



Financial Statements
December 31, 2024 and 2023
Guild

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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, 2024 and 2023, 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 referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2024 and 2023, 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*, issued by the Comptroller General of the United States (*Government Auditing Standards*). 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 these 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 June 2, 2025, 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.



Minneapolis, Minnesota
June 2, 2025

Guild
Statements of Financial Position
December 31, 2024 and 2023

	2024	2023
Assets		
Cash and cash equivalents	\$ 3,371,747	\$ 5,745,248
Restricted cash	424,633	314,575
Accounts receivable, net of allowance for credit losses of \$259,000 in 2024 and \$85,000 in 2023	1,655,741	1,197,738
Promises to give, net	1,138,591	1,368,226
Prepaid expenses and other assets	207,576	361,934
Operating investments	1,105,924	1,028,776
Property and equipment, net	1,774,550	1,782,406
Operating lease right of use asset	5,197,905	5,666,911
Beneficial interests in assets held by others	1,083,766	1,040,986
	<u>\$ 15,960,433</u>	<u>\$ 18,506,800</u>
Liabilities and Net Assets		
Accounts payable	\$ 96,104	\$ 193,677
Accrued liabilities	873,266	945,756
Deferred revenue	55,869	819
Notes payable	308,958	446,386
Operating lease liability	5,362,772	5,790,374
	<u>6,696,969</u>	<u>7,377,012</u>
Net Assets		
Without donor restrictions	6,576,473	8,360,198
With donor restrictions		
Purpose restrictions	484,633	406,795
Time-restricted for future periods	1,118,592	1,321,809
Perpetual in nature	1,083,766	1,040,986
	<u>2,686,991</u>	<u>2,769,590</u>
	<u>9,263,464</u>	<u>11,129,788</u>
	<u>\$ 15,960,433</u>	<u>\$ 18,506,800</u>

Guild
Statement of Activities
Year Ended December 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Support, and Gains			
Program service fees			
MN healthcare programs	\$ 9,911,033	\$ -	\$ 9,911,033
County service fees	1,512,659	-	1,512,659
Housing subsidies	1,733,543	-	1,733,543
Resident fees	997,931	-	997,931
Private health insurance and private pay	271,759	-	271,759
Grants	2,428,339	-	2,428,339
Contributions	725,547	874,556	1,600,103
In-kind contributions	5,787	-	5,787
Gross event sponsorships and ticket revenue	176,765	-	176,765
Less cost of direct benefit to donors	(42,525)	-	(42,525)
Net special event revenue	134,240	-	134,240
Net investment return	265,347	-	265,347
Change in value of beneficial interest in assets held by others	-	82,776	82,776
Other revenue	57,998	-	57,998
Net assets released from restriction	1,039,931	(1,039,931)	-
Total revenue, support, and gains	19,084,114	(82,599)	19,001,515
Expenses			
Program services	16,103,305	-	16,103,305
Supporting services			
Management and general	3,834,822	-	3,834,822
Fundraising	929,712	-	929,712
Total supporting services	4,764,534	-	4,764,534
Total expenses	20,867,839	-	20,867,839
Change in Net Assets	(1,783,725)	(82,599)	(1,866,324)
Net Assets, Beginning of Year	8,360,198	2,769,590	11,129,788
Net Assets, End of Year	\$ 6,576,473	\$ 2,686,991	\$ 9,263,464

Guild
Statement of Activities
Year Ended December 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Support, and Gains			
Program service fees			
MN healthcare programs	\$ 9,523,644	\$ -	\$ 9,523,644
County service fees	1,482,514	-	1,482,514
Housing subsidies	2,015,866	-	2,015,866
Resident fees	1,014,579	-	1,014,579
Private health insurance and private pay	37,473	-	37,473
Grants	1,989,029	-	1,989,029
Contributions	648,011	1,786,512	2,434,523
In-kind contributions	22,112	-	22,112
Gross event sponsorships and ticket revenue	205,790	-	205,790
Less cost of direct benefit to donors	(156,137)	-	(156,137)
Net special event revenue	49,653	-	49,653
Net investment return	117,232	-	117,232
Change in value of beneficial interest in assets held by others	-	78,710	78,710
Employee retention credit revenue	3,558,419	-	3,558,419
Other revenue	74,796	-	74,796
Net assets released from restriction	1,185,887	(1,185,887)	-
Total revenue, support, and gains	<u>21,719,215</u>	<u>679,335</u>	<u>22,398,550</u>
Expenses			
Program services	15,655,473	-	15,655,473
Supporting services			
Management and general	3,562,657	-	3,562,657
Fundraising	955,557	-	955,557
Total supporting services	<u>4,518,214</u>	<u>-</u>	<u>4,518,214</u>
Total expenses	<u>20,173,687</u>	<u>-</u>	<u>20,173,687</u>
Change in Net Assets	1,545,528	679,335	2,224,863
Net Assets, Beginning of Year	<u>6,814,670</u>	<u>2,090,255</u>	<u>8,904,925</u>
Net Assets, End of Year	<u>\$ 8,360,198</u>	<u>\$ 2,769,590</u>	<u>\$ 11,129,788</u>

