

St. Louis Park Emergency Program, Inc.
St. Louis Park, Minnesota

Financial Statements
Auditor's Report
For the Years Ended
June 30, 2020 and 2019



CERTIFIED PUBLIC ACCOUNTANTS

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Carpenter, Evert & Associates

Certified Public Accountants
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Independent Auditor's Report

Board of Directors
St. Louis Park Emergency Program, Inc.
St. Louis Park, Minnesota

We have audited the accompanying financial statements of St. Louis Park Emergency Program, Inc., which comprise the statement of financial position as of June 30, 2020 and 2019, and the related statements of activities, functional expense, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of St. Louis Park Emergency Program, Inc. as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Carpenter Evert and Associates, LTD.
Certified Public Accountants

Minneapolis, Minnesota
October 20, 2020

EXHIBIT A

ST. LOUIS PARK EMERGENCY PROGRAM, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue:						
Grants and Contracts	\$ 645,749	\$ 107,770	\$ 753,519	\$ 332,704	\$ 36,693	\$ 369,397
Contributions	852,609	14,627	867,236	639,957	-	639,957
Noncash Contributions	1,020,897	-	1,020,897	1,225,895	-	1,225,895
Interest Income	162	-	162	543	-	543
Change in Value of Community Foundation Holdings	(27,424)	-	(27,424)	16,451	-	16,451
Miscellaneous Income	800	-	800	3,510	-	3,510
Net Assets Released from Restrictions:						
Satisfaction of Program and Time Restrictions	63,354	(63,354)	-	58,742	(58,742)	-
Total Support and Revenue	<u>2,556,147</u>	<u>59,043</u>	<u>2,615,190</u>	<u>2,277,802</u>	<u>(22,049)</u>	<u>2,255,753</u>
Expense:						
Program Services	1,941,100	-	1,941,100	2,004,535	-	2,004,535
Support Services:						
Management and General	74,660	-	74,660	92,140	-	92,140
Fundraising	136,938	-	136,938	107,817	-	107,817
Total Support Services	<u>211,598</u>	<u>-</u>	<u>211,598</u>	<u>199,957</u>	<u>-</u>	<u>199,957</u>
Total Expense	<u>2,152,698</u>	<u>-</u>	<u>2,152,698</u>	<u>2,204,492</u>	<u>-</u>	<u>2,204,492</u>
Change in Net Assets	403,449	59,043	462,492	73,310	(22,049)	51,261
Net Assets - Beginning of Year	1,466,433	38,329	1,504,762	1,393,123	60,378	1,453,501
Net Assets - End of Year	<u>\$ 1,869,882</u>	<u>\$ 97,372</u>	<u>\$ 1,967,254</u>	<u>\$ 1,466,433</u>	<u>\$ 38,329</u>	<u>\$ 1,504,762</u>

The accompanying Notes to Financial Statements are an integral part of these statements.

EXHIBIT B

ST. LOUIS PARK EMERGENCY PROGRAM, INC.
STATEMENT OF FUNCTIONAL EXPENSE
FOR THE YEAR ENDED JUNE 30, 2020
WITH COMPARATIVE TOTALS FOR 2019

