

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

Financial Statements
Auditor's Report
For the Years Ended
June 30, 2023 and 2022



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, 2023 and 2022, 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, 2023 and 2022, 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.

Carpta EA and Associates, LTD.
Certified Public Accountants

Minneapolis, Minnesota
November 21, 2023

EXHIBIT A

ST. LOUIS PARK EMERGENCY PROGRAM, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue:						
Grants and Contracts	\$ 290,577	\$ 65,000	\$ 355,577	\$ 126,427	\$ 68,030	\$ 194,457
Contributions of Financial Assets	1,068,936	400,685	1,469,621	1,007,708	117,480	1,125,188
Contributions of Non-Financial Assets	634,905	-	634,905	646,944	-	646,944
Interest Income	529	-	529	45	-	45
Change in Endowment Fund Held by Minnesota Community Foundation	2,956	-	2,956	(34,504)	-	(34,504)
Miscellaneous Income	3,523	-	3,523	12,503	-	12,503
Net Assets Released from Restrictions:						
Satisfaction of Capital Restrictions	397,763	(397,763)	-	-	-	-
Satisfaction of Purpose and Time Restrictions	113,601	(113,601)	-	73,469	(73,469)	-
Total Support and Revenue	2,512,790	(45,679)	2,467,111	1,832,592	112,041	1,944,633
Expense:						
Program Services	1,605,401	-	1,605,401	1,484,917	-	1,484,917
Support Services:						
Management and General Fundraising	272,175	-	272,175	253,433	-	253,433
Total Support Services	273,451	-	273,451	271,192	-	271,192
Total Expense	545,626	-	545,626	524,625	-	524,625
	2,151,027	-	2,151,027	2,009,542	-	2,009,542
Change in Net Assets	361,763	(45,679)	316,084	(176,950)	112,041	(64,909)
Net Assets - Beginning of Year	2,066,108	185,510	2,251,618	2,243,058	73,469	2,316,527
Net Assets - End of Year	\$ 2,427,871	\$ 139,831	\$ 2,567,702	\$ 2,066,108	\$ 185,510	\$ 2,251,618

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, 2023
WITH COMPARATIVE TOTALS FOR 2022

	2023										2022									
	Program Services					Support Services					Program Services					Support Services				
	Clothes Closet	Holiday Program	Back to School	Food Shelf	Emergency Assistance	Transportation	Social Worker Case Mgmt	Program Services	Management & General	Fund-raising	Total Support Services	Total All Services	Total All Services	Total All Services	Total All Services					
Goods Distributed and Client Assistance	\$ 8,701	\$ 51,781	\$ 16,815	\$ 712,928	\$ 73,890	\$ 6,336	\$ -	\$ 870,451	\$ -	\$ -	\$ -	\$ 870,451	\$ 870,451	\$ 870,451	\$ 803,576					
Salaries	11,812	25,192	15,675	364,808	38,798	15,527	16,906	488,718	186,216	95,378	281,594	770,312	770,312	770,312	676,669					
Payroll Taxes and Benefits	1,929	4,119	2,563	59,643	6,343	2,539	2,764	79,900	30,444	15,594	46,038	129,938	129,938	129,938	141,355					
Occupancy	847	1,808	1,125	26,177	2,784	1,114	1,213	35,068	13,362	6,844	20,206	55,274	55,274	55,274	44,751					
Professional Services	230	491	306	9,605	756	325	344	12,057	3,628	98,923	102,551	114,608	114,608	114,608	121,630					
Office Supplies and Equipment	1,848	670	344	15,668	3,556	618	372	23,076	4,089	15,808	19,897	42,973	42,973	42,973	33,895					
Miscellaneous	506	610	428	11,644	939	2,490	409	17,026	4,508	2,491	6,999	24,025	24,025	24,025	39,355					
Postage and Printing	157	130	311	713	76	30	33	1,450	364	16,727	17,091	18,541	18,541	18,541	13,916					
Insurance	255	543	338	7,870	837	335	365	10,543	4,017	2,057	6,074	16,617	16,617	18,200	18,200					
Telephone	132	282	176	4,089	435	174	190	5,478	2,087	1,069	3,156	8,634	8,634	9,465	9,465					
Bank Service and Other Charges	-	-	-	-	-	-	-	-	-	6,164	6,164	6,164	6,164	6,547	6,547					
Recruitment and Training	92	57	36	829	88	35	39	1,176	423	595	1,018	2,194	2,194	2,194	4,265					
Interest	21	47	29	685	73	29	32	916	350	180	530	1,446	1,446	-	-					
Depreciation	1,438	3,069	1,910	44,446	4,727	1,892	2,060	59,542	22,687	11,621	34,308	93,850	93,850	93,850	95,918					
	\$ 27,968	\$ 88,799	\$ 40,056	\$ 1,259,105	\$ 133,302	\$ 31,444	\$ 24,727	\$ 1,605,401	\$ 273,175	\$ 273,451	\$ 545,626	\$ 2,151,027	\$ 2,151,027	\$ 2,151,027	\$ 2,009,542					