Guild
Statement of Functional Expenses
Year Ended December 31, 2024

	Supporting Services				Totals
	Program Services	Management and General	Fundraising	Total Supporting Services	
Salaries	\$ 8,679,738	\$ 1,833,639	\$ 482,316	\$ 2,315,955	\$ 10,995,693
Benefits and payroll taxes	2,560,451	604,453	131,132	735,585	3,296,036
	11,240,189	2,438,092	613,448	3,051,540	14,291,729
Client assistance	2,598,267	-	-	-	2,598,267
Professional fees	329,182	1,033,200	67,718	1,100,918	1,430,100
Occupancy	518,744	100,081	18,420	118,501	637,245
Travel	202,937	1,801	18,106	19,907	222,844
Program and development supplies	46,738	107,033	181,307	288,340	335,078
Telephone	134,823	26,385	4,238	30,623	165,446
Insurance	88,827	23,660	4,159	27,819	116,646
Building and grounds maintenance	111,644	12,198	1,195	13,393	125,037
Equipment rental and maintenance	19,209	2,143	375	2,518	21,727
Food	69,455	-	-	-	69,455
Maintenance supplies	79,869	13,663	2,012	15,675	95,544
Office supplies	14,671	4,350	497	4,847	19,518
Postage	7,143	2,672	4,044	6,716	13,859
Credit losses	436,094	133	-	133	436,227
Bad debt	-	-	32,190	32,190	32,190
Interest	11,581	2,928	515	3,443	15,024
Other	187	31,297	17,819	49,116	49,303
Total expenses before depreciation	15,909,560	3,799,636	966,043	4,765,679	20,675,239
Depreciation	193,745	35,186	6,194	41,380	235,125
	16,103,305	3,834,822	972,237	4,807,059	20,910,364
Less expenses included with revenues on the statement of activities					
Cost of direct benefit to donors	-	-	(42,525)	(42,525)	(42,525)
Total expenses	<u>\$ 16,103,305</u>	<u>\$ 3,834,822</u>	<u>\$ 929,712</u>	<u>\$ 4,764,534</u>	<u>\$ 20,867,839</u>

Guild
Statement of Functional Expenses
Year Ended December 31, 2023

	Program Services	Supporting Services			Totals
		Management and General	Fundraising	Total Supporting Services	
Salaries	\$ 8,755,714	\$ 1,956,544	\$ 454,400	\$ 2,410,944	\$ 11,166,658
Benefits and payroll taxes	2,363,913	562,574	130,198	692,772	3,056,685
	11,119,627	2,519,118	584,598	3,103,716	14,223,343
Client assistance	2,317,479	-	84,902	84,902	2,402,381
Professional fees	494,186	570,733	67,544	638,277	1,132,463
Occupancy	516,626	121,268	20,486	141,754	658,380
Travel	189,636	6,880	14,713	21,593	211,229
Program and development supplies	65,806	129,561	216,796	346,357	412,163
Telephone	145,035	28,539	4,966	33,505	178,540
Insurance	103,341	27,694	4,891	32,585	135,926
Building and grounds maintenance	132,027	9,034	1,400	10,434	142,461
Equipment rental and maintenance	12,602	2,962	352	3,314	15,916
Food	73,123	-	-	-	73,123
Maintenance supplies	146,603	57,078	822	57,900	204,503
Office supplies	18,948	5,032	504	5,536	24,484
Postage	8,019	2,471	2,047	4,518	12,537
Credit losses	89,775	-	-	-	-
Bad debt	-	-	80,479	80,479	80,479
Interest	15,219	4,374	772	5,146	20,365
Other	737	34,827	18,813	53,640	54,377
Total expenses before depreciation	15,448,789	3,519,571	1,104,085	4,623,656	20,072,445
Depreciation	206,684	43,086	7,609	50,695	257,379
	15,655,473	3,562,657	1,111,694	4,674,351	20,329,824
Less expenses included with revenues on the statement of activities					
Cost of direct benefit to donors	-	-	(156,137)	(156,137)	(156,137)
Total expenses	\$ 15,655,473	\$ 3,562,657	\$ 955,557	\$ 4,518,214	\$ 20,173,687