	2020										2019		
	Program Services					Support Services					Total All Services	Total All Services	
	Clothes Closet	Holiday Program	Back to School	Food Shelf	Emergency Assistance	Transportation	Social Worker Case Mgmt	Total Program Services	Management & General	Fund-raising	Total Support Services	Total All Services	Total All Services
Goods Distributed and Client Assistance	\$ 169,494	\$ 22,130	\$ 20,412	\$ 903,997	\$ 108,606	\$ 2,225	\$ -	\$ 1,226,864	\$ -	\$ -	\$ -	\$ 1,226,864	\$ 1,388,488
Salaries	11,375	20,356	13,530	313,056	56,038	32,928	21,433	468,716	49,212	80,763	129,975	598,691	512,588
Payroll Taxes and Benefits	2,499	4,473	2,973	68,785	12,313	7,235	4,709	102,987	10,813	17,745	28,558	131,545	114,669
Occupancy	674	1,206	801	18,543	3,319	1,950	1,270	27,763	2,921	4,784	7,705	35,468	34,404
Office Supplies and Equipment	413	742	612	12,367	2,085	1,196	778	18,193	1,788	3,270	5,058	23,251	24,680
Professional Services	401	777	507	11,148	2,673	1,160	755	17,421	1,732	3,695	5,427	22,848	22,245
Insurance	249	446	296	6,853	1,227	721	469	10,261	1,077	1,768	2,845	13,106	8,862
Postage and Printing	333	269	178	4,130	739	434	283	6,366	649	5,656	6,305	12,671	11,118
Telephone	159	284	189	4,365	781	459	299	6,536	686	1,126	7,352	8,348	6,778
Bank Service and Other Charges	4	7	5	105	19	11	7	158	15	7,337	7,352	7,510	3,699
Miscellaneous	97	194	147	3,152	411	241	157	4,399	366	941	1,307	5,706	14,617
Recruitment and Training	78	140	93	2,145	384	226	147	3,213	336	1,544	1,880	5,093	3,558
Depreciation	1,170	2,094	1,392	32,209	5,765	3,388	2,205	48,223	5,065	8,309	13,374	61,597	58,786
	\$ 186,946	\$ 53,118	\$ 41,135	\$ 1,380,855	\$ 194,360	\$ 52,174	\$ 32,512	\$ 1,941,100	\$ 74,660	\$ 136,938	\$ 211,598	\$ 2,152,698	\$ 2,204,492

The accompanying Notes to Financial Statements are an integral part of this statement.

EXHIBIT C

ST. LOUIS PARK EMERGENCY PROGRAM, INC.
STATEMENT OF FUNCTIONAL EXPENSE
FOR THE YEAR ENDED JUNE 30, 2019

	Program Services							Support Services			Total All Services	
	Clothes Closet	Holiday Program	Back to School	Food Shelf	Emergency Assistance	Transportation	Social Worker Case Mgmt	Total Program Services	Management & General	Fund-raising		Total Support Services
Goods Distributed and Client Assistance	\$ 289,666	\$ 22,360	\$ 18,606	\$ 1,005,140	\$ 49,228	\$ 3,488	\$ -	\$ 1,388,488	\$ -	\$ -	\$ -	\$ 1,388,488
Salaries	11,790	21,990	11,277	279,104	28,295	29,730	14,250	396,436	59,870	56,282	116,152	512,588
Payroll Taxes and Benefits	2,637	4,919	2,523	62,433	6,329	6,650	3,188	88,679	13,400	12,590	25,990	114,669
Occupancy	776	1,448	742	19,032	1,863	1,957	938	26,756	3,942	3,706	7,648	34,404
Office Supplies and Equipment	296	552	283	7,260	710	747	358	10,206	1,503	12,971	14,474	24,680
Professional Services	478	952	517	11,459	1,147	1,205	578	16,336	2,427	3,482	5,909	22,245
Insurance	204	380	195	4,826	489	514	246	6,854	778	973	2,008	8,862
Postage and Printing	354	286	147	3,683	368	386	185	5,409	792	4,931	5,709	11,118
Telephone	156	291	149	3,691	374	393	188	5,242	744	744	1,536	6,778
Bank Service and Other Charges	5	9	4	109	11	12	6	156	23	3,520	3,543	3,699
Miscellaneous	219	408	209	10,224	525	552	265	12,402	1,111	1,104	2,215	14,617
Recruitment and Training	62	219	59	1,537	149	156	75	2,257	315	986	1,301	3,558
Depreciation	1,367	2,551	1,308	31,705	3,282	3,448	1,653	45,314	6,944	6,528	13,472	58,786
	\$ 308,010	\$ 56,365	\$ 36,019	\$ 1,440,203	\$ 92,770	\$ 49,238	\$ 21,930	\$ 2,004,535	\$ 92,140	\$ 107,817	\$ 199,957	\$ 2,204,492

The accompanying Notes to Financial Statements are an integral part of this statement.

