Financial Statements
December 31, 2021 and 2020

Guild

CPAs & BUSINESS ADVISORS

Independent Auditor's Report

The Board of Directors
Guild
Saint Paul, Minnesota

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Guild (the Organization), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards),* issued by the Comptroller General of the United States. 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 the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 the Organization's ability to continue as a going concern for 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 GAAS and *Government 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 GAAS and *Government 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 the Organization's 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 the Organization's 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 31, 2022 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Eide Bailly LLP

Minneapolis, Minnesota
May 31, 2022

	2021	2020
Assets		
Cash and cash equivalents	$ 4,977,156	$ 4,191,989
Restricted cash	204,586	157,512
Accounts receivable, net	1,020,904	1,122,993
Promises to give, net	785,933	785,586
Prepaid expenses and other assets	316,352	211,622
Property and equipment, net	2,315,813	2,241,556
Beneficial interests in assets held by others	1,148,943	990,145
Total assets	$ 10,769,687	$ 9,701,403
Liabilities and Net Assets		
Accounts payable	$ 195,866	$ 74,793
Accrued liabilities	877,271	912,682
Deferred revenue	5,732	302,249
Notes payable	803,565	922,209
Paycheck Protection Program (PPP) loan	2,000,000	2,153,650
Total liabilities	3,882,434	4,365,583
Net Assets		
Without donor restrictions	4,747,791	3,402,577
With donor restrictions		
Purpose of time restrictions	990,519	943,098
Perpetual in nature	1,148,943	990,145
	2,139,462	1,933,243
Total net assets	6,887,253	5,335,820
Total liabilities and net assets	$ 10,769,687	$ 9,701,403

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Support, and Gains			
Program service fees			
MN healthcare programs	$ 9,536,362	$ -	$ 9,536,362
County service fees	1,348,103	-	1,348,103
Housing subsidies	2,107,030	-	2,107,030
Resident fees	961,977	-	961,977
Private health insurance and private pay	230,641	-	230,641
Grants	2,311,206	-	2,311,206
Contributions	479,704	958,152	1,437,856
In-kind contributions	8,179	-	8,179
Debt forgiveness income	2,172,767	-	2,172,767
Gross event sponsorships and ticket revenue	206,991	-	206,991
Less cost of direct benefit to donors	(113,886)	-	(113,886)
Net special event revenue	93,105	-	93,105
Investment income	21,546	-	21,546
Change in value of beneficial interest in assets held by others	-	194,143	194,143
Other revenue	35,533	-	35,533
Net assets released from restriction	946,076	(946,076)	-
Total revenue, support, and gains	20,252,229	206,219	20,458,448
Expenses			
Program services	15,533,847	-	15,533,847
Supporting services			
Management and general	2,858,694	-	2,858,694
Fundraising	514,474	-	514,474
Total supporting services	3,373,168	-	3,373,168
Total expenses	18,907,015	-	18,907,015
Change in Net Assets	1,345,214	206,219	1,551,433
Net Assets, Beginning of Year	3,402,577	1,933,243	5,335,820
Net Assets, End of Year	$ 4,747,791	$ 2,139,462	$ 6,887,253

	Without Donor Restrictions	With Donor Restrictions	Total
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
Less cost of direct benefit to donors	(40,847)	-	(40,847)
Net special event revenue	137,052	-	137,052
Investment income	4,544	-	4,544
Change in value of beneficial interest in assets held by others	-	71,134	71,134
Gain on sale of asset	268,699	-	268,699
Other revenue	58,810	-	58,810
Net assets released from restriction	1,155,463	(1,155,463)	-
Total revenue, support, and gains	16,870,229	(191,724)	16,678,505
Expenses			
Program services	14,187,576	-	14,187,576
Supporting services			
Management and general	2,835,212	-	2,835,212
Fundraising	451,306	-	451,306
Total supporting services	3,286,518	-	3,286,518
Total expenses	17,474,094	-	17,474,094
Change in Net Assets	(603,865)	(191,724)	(795,589)
Net Assets, Beginning of Year	4,006,442	2,124,967	6,131,409
Net Assets, End of Year	$ 3,402,577	$ 1,933,243	$ 5,335,820