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, 2022

EXHIBIT C

	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	\$ 9,103	\$ 41,203	\$ 16,150	\$ 668,225	\$ 63,962	\$ 4,933	\$ -	\$ 803,576	\$ -	\$ -	\$ -	\$ 803,576	\$ -	\$ -	\$ -	\$ 803,576	
Salaries	3,352	21,382	10,765	327,172	17,239	22,845	23,482	425,237	162,075	88,357	250,432	676,669				676,669	
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	141,355				141,355	
Occupancy	222	1,414	712	21,637	1,140	1,511	1,553	28,189	10,718	5,844	16,562	44,751				44,751	
Professional Services	94	599	302	12,939	483	694	658	15,769	4,542	101,319	105,861	121,630				121,630	
Office Supplies and Equipment	50	410	161	5,598	2,607	341	351	9,518	2,420	21,957	24,377	33,895				33,895	
Miscellaneous	160	1,021	514	20,564	823	3,046	1,121	27,249	7,737	4,369	12,106	39,355				39,355	
Postage and Printing	108	341	124	3,868	199	264	271	5,175	1,870	6,871	8,741	13,916				13,916	
Insurance	90	575	290	8,799	464	614	632	11,464	4,359	2,377	6,736	18,200				18,200	
Telephone	43	277	139	4,235	223	1,003	304	6,224	2,098	1,143	3,241	9,465				9,465	
Bank Service and Other Charges	-	-	-	-	-	-	-	-	-	6,547	6,547	6,547				6,547	
Recruitment and Training	16	103	52	1,580	83	110	113	2,057	783	1,425	2,208	4,265				4,265	
Depreciation	475	3,031	1,526	46,376	2,444	3,238	3,329	60,419	22,974	12,525	35,499	95,918				95,918	
	\$ 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				\$ 2,009,542	

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

ST. LOUIS EMERGENCY PROGRAM, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2023 AND 2022

EXHIBIT D

	<u>2023</u>	<u>2022</u>
<u>ASSETS</u>		
Current Assets:		
Cash and Cash Equivalents	\$ 410,221	\$ 623,313
Grants and Pledges Receivable	40,170	27,071
Inventory	122,607	136,071
Prepaid Expenses	13,497	22,553
Food, Gas and Other Client Certificates	12,655	18,656
Total Current Assets	<u>599,150</u>	<u>827,664</u>
Grants and Pledges Receivable	25,000	-
Endowment Fund Held by Minnesota Community Foundation	429,936	427,047
Property and Equipment - Net	<u>2,838,212</u>	<u>1,492,537</u>
TOTAL ASSETS	<u>\$ 3,892,298</u>	<u>\$ 2,747,248</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Accounts Payable	\$ 16,339	\$ 5,789
Accrued Expenses	62,321	54,769
Notes Payable - Current	209,879	15,798
Total Current Liabilities	<u>288,539</u>	<u>76,356</u>
Long-Term Liabilities:		
Notes Payable - Long Term	<u>1,036,057</u>	<u>419,274</u>
Total Liabilities	<u>1,324,596</u>	<u>495,630</u>
Net Assets:		
Without Donor Restrictions:		
Designated - Endowment	429,936	427,047
Undesignated	<u>1,997,935</u>	<u>1,639,061</u>
Total Net Assets Without Donor Restrictions	<u>2,427,871</u>	<u>2,066,108</u>
With Donor Restrictions	<u>139,831</u>	<u>185,510</u>
Total Net Assets	<u>2,567,702</u>	<u>2,251,618</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 3,892,298</u>	<u>\$ 2,747,248</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, 2023 AND 2022

