

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

Financial Statements
Auditor's Report
For the Years Ended
June 30, 2022 and 2021



CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying financial statements of St. Louis Park Emergency Program, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022 and 2021, 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 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, 2022 and 2021, 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. 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 St. Louis Park Emergency Program, Inc. 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 St. Louis Park Emergency Program, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of St. Louis Park Emergency Program, Inc.'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 St. Louis Park Emergency Program, Inc.'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.

Carpenter, Burt and Associates, LTD.
Certified Public Accountants

Minneapolis, Minnesota
October 18, 2022

ST. LOUIS PARK EMERGENCY PROGRAM, INC.
 STATEMENTS OF ACTIVITIES
 FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue:						
Grants and Contracts	\$ 126,427	\$ 68,030	\$ 194,457	\$ 1,340,293	\$ 98,000	\$ 1,438,293
Contributions	1,007,708	117,480	1,125,188	944,383	17,687	962,070
Noncash Contributions	646,944	-	646,944	661,523	-	661,523
Interest Income	45	-	45	238	-	238
Change in Endowment Fund Held by Minnesota Community Foundation	(34,504)	-	(34,504)	107,012	-	107,012
Miscellaneous Income	12,503	-	12,503	14,950	-	14,950
Net Assets Released from Restrictions:						
Satisfaction of Purpose and Time Restrictions	73,469	(73,469)	-	139,590	(139,590)	-
Total Support and Revenue	1,832,592	112,041	1,944,633	3,207,989	(23,903)	3,184,086
Expense:						
Program Services	1,484,917	-	1,484,917	2,605,598	-	2,605,598
Support Services:						
Management and General Fundraising	253,433	-	253,433	90,866	-	90,866
	271,192	-	271,192	138,349	-	138,349
Total Support Services	524,625	-	524,625	229,215	-	229,215
Total Expense	2,009,542	-	2,009,542	2,834,813	-	2,834,813
Change in Net Assets	(176,950)	112,041	(64,909)	373,176	(23,903)	349,273
Net Assets - Beginning of Year	2,243,058	73,469	2,316,527	1,869,882	97,372	1,967,254
Net Assets - End of Year	\$ 2,066,108	\$ 185,510	\$ 2,251,618	\$ 2,243,058	\$ 73,469	\$ 2,316,527

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

ST. LOUIS PARK EMERGENCY PROGRAM, INC.
STATEMENT OF FUNCTIONAL EXPENSE
FOR THE YEAR ENDED JUNE 30, 2022
WITH COMPARATIVE TOTALS FOR 2021

	2022										2021		
	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	\$ 9,103	\$ 41,203	\$ 16,150	\$ 668,225	\$ 63,962	\$ 4,933	\$ -	\$ 803,576	\$ -	\$ -	\$ 803,576	\$ 1,809,406	\$ 1,809,406
Salaries	3,352	21,382	10,765	327,172	17,239	22,845	23,482	426,237	162,075	88,357	250,432	662,172	662,172
Payroll Taxes and Benefits	700	4,467	2,249	68,346	3,601	4,772	4,905	89,040	33,857	18,458	52,315	144,230	144,230
Professional Services	94	599	302	12,939	483	694	658	15,769	4,542	101,319	105,861	24,945	24,945
Occupancy	222	1,414	712	21,637	1,140	1,511	1,553	28,189	10,718	5,844	16,562	38,978	38,978
Miscellaneous	160	1,021	514	20,564	823	3,046	1,121	27,249	7,737	4,369	12,106	8,420	8,420
Office Supplies and Equipment	50	410	161	5,598	2,607	341	351	9,518	2,420	21,957	24,377	27,631	27,631
Insurance	90	575	290	8,799	464	614	632	11,464	4,359	2,377	6,736	12,721	12,721
Postage and Printing	108	341	124	3,868	199	264	271	5,175	1,870	6,871	8,741	20,280	20,280
Telephone	43	277	139	4,235	223	1,003	304	6,224	2,098	1,143	3,241	9,826	9,826
Bank Service and Other Charges	-	-	52	1,580	83	-	113	2,057	-	6,547	2,208	10,000	10,000
Recruitment and Training	475	3,031	1,526	46,376	2,444	3,238	3,329	60,419	22,974	12,525	35,499	63,407	63,407
Depreciation	\$ 14,413	\$ 74,823	\$ 32,984	\$ 1,189,339	\$ 93,268	\$ 43,371	\$ 36,719	\$ 1,484,917	\$ 253,433	\$ 271,192	\$ 524,625	\$ 2,009,542	\$ 2,834,813