ST. LOUIS EMERGENCY PROGRAM, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2020 AND 2019

EXHIBIT D

	<u>2020</u>	<u>2019</u>
<u>ASSETS</u>		
Current Assets:		
Cash and Cash Equivalents	\$ 704,298	\$ 297,824
Accounts Receivable	137,628	16,590
Inventory	99,820	87,330
Prepaid Expenses	10,338	9,288
Food, Gas and Other Client Certificates	12,762	10,986
Total Current Assets	<u>964,846</u>	<u>422,018</u>
Funds Held by Minnesota Community Foundation	370,041	397,465
Property and Equipment - Net	<u>705,302</u>	<u>733,567</u>
 TOTAL ASSETS	 <u><u>\$ 2,040,189</u></u>	 <u><u>\$ 1,553,050</u></u>
 <u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Accounts Payable	\$ 18,970	\$ 16,398
Accrued Expenses	53,965	31,890
Total Current Liabilities	<u>72,935</u>	<u>48,288</u>
Net Assets:		
Without Donor Restrictions:		
Designated - Endowment	370,041	397,465
Undesignated	1,499,841	1,068,968
Total Net Assets Without Donor Restrictions	<u>1,869,882</u>	<u>1,466,433</u>
With Donor Restrictions	<u>97,372</u>	<u>38,329</u>
Total Net Assets	<u>1,967,254</u>	<u>1,504,762</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u><u>\$ 2,040,189</u></u>	 <u><u>\$ 1,553,050</u></u>

The accompanying Notes to Financial Statements
are an integral part of these statements.

ST. LOUIS PARK EMERGENCY PROGRAM, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

EXHIBIT E

	<u>2020</u>	<u>2019</u>
<u>Increase (Decrease) in Cash and Cash Equivalents</u>		
Cash Flows from Operating Activities:		
Change in Net Assets	\$ 462,492	\$ 51,261
Total Adjustments	<u>(22,686)</u>	<u>68,743</u>
Net Cash Provided by Operating Activities	439,806	120,004
Cash Flows from Investing Activities:		
Purchase of Property and Equipment	(33,332)	(40,557)
Net (Contributions) of Holdings at Minnesota Community Foundation	-	<u>(40,649)</u>
Net Cash (Used) by Investing Activities	<u>(33,332)</u>	<u>(81,206)</u>
Cash Flows from Financing Activities:		
Payments on Capital Lease Payable	-	<u>(20,000)</u>
Net Cash (Used) by Financing Activities	<u>-</u>	<u>(20,000)</u>
Net Increase in Cash	406,474	18,798
Cash and Cash Equivalents - Beginning of Year	<u>297,824</u>	<u>279,026</u>
Cash and Cash Equivalents - End of Year	<u>\$ 704,298</u>	<u>\$ 297,824</u>

The accompanying Notes to Financial Statements
are an integral part of these statements.

ST. LOUIS PARK EMERGENCY PROGRAM, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

1. Summary of Significant Accounting Policies

Organizational Purpose

St. Louis Park Emergency Program, Inc. (the Organization) provides direct assistance and support services to residents of St. Louis Park, targeting households with low incomes and those faced with a financial crisis.

The Organization's programs are as follows:

- Social work services are provided in the context of each program. At each food shelf visit, clients have access to crisis counseling, general support and guidance, advocacy, and referral to medical, mental health, child care, job readiness, and other services from a professional social worker. During this fiscal year, the Organization had 12,353 household client contacts with social workers.
- Food shelf program provides food and personal products to community members in need of assistance. During this fiscal year, the Organization distributed 539,646 pounds of food among 6,098 household food shelf visits. There were individual food shelf visits with the average size of 3 people per household. An average of 29 pounds of food was distributed to each individual during each visit to the food shelf.
- Emergency financial assistance is provided for eligible housing and other essential life expenses. The program is also referred to as the Homelessness Prevention Program due to its primary purpose. During this fiscal year, \$108,606 was distributed to 93 households.
- Transportation program offers residents assistance accessing healthcare, social service and other essential appointments, typically via volunteer drivers. The program also delivers food to those unable to access the food shelf. Those eligible under this program include seniors, individuals with disabilities, families and other adults. Volunteer drivers drove 4,479 miles giving 433 rides and 206 food deliveries in this fiscal year.
- Bus and gas certificates totaling \$1,830 were distributed to help 158 individuals and families with transportation needs identified under social service plans.
- Holiday program supplies food and grocery certificates specific to holidays to eligible families to enable them to fully participate in holiday traditions. The Organization provided 50,066 pounds of food to 560 families in November. The Organization's holiday toy drive supplied gifts or gift certificates to families of 551 children at an average of \$30 per child.
- Back to school program provides required school supplies and related items to eligible students to ensure all community students are fully equipped to start the school year. The Organization provided backpacks to 449 children and custom school supplies kits to 486 children in the summer of 2019.
- Clothes Closet provides no-cost, gently-used clothing and household items to 3,742 eligible families and individuals. The Organization distributed 5,652 bags of clothing and 867 coats during this fiscal year.