Guild
Statements of Cash Flows
Years Ended December 31, 2024 and 2023

	2024	2023
Reconciliation of Change in Net Assets to Net Cash from (used for) Operating Activities		
Change in net assets	\$ (1,866,324)	\$ 2,224,863
Adjustments to reconcile change in net assets to net cash and cash equivalents from (used for) operating activities		
Depreciation	235,125	257,379
Realized and unrealized gain on operating investments	(35,368)	(13,186)
Loss on uncollectable promises to give	32,190	80,479
Change in value of beneficial interests in assets held by others	(42,780)	(40,323)
Changes in operating assets and liabilities		
Accounts receivable, net	(458,003)	97,182
Promises to give, net	197,445	(455,963)
Prepaid expenses and other assets	154,358	(52,221)
Operating lease assets and liabilities	41,404	59,364
Accounts payable	(97,573)	20,758
Accrued liabilities	(72,490)	118,157
Deferred revenue	55,050	(17,658)
Net Cash from (used for) Operating Activities	(1,856,966)	2,278,831
Cash Flows used for Investing Activities		
Purchases of property and equipment	(227,269)	(32,800)
Purchases of operating investments	(41,780)	(1,015,590)
Net Cash used for Investing Activities	(269,049)	(1,048,390)
Cash Flows used for Financing Activities		
Payments on notes payable	(137,428)	(182,088)
Net Cash used for Financing Activities	(137,428)	(182,088)
Net Change in Cash, Cash Equivalents, and Restricted Cash	(2,263,443)	1,048,353
Cash, Cash Equivalents, and Restricted Cash, Beginning of Year	6,059,823	5,011,470
Cash, Cash Equivalents, and Restricted Cash, End of Year	\$ 3,796,380	\$ 6,059,823
Cash and Cash Equivalents	\$ 3,371,747	\$ 5,745,248
Restricted Cash	424,633	314,575
Total cash, cash equivalents, and restricted cash	\$ 3,796,380	\$ 6,059,823
Supplemental Disclosures of Cash Flow Information		
Cash paid for interest	\$ 15,023	\$ 20,365
Cash paid for leases	495,354	484,423

See Notes to Financial Statements

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.

Restricted Cash

Restricted cash consist of assets with donor-imposed restrictions.

Receivables and Allowance for Credit Losses

Accounts receivables are uncollateralized, noninterest bearing client and third-party payor obligations. Payments of accounts receivables are allocated to the specific claim identified in the remittance advice or, if unspecified, are applied to the earliest unpaid claim. The Organization reviews accounts receivable balances on a periodic basis and write off delinquent receivables when deemed uncollectable. Management determines the allowance for credit losses based on historical experience and management's evaluation of outstanding accounts receivable at the end of each year. Unapplied accounts receivables consist of payments collected, not yet applied to accounts receivable balances.

Management believes that the historical loss information it has compiled is a reasonable base on which to determine expected credit losses for receivables held at December 31, 2024 and 2023, because the composition of the account receivables at those dates is consistent with that used in developing the historical credit-loss percentages (i.e., the similar risk characteristics of its clients and payors and its lending practices have not changed significantly over time). Additionally, management has determined that the current, reasonable, and supportable forecasted economic conditions are consistent with the economic conditions included in the historical information. As a result, the historical loss rates have not been adjusted for differences in current conditions or forecasted changes.

Changes in the allowance for credit losses for receivables are as follows for the years ended December 31, 2024 and 2023:

	2024	2023
Allowance for Credit Losses, Beginning of Year	\$ 85,000	\$ 85,000
Provision for credit losses	431,098	89,775
Charge-offs	(257,098)	(89,775)
Recoveries	-	-
	\$ 259,000	\$ 85,000
Allowance for Credit Losses, End of Year	\$ 259,000	\$ 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, 2024 and 2023, the allowance was \$40,000.