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

ST. LOUIS PARK EMERGENCY PROGRAM, INC.
STATEMENT OF FUNCTIONAL EXPENSE
FOR THE YEAR ENDED JUNE 30, 2021

	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	\$ 4,922	\$ 19,542	\$ 15,524	\$ 716,467	\$ 1,043,358	\$ 1,674	\$ 7,919	\$ 1,809,406	\$ -	\$ -	\$ -	\$ 1,809,406		
Salaries	4,304	16,554	12,581	280,033	125,349	42,710	25,560	507,091	64,694	90,387	155,081	662,172		
Payroll Taxes and Benefits	938	3,606	2,740	60,995	27,303	9,303	5,567	110,452	14,091	19,687	33,778	144,230		
Professional Services	136	526	400	12,806	3,982	1,357	812	20,019	2,055	2,871	4,926	24,945		
Occupancy	157	616	477	15,820	16,956	919	642	35,587	1,351	2,040	3,391	38,978		
Miscellaneous	32	133	103	3,418	3,663	199	139	7,687	292	441	733	8,420		
Office Supplies and Equipment	126	605	445	12,398	5,492	1,251	749	21,066	1,895	4,670	6,565	27,631		
Insurance	82	318	242	5,380	2,408	821	491	9,742	1,243	1,736	2,979	12,721		
Postage and Printing	70	272	207	4,745	2,063	1,019	421	8,797	1,065	10,418	11,483	20,280		
Telephone	60	233	177	4,457	1,761	600	359	7,647	909	1,270	2,179	9,826		
Bank Service and Other Charges	65	250	190	4,229	1,893	645	386	7,658	977	1,365	2,342	10,000		
Recruitment and Training	12	44	34	1,135	1,217	66	46	2,554	97	146	243	2,797		
Depreciation	257	1,001	775	25,736	27,583	1,495	1,045	57,892	2,197	3,318	5,515	63,407		
	\$ 11,161	\$ 43,700	\$ 33,895	\$ 1,147,619	\$ 1,263,028	\$ 62,059	\$ 44,136	\$ 2,605,598	\$ 90,866	\$ 138,349	\$ 229,215	\$ 2,834,813		

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

ST. LOUIS EMERGENCY PROGRAM, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2022 AND 2021

EXHIBIT D

	<u>2022</u>	<u>2021</u>
<u>ASSETS</u>		
Current Assets:		
Cash and Cash Equivalents	\$ 623,313	\$ 680,881
Accounts Receivable	27,071	59,303
Inventory	136,071	117,289
Prepaid Expenses	22,553	12,020
Food, Gas and Other Client Certificates	18,656	18,316
Total Current Assets	<u>827,664</u>	<u>887,809</u>
Endowment Fund Held by Minnesota Community Foundation	427,047	461,573
Property and Equipment - Net	<u>1,492,537</u>	<u>1,495,989</u>
 TOTAL ASSETS	 <u>\$ 2,747,248</u>	 <u>\$ 2,845,371</u>
 <u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Accounts Payable	\$ 5,789	\$ 9,200
Accrued Expenses	54,769	69,644
Notes Payable - Current	15,798	15,181
Total Current Liabilities	<u>76,356</u>	<u>94,025</u>
Long-Term Liabilities:		
Notes Payable - Long Term	419,274	434,819
Total Liabilities	<u>495,630</u>	<u>528,844</u>
Net Assets:		
Without Donor Restrictions:		
Designated - Endowment	427,047	461,573
Undesignated	1,639,061	1,781,485
Total Net Assets Without Donor Restrictions	<u>2,066,108</u>	<u>2,243,058</u>
With Donor Restrictions	185,510	73,469
Total Net Assets	<u>2,251,618</u>	<u>2,316,527</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 2,747,248</u>	 <u>\$ 2,845,371</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, 2022 AND 2021