THE ST. LOUIS PARK EMERGENCY PROGRAM, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

1. Summary of Significant Accounting Policies (continued)

- Case management is provided by social workers as part of collaborative, housing-related programs. Two such collaborations began during the fiscal year. The Kids in the Park program serves 17 families with school-age children. The Family Self-Sufficiency program serves 26 housing authority residents and their families.

Fund Accounting

In order to observe the limitation and restrictions placed on resources available to the Organization, the accounts are maintained in accordance with the principles of fund accounting. This is the procedure whereby resources are classified for accounting and reporting purposes into net asset groupings established according to their nature and restrictions. A description of the groupings is as follows:

Net Assets without Donor Restrictions – Net assets which are not subject to donor-imposed stipulations. These net assets include both board designated and undesignated amounts. Property and equipment is reported as net assets without donor restrictions.

Net Assets with Donor Restrictions – The part of net assets of the Organization resulting from contributions and other inflows of assets whose use is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions pursuant to those stipulations.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

Accounts Receivable and Doubtful Accounts

The Organization extends credit to its customers based on standardized terms. Receivables are recorded at amounts billed and are generally due when billed. Amounts outstanding for more than 30 days are considered delinquent receivables. Accounts receivable are generally uncollateralized and the Organization does not charge interest on accounts receivable balances. The Organization reviews accounts receivable balances on a periodic basis and writes off delinquent receivables when they are considered uncollectible. The Organization provides an allowance for doubtful accounts based on historical experience and management's evaluation of outstanding accounts receivable at the end of each year. No allowance for doubtful accounts has been provided for both the periods ended June 30, 2020 and June 30, 2019, respectively.

Inventory

Inventory consists of donated food, clothing and non-food supplies. Inventory is valued based on management prepared cost studies and estimates.

THE ST. LOUIS PARK EMERGENCY PROGRAM, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

1. Summary of Significant Accounting Policies (continued)

Community Foundation Holdings

Minnesota Community Foundation (the Foundation) holdings reside in the Multi Asset Endowment Portfolio in separate funds designated as St. Louis Park Emergency Program funds. The Organization's agreement with the Foundation include variance power to the Foundation allowing the Foundation's Board of Directors to modify restrictions if conditions in the agreement become unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community. Provisions of the agreement include that, upon request from the Organization, the Foundation will transfer the assets, the return on the assets, or both, back to the Organization to be used at the Organization Board of Director's discretion.

Property and Equipment

All major expenditures for property and equipment over \$2,000 are capitalized at cost. Depreciation is provided through the use of the straight-line method.

Contributions

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. If donor-imposed restrictions accompany the contribution, the amount is recorded as with donor restrictions. Net assets without donor restrictions are reclassified to net assets without donor restrictions in the period donor-imposed restrictions expire or are fulfilled, and are reported in the Statement of Activities under the Support and Revenue Category – Net Assets Released from Restrictions.

Promises-To-Give (Pledges Receivable)

Unconditional promises-to-give are recognized in the period the promises are made. Conditional promises-to-give are recognized when the conditions on which they depend are substantially met, that is, when the conditional promise becomes unconditional.

Government Grants and Contracts

Government grants and contract funds are recorded as revenue when earned. Revenue is earned when eligible expenditures, as defined in each grant or contract, are made. Funds received but not yet earned are shown as refundable advances. Expenditures under government contracts are subject to review by the granting authority. To the extent, if any, that such a review reduces expenditures allowable under these contracts, the Organization will record such disallowance at the time the final assessment is made.

Functional Allocation of Expense

Expenses are recorded in functional categories when incurred. In certain cases, allocations between categories must be made. When allocations are required, they are based on the best estimates of management.

