the highest possible return given the established risk tolerance.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Organization relies on TSPF's total return strategy, in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The TSPF targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and the Relationship of the Investment Objectives to the Spending Policy

The Organization's spending policy mirrors the distribution policy of TSPF (the Foundation). The Foundation's policy appropriates for distribution each year an amount equal to 5.00% of the underlying assets, based upon a 21-quarter moving average of the market value of the assets, but not less than 4.25% of the fund's current market value and not more than 5.50% of the fund's current market value, less administrative fees. In establishing this policy, the Foundation considered the long-term expected return on its endowment. Accordingly, over the long term, the Foundation expects the current spending policy to allow the endowment to grow at a rate that is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment return.

The policies related to endowment assets held at The Minneapolis Foundation and the Catholic Community Foundation are similar in nature to the policies described above.

Changes in net assets and net asset balances related to the endowment as of and for the years ended December 31, 2020 and 2019, are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, January 1, 2019	\$ -	\$ 858,991	\$ 858,991
Change in value of beneficial interest held by others	-	130,618	130,618
Distribution from beneficial interest held by others	-	(34,943)	(34,943)
Endowment net assets, December 31, 2019	-	954,666	954,666
Change in value of beneficial interest held by others	-	71,134	71,134
Distribution from beneficial interest held by others	-	(35,655)	(35,655)
Endowment net assets, December 31, 2020	<u>\$ -</u>	<u>\$ 990,145</u>	<u>\$ 990,145</u>

Note 12 - Net Assets with Donor Restrictions

Net assets with donor restrictions at December 31 were available for the following purposes:

	2020	2019
Subject to the passage of time		
General operations	\$ 815,585	\$ 921,032
Shared housing project	22,801	22,801
	<u>838,386</u>	<u>943,833</u>
Subject to expenditure for specified purpose		
Community support	28,143	38,298
Capital purchases	70,732	184,170
Other	5,837	4,000
	<u>104,712</u>	<u>226,468</u>
	<u>943,098</u>	<u>1,170,301</u>
Endowments		
Subject to appropriation and expenditure when a specified event occurs		
Restricted by donors for		
Available for general use	206,179	170,700
Perpetual in nature, not subject to spending policy or appropriation		
Beneficial interest held by others	783,966	783,966
	<u>990,145</u>	<u>954,666</u>
Total endowments	<u>990,145</u>	<u>954,666</u>
Total net assets with donor restrictions	<u>\$ 1,933,243</u>	<u>\$ 2,124,967</u>

Net assets released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donor as follows for the year ended December 31:

	2020	2019
Expiration of time restrictions		
General operations	\$ 405,507	\$ 502,315
Shared housing project	-	2,169
Satisfaction of purpose restrictions		
Employment services	23,000	34,006
Community support	183,035	316,863
Capital projects	350,392	101,588
Bash 4 Guild	134,604	99,590
Other	23,270	134,266
Endowment		
Distribution from beneficial interest held by others	35,655	34,943
	<u>\$ 1,155,463</u>	<u>\$ 1,225,740</u>

Note 13 - Fundraising Events

Net support provided to the Organization from fundraising events during the years ended December 31, 2020 and 2019, was as follows:

	2020		
	Ladder of Hope	Bash4Guild	Total
Event sponsorships and ticket revenue	\$ 143,399	\$ 34,500	\$ 177,899
Event contributions	360,049	84,037	444,086
Total contributions and revenue	<u>503,448</u>	<u>118,537</u>	<u>621,985</u>
Other direct expenses	3,122	37,725	40,847
Total direct event expenses	<u>3,122</u>	<u>37,725</u>	<u>40,847</u>
Net support from special events	<u>\$ 500,326</u>	<u>\$ 80,812</u>	<u>\$ 581,138</u>

	2019		
	Ladder of Hope	Bash4Guild	Total
Event sponsorships and ticket revenue	\$ 78,500	\$ 29,680	\$ 108,180
Event contributions	525,117	72,186	597,303
Total contributions and revenue	<u>603,617</u>	<u>101,866</u>	<u>705,483</u>
Costs of direct benefits to donors	56,185	11,747	67,932
Other direct expenses	24,504	22,652	47,156
Total direct event expenses	<u>80,689</u>	<u>34,399</u>	<u>115,088</u>
Net support from special events	<u>\$ 522,928</u>	<u>\$ 67,467</u>	<u>\$ 590,395</u>

Note 14 - Concentrations

Credit Risk

The Organization places its cash deposits with high-quality financial institutions and seeks to limit the amount of credit exposure with any one financial institution. At various times during the year amounts on deposit may exceed federally insured limits.

Accounts Receivable

Approximately 74% and 76% of the balance of accounts receivable was due from the State of Minnesota either directly or through a Managed Care Organization at December 31, 2020 and 2019, respectively.

Support and Revenue

Approximately 82% of public support and revenue was provided by the State of Minnesota either directly or through a Managed Care Organization for the years ended December 31, 2020 and 2019.

Note 15 - Defined Contribution Plan

The Organization has a 403(b) defined contribution plan covering substantially all employees who have completed one year of service and have worked more than 1,000 hours. The plan allows for elective deferrals by eligible employees and provides for non-discretionary employer matching contributions. The plan also allows for discretionary employer contributions which are subject to the approval of the Board of Directors.

Contributions made by the Organization for the years ended December 31, 2020 and 2019, were \$205,526 and \$198,261, respectively.

Note 16 - Subsequent Events

Subsequent to year-end, the Organization has received a second forgivable "Payroll Protection Program" loan from the United States Small Business Administration. This loan will help provide needed liquidity to meet payroll over the allowed period.

The Organization has evaluated subsequent events through April 26, 2021, the date on which the consolidated financial statements were available to be issued.