Investments

Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statements of financial position. Net investment return (loss) is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

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, 2024 and 2023.

Right of Use Leased Assets and Liabilities

The Organization determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets and operating lease liabilities in our statement of financial position.

ROU assets represent the right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at the lease commencement date and are based on the present value of lease payments over the lease term. As most leases do not provide an implicit rate, a risk-free rate is utilized in lieu of determining an incremental borrowing rate at the commencement date in deciding the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. Lease expense is recognized on a straight-line basis over the lease term.

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. The Organization reports conditional contributions restricted by donors as increases in net assets without donor restrictions if the restrictions and conditions expire simultaneously in the reporting period.

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, 2023, were \$1,294,920 and \$18,477, 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, 2024 and 2023, the Organization received \$5,787 and \$22,112, respectively, in donated food and food gift cards which the Organization used for its programs.

Advertising Costs

Advertising costs are expensed as incurred and approximated \$222,000 and \$258,000 during the years ended December 31, 2024 and 2023, respectively.

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.

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.

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.

Financial Instruments and Credit Risk

Deposit concentration risk is managed by placing cash and money market accounts with financial institutions believed by the Organization to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. Insured accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per depositor, per insured bank, for each account ownership category. As of December 31, 2024 and 2023, the Organization had approximately \$3,610,000 and \$5,965,000, respectively, in excess of FDIC insurance limits. To date, no losses have been experienced in any of these accounts. Credit risk associated with accounts receivable and promises to give are 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. Investments are made by diversified investment managers whose performance is monitored by the Organization and the investment committee of the Board of Directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, the Organization and the investment committee believe that the investment policies and guidelines are prudent for the long-term welfare of The Organization.

Subsequent Events

The Organization has evaluated subsequent events through June 2, 2025, the date on which the financial statements were available to be issued.

Note 2 - 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:

	2024	2023
Cash and cash equivalents	\$ 3,371,747	\$ 5,745,248
Accounts receivable, net	1,655,741	1,197,738
Promises to give	468,637	514,344
Distributions from beneficial interests held by others	35,000	35,000
	\$ 5,531,125	\$ 7,492,330

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. The Organization has a \$500,000 line of credit which provides a very adequate cash reserve that can cover operational emergency needs.

Note 3 - 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.

A significant portion of investment assets are classified within Level 1 because they comprise money market mutual funds or equity investments with readily determinable fair values based on daily redemption values. The Organization invests in fixed income investments traded in the financial markets. Those fixed income investments are valued by the custodians of the securities using pricing models based on credit quality, time to maturity, stated interest rates, and market-rate assumptions and are classified within Level 2. 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, 2024:

	Total	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)
Operating investments				
Cash and money market funds (at cost)	\$ 22,963	\$ -	\$ -	\$ -
Money market mutual fund	215,970	215,970	-	-
Fixed income	526,593	-	526,593	-
Equity	340,398	340,398	-	-
	<u>\$ 1,105,924</u>	<u>\$ 556,368</u>	<u>\$ 526,593</u>	<u>\$ -</u>
Beneficial interests in assets held by community foundation				
The Saint Paul Foundation	\$ 1,042,320	\$ -	\$ -	\$ 1,042,320
The Catholic Community Foundation	26,430	-	-	26,430
The Minneapolis Foundation	15,016	-	-	15,016
	<u>1,083,766</u>	<u>-</u>	<u>-</u>	<u>1,083,766</u>

The following table presents assets measured at fair value on a recurring basis at December 31, 2023:

	Total	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)
Operating investments				
Cash and money market funds (at cost)	\$ 11,360	\$ -	\$ -	\$ -
Money market mutual fund	201,614	201,614	-	-
Fixed income	506,346	-	506,346	-
Equity	309,456	309,456	-	-
	<u>\$ 1,028,776</u>	<u>\$ 511,070</u>	<u>\$ 506,346</u>	<u>\$ -</u>
Beneficial interests in assets held by community foundation				
The Saint Paul Foundation	\$ 999,311	\$ -	\$ -	\$ 999,311
The Catholic Community Foundation	27,536	-	-	27,536
The Minneapolis Foundation	14,139	-	-	14,139
	<u>\$ 1,040,986</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,040,986</u>

During the years ended December 31, 2024 and 2023, there were no amounts transferred in or out of Level 3 of the fair value hierarchy.