	Program Services	Supporting Services: Management and General	Supporting Services: Fundraising	Supporting Services: Total Supporting Services	Totals
Salaries	$ 8,456,985	$ 1,622,594	$ 317,591	$ 1,940,185	$ 10,397,170
Benefits and payroll taxes	2,627,765	378,397	75,050	453,447	3,081,212
	11,084,750	2,000,991	392,641	2,393,632	13,478,382
Client assistance	2,462,304	60	25,297	25,357	2,487,661
Professional fees	500,350	443,572	35,366	478,938	979,288
Occupancy	391,073	126,310	-	126,310	517,383
Travel	181,594	7,598	3,522	11,120	192,714
Program and development supplies	44,079	37,506	106,165	143,671	187,750
Telephone	134,347	20,634	1,185	21,819	156,166
Insurance expense	82,648	15,129	794	15,923	98,571
Building and grounds maintenance	76,779	11,429	232	11,661	88,440
Equipment rental and maintenance	14,418	3,911	80	3,991	18,409
Food	65,271	1,121	-	1,121	66,392
Maintenance supplies	67,291	71,236	8,291	79,527	146,818
Office supplies	11,079	7,543	127	7,670	18,749
Postage	4,006	2,444	266	2,710	6,716
Bad debt	192,683	-	39,058	39,058	231,741
Interest	24,087	29,033	-	29,033	53,120
Loss on disposal	59,832	20,916	-	20,916	80,748
Other	330	3,020	15,336	18,356	18,686
Total expenses before depreciation and amortization	15,396,921	2,802,453	628,360	3,430,813	18,827,734
Depreciation and amortization	136,926	56,241	-	56,241	193,167
	15,533,847	2,858,694	628,360	3,487,054	19,020,901
Less expenses included with revenues on the statement of activities					
Cost of direct benefit to donors	-	-	(113,886)	(113,886)	(113,886)
Total expenses	$ 15,533,847	$ 2,858,694	$ 514,474	$ 3,373,168	$ 18,907,015

	Program Services	Supporting Services: Management and General	Supporting Services: Fundraising	Supporting Services: 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
	14,187,576	2,835,212	492,153	3,327,365	17,514,941
Less expenses included with revenues on the statement of activities					
Cost of direct benefit to donors	-	-	(40,847)	(40,847)	(40,847)
Total expenses	$ 14,187,576	$ 2,835,212	$ 451,306	$ 3,286,518	$ 17,474,094

	2021	2020
Cash Flows from Operating Activities		
Change in net assets	$ 1,551,433	$ (795,589)
Adjustments to reconcile change in net assets to net cash and cash equivalents used for operating activities		
Depreciation and amortization	193,167	140,952
Loss (gain) on sale of assets	80,748	(259,280)
Debt forgiveness- PPP loan	(2,153,650)	-
Change in value of beneficial interests in assets held by others	(158,798)	(35,479)
Changes in operating assets and liabilities		
Accounts receivable	102,089	99,890
Promises to give, net	(347)	82,197
Prepaid expenses and other assets	(104,730)	(36,549)
Accounts payable	121,073	(60,726)
Accrued liabilities	(35,411)	165,018
Deferred revenue	(296,517)	181,352
Net Cash used for Operating Activities	(700,943)	(518,214)
Cash Flows used for Investing Activities		
Proceeds from sale of property and equipment	-	419,000
Purchase of property and equipment	(348,172)	(1,223,645)
Net Cash used for Investing Activities	(348,172)	(804,645)
Cash Flows from Financing Activities		
Payments on notes payable	(118,644)	-
Proceeds from notes payable	-	922,209
Proceeds from PPP loan	2,000,000	2,153,650
Net Cash from Financing Activities	1,881,356	3,075,859
Net Change in Cash, Cash Equivalents, and Restricted Cash	832,241	1,753,000
Cash,Cash Equivalents, and Restricted Cash, Beginning of Year	4,349,501	2,596,501
Cash, Cash Equivalents, and Restricted Cash, End of Year	$ 5,181,742	$ 4,349,501
Cash and cash equivalents	4,977,156	4,191,989
Restricted cash	204,586	157,512
Total cash, cash equivalents, and restricted cash	$ 5,181,742	$ 4,349,501
Supplemental Disclosures of Cash Flow Information		
Cash paid for interest	$ 34,003	$ 10,302
Forgiveness of PPP loan interest	19,117	-