EXHIBIT E

	<u>2022</u>	<u>2021</u>
<u>Increase (Decrease) in Cash and Cash Equivalents</u>		
Cash Flows from Operating Activities:		
Change in Net Assets	\$ (64,909)	\$ 349,273
Total Adjustments	<u>114,735</u>	<u>31,404</u>
Net Cash Provided by Operating Activities	49,826	380,677
Cash Flows from Investing Activities:		
Purchase of Property and Equipment	<u>(92,466)</u>	<u>(854,094)</u>
Net Cash (Used) by Investing Activities	(92,466)	(854,094)
Cash Flows from Financing Activities:		
Proceeds from Issuance of Notes Payable	-	450,000
Principal Payments of Notes Payable	<u>(14,928)</u>	<u>-</u>
Net Cash Provided (Used) by Financing Activities	<u>(14,928)</u>	<u>450,000</u>
Net (Decrease) in Cash	(57,568)	(23,417)
Cash and Cash Equivalents - Beginning of Year	<u>680,881</u>	<u>704,298</u>
Cash and Cash Equivalents - End of Year	<u>\$ 623,313</u>	<u>\$ 680,881</u>
 <u>Supplemental Disclosure of Cash Flow Information</u>		
Cash Paid for:		
Interest	<u>\$ 17,932</u>	<u>\$ -</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, 2022 AND 2021

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 within the context of each program. Clients can contact professional Social Workers for no-cost advice and support. For in-person food shelf visits, Social Workers provide clients with access to crisis counseling, general support and guidance, advocacy, and referrals to medical, mental health, childcare, job readiness, and other services. During this fiscal year, STEP had 8,793 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, STEP distributed 368,923 pounds of food among 4,097 households, with the average size of 3 people per household. An average of 45 pounds of food per client, was distributed 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, \$63,210 in direct housing payments were distributed to 48 households.
- Transportation Program provides hired drivers, to assists clients in accessing healthcare, social service and other essential appointments. This program was greatly curtailed during the pandemic. STEP also delivers food to those with transportation or physical mobility barriers. Those eligible under this program include seniors, individuals with disabilities, families and other adults. STEP provided 55 rides and performed 667 food deliveries in this fiscal year.
- Bus and Gas Certificates totaling \$1,790 were distributed to help 97 individuals with identified transportation needs.
- Holiday Program supplies, food and grocery certificates were provided to community families, enabling them to fully participate in their holiday traditions. STEP provided 44,137 pounds of food to 668 families in November 2021. STEP's Holiday Toy Drive provided gifts or gift certificates to 559 children at an average of \$39 per child.
- Back to School Program provides required school supplies and related items to students to ensure all community students are fully equipped to start the school year. STEP provided backpacks to 339 children and school supplies kits to 380 children in the Summer of 2021.
- Clothes Closet is a no-cost program that provides clients with gently used clothing and household items. It has been mostly suspended during the pandemic. STEP has distributed 346 coats during this fiscal year.

THE ST. LOUIS PARK EMERGENCY PROGRAM, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

1. Summary of Significant Accounting Policies (continued)

- Case Management is provided by Social Workers as part of collaborative, housing-related programs. The Kids in the Park Program served 20 families with school-aged children. The Family Self-Sufficiency program served 21 Housing Authority residents.
- The Organization began a Capital Campaign in the year ending June 30, 2022 to fund a needed facility and program expansion. The initial construction costs are being financed as the campaign activities get underway. The \$2.7M campaign is expected to run through 2024-25.

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 available for use in general operations and not subject to donor-imposed restrictions. These net assets include both board designated and undesignated amounts.

Net Assets with Donor Restriction – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. The Organization reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, 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.

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, 2022 and June 30, 2021, respectively.

THE ST. LOUIS PARK EMERGENCY PROGRAM, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

1. Summary of Significant Accounting Policies (continued)

Inventory

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

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.

Revenue and Revenue Recognition

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 substantially met.

A portion of the Organization's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/ or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization have incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. No amounts have been received in advance under the Organization's federal and state contracts and grants.

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.