Note 4 - Promises to Give

Unconditional promises to give are estimated to be collected as follows at December 31, 2024 and 2023:

	2024	2023
Within one year	\$ 468,637	\$ 514,344
In one to five years	754,272	944,198
Over five years	22,268	34,808
	<u>\$ 1,245,177</u>	<u>\$ 1,493,350</u>
Less discount to net present value at rates ranging from 2.2% to 4.00%	(66,586)	(85,124)
Less allowance for uncollectable promises to give	<u>(40,000)</u>	<u>(40,000)</u>
Promises to give, net	<u>\$ 1,138,591</u>	<u>\$ 1,368,226</u>

At December 31, 2024 and 2023, one donor accounted for 37% and 36%, respectively, of total promises to give. Two contributors accounted for approximately 29% of total contribution revenue for the year ended December 31, 2023. There was no such concentration for disclosure for the year ended December 31, 2024.

Note 5 - Property and Equipment

Property and equipment consisted of the following at December 31:

	2024	2023
Land	\$ 297,858	\$ 263,500
Building and property improvements	1,250,891	1,199,516
Leasehold improvement	1,464,197	1,454,297
Furniture, equipment, and vehicles	1,191,859	1,160,808
Construction in progress	100,584	-
	4,305,389	4,078,121
Less accumulated depreciation	(2,530,839)	(2,295,715)
	\$ 1,774,550	\$ 1,782,406

Depreciation expense totaled \$235,125 and \$257,379 for the years ended December 31, 2024 and 2023, respectively. Construction in progress as of December 31, 2024, includes construction to CSP Drop in Center and the Guild Crisis and Recovery Center which was completed in February 2025.

Note 6 - Notes Payable

Notes payable consisted of the following at December 31:

	2024	2023
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.	\$ 308,958	\$ 446,386

Future maturities of long-term debt are as follows:

Year Ending December 31,	Amount
2025	\$ 142,908
2026	148,603
2027	17,447
	\$ 308,958

Note 7 - Line of Credit

The Organization has a line of credit agreement under which it can borrow up to \$500,000 through June 30, 2025, 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% (7.75% and 8.75% at December 31, 2024 and 2023, respectively). There was no balance outstanding on the line of credit at December 31, 2024 and 2023.

Note 8 - Leases

The Organization leases certain buildings and office equipment for various terms under long-term, non-cancelable operating lease agreements. The leases expire at various dates through 2030 and provide for renewal options ranging from one year to 20 years. The Organization included in the determination of the right-of-use assets and lease liabilities any renewal options when the options are reasonably certain to be exercised. The leases provide for increases in future minimum annual rental payments based on defined increases in the Consumer Price Index, subject to certain minimum increases. Also, the agreements generally require the Organization to pay real estate taxes, insurance, and repairs.

The weighted-average discount rate is based on the discount rate implicit in the lease. The Organization has elected the option to use the risk-free rate determined using a period comparable to the lease terms as the discount rate for leases where the implicit rate is not readily determinable. The Organization has applied the risk-free rate option to the building and office equipment classes of assets.

The Organization has elected the short-term lease exemption for all leases with a term of 12 months or less for both existing and ongoing operating leases to not recognize the asset and liability for these leases. Lease payments for short-term leases are recognized on straight-line basis.

The Organization elected the practical expedient to not separate lease and non-lease components for building and office equipment leases.

Total lease costs for the year ended December 31, 2024 and 2023 were as follows:

	2024	2023
Operating lease cost	\$ 544,946	\$ 542,897
Short-term lease cost	607	-

The following summarizes the weighted-average remaining lease term and weight-average discount rate:

	2024	2023
Weighted-average remaining lease term:		
Operating leases	10.8 Years	12.8 Years
Weighted-average discount rate:		
Operating leases	1.62%	1.62%

The future minimum lease payments under noncancelable operating leases with terms greater than one year are listed below as of December 31, 2024:

2025		\$ 503,366
2026		506,289
2027		509,740
2028		519,511
2029		531,995
Thereafter		3,368,423
Total lease payments		5,939,324
Less interest		(576,552)
Present value of lease liabilities		\$ 5,362,772

Note 9 - Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods.