EXHIBIT E

	<u>2023</u>	<u>2022</u>
<u>Increase (Decrease) in Cash and Cash Equivalents</u>		
Cash Flows from Operating Activities:		
Change in Net Assets	\$ 316,084	\$ (64,909)
Total Adjustments	<u>99,485</u>	<u>114,735</u>
Net Cash Provided by Operating Activities	415,569	49,826
Cash Flows from Investing Activities:		
Purchase of Property and Equipment	<u>(1,439,525)</u>	<u>(92,466)</u>
Net Cash (Used) by Investing Activities	(1,439,525)	(92,466)
Cash Flows from Financing Activities:		
Proceeds from Issuance of Notes Payable	1,000,000	-
Principal Payments of Notes Payable	<u>(189,136)</u>	<u>(14,928)</u>
Net Cash Provided (Used) by Financing Activities	<u>810,864</u>	<u>(14,928)</u>
Net (Decrease) in Cash	(213,092)	(57,568)
Cash and Cash Equivalents - Beginning of Year	<u>623,313</u>	<u>680,881</u>
Cash and Cash Equivalents - End of Year	<u>\$ 410,221</u>	<u>\$ 623,313</u>
 <u>Supplemental Disclosure of Cash Flow Information</u>		
Cash Paid for:		
Interest	<u>\$ 43,424</u>	<u>\$ 17,932</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, 2023 AND 2022

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. Clients can contact professional social workers and caseworkers for no-cost advice and support. For in-person food shelf visits, staff provide clients with access to crisis counseling, general support and guidance, advocacy, and referral to medical, mental health, childcare, job readiness, and other services. During this fiscal year, STEP had 10,096 household client contacts and made 671 referrals.
- Food Shelf Program provides food and personal products in community members to need of assistance. During this fiscal year, STEP distributed 367,267 pounds of food among 4,162 household food shelf visits. There were individual food shelf visits with the average size of 2.8 people per household. An average of 32 pounds of food was distributed to each individual during each visit to the food shelf. The kosher food program served 40 individuals.
- 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, \$73,084 was distributed to 54 households.
- Transportation Program hired drivers to assist clients in accessing healthcare, social service and other essential appointments. STEP provided 121 rides to 21 individuals during the year. STEP made 827 food deliveries to households who are homebound.
- Bus and Gas Certificates totaling \$2,040 were distributed to help 144 individuals and families with transportation needs identified under social service plans.
- Holiday Program supplied food and grocery certificates to eligible families to enable them to fully participate in holiday traditions. Grocery certificates were supplied to 334 households in the amount of \$5,060 in total. STEP's holiday toy drive supplied gifts and/or gift certificates to families of 593 children.
- Back to School Program distributed required school supplies and related items to eligible students to ensure all community students are fully equipped to start the school year. STEP provided backpacks to 244 children and custom school supplies kits to 396 children in 2022.

THE ST. LOUIS PARK EMERGENCY PROGRAM, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

1. Summary of Significant Accounting Policies (continued)

- Clothes Closet is a no-cost program that provides clients with gently-used clothing and household items. It has been mostly suspended since March 2020 and will fully resume July 2023. STEP has distributed 331 coats during this fiscal year.
- Case Management is provided by social workers and caseworkers as part of collaborative, housing-related programs. The Kids in the Park program serves 30 families with school-age children. The Family Self-Sufficiency program serves 21 residents who live in subsidized housing in St. Louis Park.
- The Organization began a Capital Campaign in March 2021 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.

THE ST. LOUIS PARK EMERGENCY PROGRAM, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

1. Summary of Significant Accounting Policies (continued)

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, 2023 and June 30, 2022, respectively.

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.

THEST. LOUIS PARK EMERGENCY PROGRAM, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

1. Summary of Significant Accounting Policies (continued)

Promises-To-Give (Grants and 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.

Contributions of Non-Financial Assets

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 provided 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.

THE ST. LOUIS PARK EMERGENCY PROGRAM, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

1. Summary of Significant Accounting Policies (continued)

New Accounting Pronouncements

In 2023, the Organization adopted Accounting Standards Update (ASU) No. 2016-02, *Leases*, which requires lessees to recognize leases on the statement of financial position and disclose key information about leasing arrangements. The Organization elected not to restate the comparative period (2022). It also elected not to reassess at adoption (i) expired or existing contracts to determine whether they are or contain a lease, (ii) the lease classification of any existing leases, or (iii) initial direct costs for existing leases.

Leases

The Organization determines if an arrangement is or contains a lease at inception. Leases are included in right-of-use (ROU) assets and lease liabilities in the consolidated statement of financial position. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term. Operating lease expense is recognized on a straight-line basis over the lease term. The Organization does not report ROU assets and leases liabilities for its short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term.

Subsequent Events

The Organization has evaluated the effect that subsequent events would have on the financial statements through November 21, 2023, which is the date financial statements were available to be issued.

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, 2023 and 2022, the Organization held funds at a local financial institutions in excess of federally insured limits.