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, 2022 AND 2021

1. Summary of Significant Accounting Policies (continued)

Noncash Contributions

Contributed goods are recorded at fair value at the date of donation. The Organization records donated professional services at the respective fair values of the services received. The Organization's policy related to in-kind donations is to utilize the assets given to carry out the mission of the Organization. If an asset is provide that does not allow the Organization to utilize it in its normal course of business, the asset will be sold at its fair market value as determined by appraisal or specialist.

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.

New Accounting Pronouncement

The Organization has adopted Accounting Standards Update (ASU) 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, as management believes the standards improve the usefulness and understandability of the Organization's financial reporting. The ASU has been applied retrospectively for the periods ended June 30, 2022 and 2021, as required.

Subsequent Events

The Organization has evaluated the effect that subsequent events would have on the financial statements through October 18, 2022, which is the date financial statements were available to be issued.

The Organization received a loan from the St. Louis Park Economic Development Authority for \$1,000,000 to be paid over 60 months, shortly after the ended June 30, 2022.

THE ST. LOUIS PARK EMERGENCY PROGRAM, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

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, 2022 and 2021, the Organization held funds at a local financial institutions in excess of federally insured limits.

3. Contingencies and Uncertainties

The COVID-19 outbreak in the United States has caused business disruption through both mandated and voluntary suspension of operations. While many of the closings have re-opened, there are still uncertainties if there will be future disruptions due to additional outbreaks. Therefore, the Organization expects this matter may impact its future operating results, but reasonable estimates cannot be made at this time.

4. Inventory

Inventory consisted of the following as of June 30:

	<u>2022</u>	<u>2021</u>
Food	\$ 99,610	\$ 84,793
School Supplies and Toys	18,840	17,962
Clothing	<u>17,621</u>	<u>14,534</u>
Total	<u>\$ 136,071</u>	<u>\$ 117,289</u>

5. Property and Equipment

The Organization owned the following assets as of June 30:

	<u>2022</u>	<u>2021</u>	<u>Estimated Useful Lives</u>
Land	\$ 338,759	\$ 338,759	
Buildings and Improvements	1,632,157	1,544,637	20 years
Equipment	<u>215,555</u>	<u>210,612</u>	3-10 years
	2,186,471	2,094,008	
Less: Accumulated Depreciation	<u>693,934</u>	<u>598,019</u>	
Total	<u>\$ 1,492,537</u>	<u>\$ 1,495,989</u>	

Depreciation expense of \$95,918 and \$63,407 was recorded for the years ended June 30, 2022 and 2021, respectively.

THE ST. LOUIS PARK EMERGENCY PROGRAM, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

6. Net Assets with Donor Restrictions

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

	<u>2022</u>	<u>2021</u>
Family Stabilization Program	\$ 49,657	\$ 36,785
Other Supplies	-	17,687
Senior Transportation for Medical and Food Access	-	9,564
Funds for Food Assistance	39,572	9,433
Kosher Food	10,281	-
Capital Campaign	<u>86,000</u>	<u>-</u>
Total	<u>\$ 185,510</u>	<u>\$ 73,469</u>

7. 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.

Interpretation of Relevant Law

The Board of Directors has interpreted the Minnesota Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the prudent expenditure of donor-restricted endowment funds. Unless stated otherwise in the gift instrument, the assets in an endowment fund are donor-restricted assets until appropriated for expenditure by the Organization. In making a determination to appropriate, an organization should act in good faith with the care that a prudent person would exercise. The intent of the Organization is that the annual distribution income from the endowment funds will be used for the core mission and operation of the Organization. Endowment net asset composition by type of fund as of June 30, 2022:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Board-Designated Endowment Fund	<u>\$ 427,047</u>	<u>\$ -</u>	<u>\$ 427,047</u>

Endowment net asset composition by type of fund as of June 30, 2021:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Board-Designated Endowment Fund	<u>\$ 461,573</u>	<u>\$ -</u>	<u>\$ 461,573</u>

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

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7. Endowment (continued)