	2024	2023
Subject to the Passage of Time		
Promises to give that are not restricted by donors, but which are unavailable for expenditure until due	\$ 1,118,592	\$ 1,321,809
Subject to Expenditure for Specified Purpose		
Capital purchases	315,554	281,340
Workforce investment initiative	40,000	20,000
Community Support	40,692	-
Other	28,387	13,235
Promises to give, the proceeds from which have been restricted by donors for		
Workforce investment initiative	60,000	80,000
Community Access	-	12,220
	484,633	406,795
Perpetual in nature, not subject to spending policy or appropriation		
Beneficial interest in assets held by others	1,083,766	1,040,986
Total net assets with donor restrictions	\$ 2,686,991	\$ 2,769,590

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:

	2024	2023
Expiration of time restrictions	\$ 628,098	\$ 745,324
Satisfaction of purpose restrictions		
Community support	85,161	144,387
Capital projects	149,836	50,000
TigerConnect	30,000	-
Bash 4 Guild and Ladder for Hope	10,840	155,333
Other	96,000	52,456
Distribution from beneficial interest held by others	39,996	38,387
	\$ 1,039,931	\$ 1,185,887

Note 10 - Fundraising Events

Net support provided to the Organization from fundraising events during the years ended December 31, 2024 and 2023, was as follows:

	2024		
	Ladder of Hope	Bash4Guild	Total
Event sponsorships and ticket revenue	\$ 119,500	\$ 57,265	\$ 176,765
Event contributions	384,806	59,305	444,111
Total contributions and revenue	<u>504,306</u>	<u>116,570</u>	<u>620,876</u>
Other direct expenses	<u>99,506</u>	<u>42,525</u>	<u>142,031</u>
Net support from special events	<u>\$ 404,800</u>	<u>\$ 74,045</u>	<u>\$ 478,845</u>
	2023		
	Ladder of Hope	Bash4Guild	Total
Event sponsorships and ticket revenue	\$ 140,500	\$ 65,290	\$ 205,790
Event contributions	421,571	90,043	511,614
Total contributions and revenue	<u>562,071</u>	<u>155,333</u>	<u>717,404</u>
Other direct expenses	<u>95,706</u>	<u>60,431</u>	<u>156,137</u>
Net support from special events	<u>\$ 466,365</u>	<u>\$ 94,902</u>	<u>\$ 561,267</u>

Note 11 - Employee Retention Credit

The Coronavirus Aid, Relief, and Economic Security Act provided an employee retention credit (the credit) which is a refundable tax credit against certain employment taxes of up to \$5,000 per employee for eligible employers. The credit is equal to 50% of qualified wages paid to employees, capped at \$10,000 of qualified wages through December 31, 2020. The Consolidated Appropriations Act of 2021 and the American Rescue Plan Act of 2021 expanded the availability of the credit, extended the credit through September 30, 2021, and increased the credit to 70% of qualified wages, capped at \$7,000 per quarter. During the year ended December 31, 2023, the Organization recorded a \$3,558,419 benefit related to the credit which is presented in the statement of activities as employee retention credit revenue.

Note 12 - Concentrations and Contingencies

Accounts Receivable

Approximately 89% and 87% of the balance of accounts receivable was due from the State of Minnesota either directly or through a Managed Care Organization at December 31, 2024 and 2023, respectively.

Support and Revenue

Approximately 51% and 53% 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, 2024 and 2023, respectively.

Paycheck Protection Program (PPP) Loan Forgiveness

The Organization applied for and received loan forgiveness from the Small Business Administration (SBA) on its PPP loans in 2022 and 2021. In accordance PPP loan requirements, the Organization is required to maintain PPP loan files and certain underlying supporting documents for periods ranging from three to six years. The Organization is also required to permit access to such files upon request by the SBA. Accordingly, there is potential the PPP loan could be subject to further review by the SBA and that previously recognized forgiveness could be reversed based on this review.

Employer Retention Tax Credits

The Organization's credit filings remain open for potential examination by the Internal Revenue Service through the statute of limitations, which has varying expiration dates extending through 2027. Any disallowed claims resulting from such examinations could be subject to repayment to the federal government.

Note 13 - 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 3% 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, 2024 and 2023, were \$192,782 and \$177,789, respectively.