THEST. LOUIS PARK EMERGENCY PROGRAM, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

1. Summary of Significant Accounting Policies (continued)

Income Tax

The Organization has a tax-exempt status under Section 501(c)(3) of the Internal Revenue Code and has adopted *Accounting for Uncertainty in Income Taxes*, ASC 740-10. The Organization's policy is to evaluate uncertain tax positions, at least annually, for the potential for income tax exposure from unrelated business income or from loss of nonprofit status. The Organization continues to operate consistent with its original exemption application and each year takes the necessary actions to maintain its exempt status. It has been classified as an organization that is not a private foundation under the Internal Revenue Code and charitable contributions by donors are tax deductible. In compliance with its exempt status, the Organization annually files a Return of Organization Exempt From Income Tax (Form 990).

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities 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.

Reclassifications

Certain amounts in prior year financial statements have been reclassified to conform with the presentation in the current year financial statements.

New Accounting Pronouncement

The Organization has adopted Accounting Standards Update (ASU) No. 2018-08, *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 985-605)* as management believes the standards improve the usefulness and understandability of the Organization's financial reporting.

The Organization has also adopted ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, as amended. Analysis of various provisions of this standard resulted in no significant changes in the way the Organization recognizes revenue, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis. The presentation and disclosures of revenue have been enhanced in accordance with the standard.

Both have been applied retrospectively for the periods ended June 30, 2020 and 2019, as required.

THE ST. LOUIS PARK EMERGENCY PROGRAM, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

1. Summary of Significant Accounting Policies (continued)

Subsequent Events

The Organization has evaluated the effect that subsequent events would have on the financial statements through October 20, 2020, which is the date financial statements were available to be issued.

The COVID-19 outbreak in the United States has caused business disruption through both mandated and voluntary suspension of operations. While the disruption is currently expected to be temporary, there is considerable uncertainty around its duration. Therefore, the Organization expects this matter could negatively impact its future operating results, but reasonable estimates cannot be made at this time.

2. Financial Instruments

Significant Concentrations of Credit Risk

The Organization provides services within the St. Louis Park area. The amounts due for accounts and grants receivable are from local governments or agencies.

Concentrations of Credit Risk Arising from Cash Deposits in Excess of Insured Limits

At June 30, 2020 and 2019, STEP held funds at a local financial institution in excess of federally insured limits.

3. Inventory

Inventory consisted of the following as of June 30:

	<u>2020</u>	<u>2019</u>
Food	\$ 67,858	\$ 38,305
School Supplies and Toys	19,848	25,677
Clothing	<u>12,114</u>	<u>23,348</u>
Total	<u>\$ 99,820</u>	<u>\$ 87,330</u>

4. Property and Equipment

The Organization owned the following assets as of June 30:

	<u>2020</u>	<u>2019</u>	<u>Estimated Useful Lives</u>
Land	\$ 160,000	\$ 160,000	
Building and Improvements	879,502	869,864	20 years
Equipment	<u>200,412</u>	<u>176,717</u>	3-10 years
	1,239,914	1,206,581	
Less: Accumulated Depreciation	<u>534,612</u>	<u>473,014</u>	
Total	<u>\$ 705,302</u>	<u>\$ 733,567</u>	

Depreciation expense of \$61,597 and \$58,786 was recorded for the years ended June 30, 2020 and 2019, respectively.

THE ST. LOUIS PARK EMERGENCY PROGRAM, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

5. Endowment

In January 2015, the Board of Directors approved the designation of a fund at the Foundation to function as an endowment. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions. The intent of the Organization is for the annual distribution income from the funds will be used for the core missions and operations of the Organization. The Board of Directors retain the power to modify any endowment designation through a two-thirds majority vote.

Endowment net asset composition by type of fund as of June 30, 2020:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Board-Designated Endowment Fund	<u>\$ 370,041</u>	<u>\$ -</u>	<u>\$ 370,041</u>

Endowment net asset composition by type of fund as of June 30, 2019:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Board-Designated Endowment Fund	<u>\$ 397,465</u>	<u>\$ -</u>	<u>\$ 397,465</u>

The board-designated endowment fund is intended to support the Organization as an operating reserve.