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 and considered restricted cash.

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, 2021 and 2020, 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, 2021 and 2020, the allowance was $30,000.

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, 2021 and 2020.

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; and 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's 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 (the Foundations), 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 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.

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.

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, 2020, were $1,222,883 and $120,897, 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, 2021 and 2020, the Organization received $8,179 and $71,052, 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, benefits and payroll taxes, professional fees, office supplies, interest, insurance, and other, which are allocated on the basis of estimates of time and effort.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the Organization to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates, and those differences could be material.

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.

Financial Instruments and Credit Risk

Deposit concentration risk is managed by placing cash with financial institutions believed by the Organization to be creditworthy. At times, amounts on deposit may exceed insured limits. To date, no losses have been experienced in any of these accounts. Credit risk associated with accounts receivable and promises to give is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from Board members, governmental agencies, and foundations supportive of the Organization’s mission.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying consolidated financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

Subsequent Events

The Organization has evaluated subsequent events through May 31, 2022, 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 deadlines for incurring eligible expenses and lost revenues, varying based on the date the Organization received the funds. 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 years ended December 31, 2021 and 2020, the Organization recognized $201,430 and $8,000, respectively, as revenue, and included as operating revenue on the statements of activities. The Organization deferred the remaining $0 and $201,430 as of December 31, 2021 and 2020, respectively, 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:

	2021	2020
Cash and cash equivalents	$ 4,977,156	$ 4,191,989
Accounts receivable	1,020,904	1,122,993
Promises to give	329,473	236,170
Distributions from beneficial interests held by others	35,000	34,000
	$ 6,362,533	$ 5,585,152

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 (the Foundations) is based on the fair value of fund investments as reported by the Foundations. 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		
	Amount	Quoted Prices in Active Markets for Identified Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
December 31, 2021				
Beneficial interests in assets held by community foundation				
The Saint Paul Foundation	$ 1,104,403	$ -	$ -	$ 1,104,403
The Catholic Community Foundation	28,630	-	-	28,630
The Minneapolis Foundation	15,910	-	-	15,910
Total	$ 1,148,943	$ -	$ -	$ 1,148,943
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	$ 990,145	$ -	$ -	$ 990,145

During the years ended December 31, 2021 and 2020, there were no amounts transferred in or out of Level 3 of the fair value hierarchy.

Note 5 - Promises to Give

At December 31, 2021, unconditional promises to give were scheduled to be received as follows:

	Promises to Give	Allowance for Uncollectible Promises	Discount (2.2%)	Promises to Give, Net
One year	$ 359,473	$ (30,000)	$ -	$ 329,473
Two to five years	473,625	-	(17,165)	456,460
	$ 833,098	$ (30,000)	$ (17,165)	$ 785,933

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

	Promises to Give	Allowance for Uncollectible Promises	Discount (2.2%)	Promises to Give, Net
One year	$ 281,864	$ (30,000)	$ -	$ 251,864
Two to five years	550,745	-	(17,023)	533,722
	$ 832,609	$ (30,000)	$ (17,023)	$ 785,586

Note 6 - Property and Equipment

Property and equipment consisted of the following at December 31:

	2021	2020
Land	$ 331,500	$ 331,500
Building and property improvements	1,442,848	1,433,593
Leasehold improvement	1,454,297	1,439,334
Furniture, equipment, and vehicles	1,062,359	1,050,849
	4,291,004	4,255,276
Less accumulated depreciation	(1,975,191)	(2,013,720)
	$ 2,315,813	$ 2,241,556

Depreciation expense totaled $193,167 and $140,952 for the years ended December 31, 2021 and 2020, respectively.