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, 2020	\$ 370,041	\$ -	\$ 370,041
Investment Income	6,659	-	6,659
Net Increase	105,729	-	105,729
Appropriations	(15,472)	-	(15,472)
Expenses	<u>(5,384)</u>	<u>-</u>	<u>(5,384)</u>
June 30, 2021	\$ 461,573	\$ -	\$ 461,573
Investment Income	11,903	-	11,903
Net Increase (Decrease)	(22,760)	-	(22,760)
Appropriations	(16,271)	-	(16,271)
Expenses	<u>(7,398)</u>	<u>-</u>	<u>(7,398)</u>
June 30, 2022	<u>\$ 427,047</u>	<u>\$ -</u>	<u>\$ 427,047</u>

8. Noncash 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 on the statement of activities. Noncash Contributions were utilized for the Organization's programs during the years ended June 30, 2022 and 2021, and had no donor restrictions. The statistics noted below do not include purchased food, school supplies and toys.

The following is a summary of noncash contributions for the years ended June 30:

	<u>2022</u>	<u>2021</u>
Food	\$ 598,188	\$ 629,936
Holiday Program Toys	28,840	11,789
Clothes Closet	11,558	11,440
School Supplies	<u>8,358</u>	<u>8,358</u>
Total	<u>\$ 646,944</u>	<u>\$ 661,523</u>

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, 2022, approximately 127 volunteers and volunteer groups gave approximately 10,528 hours of service to the Organization. During the year ended June 30, 2021, approximately 85 volunteers and volunteer groups gave approximately 7,916 hours of service 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.

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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 \$18,141 and \$18,203 for the years ended June 30, 2022 and 2021, respectively.

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, 2022:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Foundation Holdings	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 427,047</u>	<u>\$ 427,047</u>

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, 2021:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Foundation Holdings	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 461,573</u>	<u>\$ 461,573</u>

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>2022</u>	<u>2021</u>
Beginning Balance	\$ 461,573	\$ 370,041
Change in Value of Foundation Holdings	(18,255)	107,004
Distributions	(16,271)	(15,472)
Ending Balance	<u>\$ 427,047</u>	<u>\$ 461,573</u>

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

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11. Cash Flow Operating Adjustments

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

	June 30,	
	2022	2021
Depreciation	\$ 95,918	\$ 63,407
Change in Value of Foundation Holdings	34,526	(91,532)
Increases (Decreases) in Current Liabilities:		
Accounts Payable	(3,411)	(9,770)
Accrued Expenses	(14,875)	15,679
Decreases (Increases) in Current Assets:		
Accounts Receivable	32,232	78,325
Prepaid Expenses	(10,533)	(1,682)
Food, Gas and Other Client Certificates	(340)	(5,554)
Inventory	(18,782)	(17,469)
Total Adjustments	\$ 114,735	\$ 31,404

12. Notes Payable

The breakdown of notes payable is as follows:

	June 30,	
	2022	2021
Note payable to Citizens Independent Bank at 3.99% Payable in monthly installments of \$2,738 including interest with a balloon payment due June 2031. The note is secured by the building.	\$ 435,072	\$ 450,000
Less Portion Due Within One (1) Year	15,798	15,181
Long-term Portion	\$ 419,274	\$ 434,819

Principal payments required at June 30, 2022 are as follows:

<u>Due in the Year Ending June 30,</u>	
2023	\$ 15,798
2024	16,440
2025	17,108
2026	17,803
2027	18,527
2028 and after	349,396
Total	\$ 435,072

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13. Line of Credit

The Organization has a \$250,000 revolving credit line, which is available through February 1, 2023. 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 4.75 percent at both June 30, 2022 and 2021.

As of June 30, 2022 and 2021, the Organization's line of credit had no outstanding balance.

14. Liquidity and Availability

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

	June 30	
	2022	2021
Financial Assets:		
Cash	\$ 623,313	\$ 680,881
Accounts Receivable	27,071	59,303
Investments and Foundation Holdings	427,047	461,573
Total Financial Assets	1,077,431	1,201,757
Less assets not available to be used for general expenditures within one year:		
Net Assets With Donor Restrictions	185,510	73,469
Board-Designated Endowment	427,047	461,573
Net Assets With Restrictions to be met within a year	(185,510)	(73,469)
Total assets not available for general expenditures within one year:	427,047	461,573
Financial assets available for general expenditures within one year	\$ 650,384	\$ 740,184

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.