The following is a summary of the changes in endowment net assets:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
June 30, 2018	\$ 340,365	\$ -	\$ 340,365
Contributions	55,906	-	55,906
Investment Income	6,279	-	6,279
Net Appreciation	15,300	-	15,300
Appropriations	(15,257)	-	(15,257)
Expenses	<u>(5,128)</u>	<u>-</u>	<u>(5,128)</u>
June 30, 2019	\$ 397,465	\$ -	\$ 397,465
Investment Income	7,120	-	7,120
Net (Decline)	(13,573)	-	(13,573)
Appropriations	(15,429)	-	(15,429)
Expenses	<u>(5,542)</u>	<u>-</u>	<u>(5,542)</u>
June 30, 2020	<u>\$ 370,041</u>	<u>\$ -</u>	<u>\$ 370,041</u>

ST. LOUIS PARK EMERGENCY PROGRAM, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

6. Net Assets with Donor Restrictions

Net assets with donor restrictions consisted of the following as of June 30:

	<u>2020</u>	<u>2019</u>
Family Stabilization Program	\$ 37,808	\$ 31,500
Funds for Food Assistance	27,690	5,193
Other Supplies	9,627	1,636
COVID-19 Emergency Assistance	<u>22,247</u>	<u>-</u>
Total	<u>\$ 97,372</u>	<u>\$ 38,329</u>

7. PPP Loan

On April 15, 2020, the Organization was granted a loan (the "Loan") from Citizens Bank in the aggregate amount of \$109,789, pursuant to the Paycheck Protection Program (the "PPP") under Division A, Title I of the CARES Act, which was enacted March 27, 2020.

The Loan, which was in the form of a Note dated April 15, 2020 issued by the Borrower, matures on April 15, 2022 and bears interest at a rate of 1% per annum, originally payable monthly commencing on November 23, 2020. The Note may be prepaid by the Borrower at any time prior to maturity with no prepayment penalties.

The payment terms on all PPP loans changed with the signing of the Flexibility Act on June 5, 2020, and payments are now deferred for 10 months after the borrower's covered period, i.e. either 12 or 16 months from origination. In addition, if a borrower applies for forgiveness before the end of the 10 month deferral period, then payments continue to defer until a decision on the forgiveness is returned from the Small Business Administration.

Under the terms of the PPP, certain amounts of the Loan may be forgiven if they are used for qualifying expenses as described in the CARES Act. In accordance with these Loan forgiveness terms, funds from the Loan were used by the Organization for personnel costs.

The Organization has applied for loan forgiveness. If the Loan is 100% forgiven, then no payments will be due from the Organization. If the Organization does not receive 100% forgiveness, there will be a loan modification at the time of the decision which will communicate the repayment terms of the remaining loan balance.

The Organization has elected to carry the PPP loan as a conditional contribution on its financial statements as of June 30, 2020 per FASB ASC 958-605, as the organization believes it has spent all of the funds on appropriate expenses and that the loan will be fully forgiven.

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8. In-kind Contributions

The Organization receives donations from public and private sources. Donated goods and services are recorded at estimated values based on various studies and are included in the contributions and expenses in the statement of activities. The statistics noted below do not include purchased food, school supplies and toys.

The Organization receives significant services from unpaid volunteers who support the Organization's primary programs and its management and fundraising activities. During the year ended June 30, 2020, approximately 373 volunteers and volunteer groups gave approximately 14,933 hours of service to the Organization. During the year ended June 30, 2019, approximately 476 individuals and volunteer groups gave approximately 17,881 hours of services to the Organization. No amounts have been recognized in the accompanying statements of activities because the criteria for recognition of such volunteer effort under ASC Subtopic 958-605 Not-for-Profit Entities Revenue Recognition have not been satisfied.

The following is a summary of in-kind contributions for the years ended June 30:

	<u>2020</u>	<u>2019</u>
Food	\$ 702,781	\$ 914,098
Clothes Closet	289,172	279,785
Equipment	-	16,475
School Supplies	20,244	8,862
Holiday Program Toys	<u>8,700</u>	<u>6,675</u>
Total	<u>\$ 1,020,897</u>	<u>\$ 1,225,895</u>

9. Defined Contribution Plan

The Organization maintains a SIMPLE IRA defined contribution plan covering all eligible employees. Participants may contribute up to the maximum allowable by law and are fully vested immediately. The Organization provides a matching contribution of 100 percent of the first 3 percent of salary contributions by employees. The Organization contributed \$15,299 and \$13,375 for the years ended June 30, 2020 and 2019, respectively.