Note 7 - Notes Payable

Notes payable consisted of the following at December 31:

	2021	2020
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.	$ 803,565	$ 922,209
Total notes payable	803,565	922,209
Less current portion	(125,186)	(118,643)
Notes payable, net of current portion	$ 678,379	$ 803,566

Future maturities of long-term debt are as follows:

Year Ending December 31,	Amount
2021	$ 125,186
2022	130,176
2023	135,311
2024	140,757
2025	146,367
Thereafter	125,768
	$ 803,565

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, 2022, 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, 2021 and 2020.

Note 9 - Paycheck Protection Program (PPP) Loan

For the years ended December 31, 2021 and 2020, the Organization was granted a $2,000,000 and $2,153,650 loan under the PPP administered by a Small Business Administration (SBA) approved partner, respectively. The loans are uncollateralized and are 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. Debt forgiveness income has been recorded for the year ended December 31, 2021, of $2,153,650 for the loan received in 2020. For the remaining $2,000,000, the Organization will be required to repay any remaining balance, plus interest accrued at 1% in monthly payments commencing in April 2022, principal and interest payments will be required through 2027. 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.

Subsequent to year end, the Organization received notice of forgiveness for $2,000,000 for the second PPP 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.

The following is a summary of the future minimum lease payments required under this lease at December 31, 2021:

Year	Office Space
2022	$ 454,020
2023	454,020
2024	462,600
2025	471,440
2026	480,280
Thereafter	1,921,400
Total	$ 4,243,760

Rent expense incurred for the years ended December 31, 2021 and 2020, was $430,647 and $284,013, respectively.

Note 11 - Net Assets with Donor Restrictions

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

	2021	2020
Subject to the passage of time		
General operations	$ 815,933	$ 815,585
Shared housing project	22,801	22,801
	838,734	838,386
Subject to expenditure for specified purpose		
Community support	29,207	28,143
Capital purchases	113,661	70,732
Other	8,917	5,837
	151,785	104,712
Perpetual in nature, not subject to spending policy or appropriation		
Beneficial interest in assets held by others	1,148,943	1,196,324
Total net assets with donor restrictions	$ 2,139,462	$ 2,139,422

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:

	2021	2020
Expiration of time restrictions		
General operations	$ 583,952	$ 405,507
Satisfaction of purpose restrictions		
Employment services	5,000	23,000
Community support	185,888	183,035
Capital projects	54,071	350,392
Bash 4 Guild	44,905	134,604
Other	36,915	23,270
Distribution from beneficial interest held by others	35,345	35,655
	$ 946,076	$ 1,155,463

Note 12 - Fundraising Events

Net support provided to the Organization from fundraising events during the years ended December 31, 2021 and 2020, was as follows:

	2021		
	Ladder of Hope	Bash4Guild	Total
Event sponsorships and ticket revenue	$ 154,688	$ 52,303	$ 206,991
Event contributions	618,504	75,076	693,580
Total contributions and revenue	773,192	127,379	900,571
Other direct expenses	97,887	15,999	113,886
Total direct event expenses	97,887	15,999	113,886
Net support from special events	$ 675,305	$ 111,380	$ 786,685

	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	503,448	118,537	621,985
Other direct expenses	3,122	37,725	40,847
Total direct event expenses	3,122	37,725	40,847
Net support from special events	$ 500,326	$ 80,812	$ 581,138

Note 13 - Concentrations

Accounts Receivable

Approximately 77% and 74% of the balance of accounts receivable was due from the State of Minnesota either directly or through a Managed Care Organization at December 31, 2021 and 2020, respectively.

Support and Revenue

Approximately 59% and 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, 2021 and 2020, respectively.

Note 14 - 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, 2021 and 2020, were $205,914 and $205,526, respectively.