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10. Fair Value

The Organization adopted Financial Accounting Standards Board Accounting Standards Codification Topic 820 Fair Value Measurements and Disclosures (“ASC 820”). In accordance with ASC 820, “fair value” is defined as the price that an organization would receive upon selling an investment in an orderly transaction to an independent buyer in the principal or most advantageous market for the investment. Various inputs are used in determining the value of investments. ASC 820 established a three-tier hierarchy of inputs to establish a classification of fair value measurements for disclosure purposes. The three-tier hierarchy of inputs is summarized in the three broad levels listed below:

- Level 1 – Quoted prices in active markets for identical investments.
- Level 2 – Other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.)
- Level 3 – Significant unobservable inputs.

The following table presents the fair value hierarchy for the balances of the assets of the Organization measured at fair value on a recurring basis as of June 30, 2020:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Community Foundation Holdings	\$ -	\$ -	\$ 370,041	\$ 370,041

The following table presents the fair value hierarchy for the balances of the assets of the Organization measured at fair value on a recurring basis as of June 30, 2019:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Community Foundation Holdings	\$ -	\$ -	\$ 397,465	\$ 397,465

The following table provides a summary of changes in fair value of the Organization’s Level 3 financial assets for the years ended June 30:

	<u>2020</u>	<u>2019</u>
Beginning Balance	\$ 397,465	\$ 340,365
Change in Value of Foundation Holdings	(11,995)	16,451
Contributions	-	55,906
Distributions	(15,429)	(15,257)
Ending Balance	<u>\$ 370,041</u>	<u>\$ 397,465</u>

Community Foundation Holdings are valued by inputs that are determined by the Foundation.

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11. Line of Credit

The Organization has a \$250,000 revolving credit line, which was renewed in February 2020 and is extended until February 1, 2022. The line is secured by the real property commonly known as 6812 Lake Street West, St. Louis Park, MN 55416. Interest is accrued and paid monthly at the Wall Street Journal Prime Rate plus 1.0 percent or a floor of 4.75 percent interest. The interest rate was 6.50 percent at June 30, 2020 and 2019.

As of June 30, 2020 and 2019, the Organization's line of credit had no outstanding balance.

12. Liquidity and Availability

The following represents the organization's financial assets as of:

	<u>June 30</u>	
	<u>2020</u>	<u>2019</u>
Financial Assets:		
Cash	\$ 704,298	\$ 297,821
Accounts Receivable	137,628	16,590
Investments and Community Foundation Holdings	<u>370,041</u>	<u>397,465</u>
Total Financial Assets	1,211,967	711,876
Less assets not available to be used for general expenditures within one year:		
Net Assets With Donor Restrictions	97,372	38,329
Board-Designated Endowment	370,041	397,465
Net Assets With Restrictions to be met within a year	<u>(97,372)</u>	<u>(38,329)</u>
Total assets not available for general expenditures within one year:	<u>370,041</u>	<u>397,465</u>
Financial assets available for general expenditures within one year	<u>\$ 841,926</u>	<u>\$ 314,411</u>

The Organization's Board Designated Endowment is not considered available for use within one year but could be available for use with a board resolution.

The Organization has access to a \$250,000 line of credit that it can use to help with liquidity needs.

As part of the Organization's liquidity plan, the Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

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13. Cash Flow Operating Adjustments

Adjustments to reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities were as follows as of:

	<u>June 30,</u>	
	<u>2020</u>	<u>2019</u>
Depreciation	\$ 61,597	\$ 58,786
Change in Value of Community Foundation Holdings	27,424	(16,451)
Increases (Decreases) in Current Liabilities:		
Accounts Payable	2,572	8,518
Accrued Expenses	22,076	8,617
Decreases (Increases) in Current Assets:		
Accounts Receivable	(121,038)	2,859
Prepaid Expenses	(1,050)	(9,288)
Food, Gas and Other Client Certificates	(1,776)	(2,375)
Inventory	(12,490)	18,077
Total Adjustments	<u>\$ (22,686)</u>	<u>\$ 68,743</u>