THE ST. LOUIS PARK EMERGENCY PROGRAM, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

3. Inventory

Inventory consisted of the following as of June 30:

	<u>2023</u>	<u>2022</u>
Food	\$ 88,567	\$ 99,610
School Supplies and Toys	9,756	18,840
Clothing	<u>24,284</u>	<u>17,621</u>
Total	<u>\$ 122,607</u>	<u>\$ 136,071</u>

4. Property and Equipment

The Organization owned the following assets as of June 30:

	<u>2023</u>	<u>2022</u>	<u>Estimated Useful Lives</u>
Land	\$ 338,759	\$ 338,759	
Buildings and Improvements	3,027,265	1,632,157	20 years
Equipment	<u>259,972</u>	<u>215,555</u>	3-10 years
	3,625,996	2,186,471	
Less: Accumulated Depreciation	<u>787,784</u>	<u>693,934</u>	
Total	<u>\$ 2,838,212</u>	<u>\$ 1,492,537</u>	

Depreciation expense of \$93,850 and \$95,918 was recorded for the years ended June 30, 2023 and 2022, respectively.

5. Net Assets with Donor Restrictions

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

	<u>2023</u>	<u>2022</u>
Family Stabilization Program	\$ 46,609	\$ 49,657
Funds for Food Assistance	22,500	39,572
Kosher Food	20,722	10,281
Capital Campaign	<u>50,000</u>	<u>86,000</u>
Total	<u>\$ 139,831</u>	<u>\$ 185,510</u>

6. Grants and Pledges Receivable

Grants and Pledges Receivable at June 30, 2023 are expected to be collected as follows:

Due in the Year Ending June 30,	
2024	\$ 40,170
2025	<u>25,000</u>
Total	<u>\$ 65,170</u>

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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, 2023:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Board-Designated Endowment Fund	<u>\$ 429,936</u>	<u>\$ -</u>	<u>\$ 429,936</u>

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>

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, 2021	\$ 461,573	\$ -	\$ 461,573
Investment Income	11,903	-	11,903
Net (Decrease)	(22,760)	-	(22,760)
Appropriations	(16,271)	-	(16,271)
Expenses	<u>(7,398)</u>	<u>-</u>	<u>(7,398)</u>
June 30, 2022	\$ 427,047	\$ -	\$ 427,047
Investment Income	3,801	-	3,801
Net Increase	19,250	-	19,250
Appropriations	(16,129)	-	(16,129)
Expenses	<u>(4,033)</u>	<u>-</u>	<u>(4,033)</u>
June 30, 2023	<u>\$ 429,936</u>	<u>\$ -</u>	<u>\$ 429,936</u>

8. Contributions for Non-Financial Assets

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. Contributions of Non-Financial Assets were utilized for the Organization's programs during the years ended June 30, 2023 and 2022, and had no donor restrictions. The statistics noted below do not include purchased food, school supplies and toys.

The following is a summary of contributions of non-financial assets for the years ended June 30:

	<u>2023</u>	<u>2022</u>
Food	\$ 581,692	\$ 598,188
Holiday Program Toys	28,495	28,840
Clothes Closet	14,976	11,558
School Supplies	<u>9,742</u>	<u>8,358</u>
Total	<u>\$ 634,905</u>	<u>\$ 646,944</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, 2023, approximately 155 volunteers and volunteer groups gave approximately 13,151 hours of service to the Organization. During the year ended June 30, 2022, approximately 127 volunteers and volunteer groups gave approximately 10,528 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 \$20,271 and \$18,141 for the years ended June 30, 2023 and 2022, 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, 2023:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Foundation Holdings	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 429,936</u>	<u>\$ 429,936</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, 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 provides a summary of changes in fair value of the Organization's Level 3 financial assets for the years ended June 30:

	<u>2023</u>	<u>2022</u>
Beginning Balance	<u>\$ 427,047</u>	<u>\$ 461,573</u>
Change in Value of Foundation Holdings	<u>19,018</u>	<u>(18,255)</u>
Distributions	<u>(16,129)</u>	<u>(16,271)</u>
Ending Balance	<u>\$ 429,936</u>	<u>\$ 427,047</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,	
	2023	2022
Depreciation	\$ 93,850	\$ 95,918
Change in Value of Foundation Holdings	(2,889)	34,526
Grants and Pledges Receivable	(25,000)	-
Increases (Decreases) in Current Liabilities:		
Accounts Payable	10,550	(3,411)
Accrued Expenses	7,552	(14,875)
Decreases (Increases) in Current Assets:		
Grants and Pledges Receivable	(38,099)	32,232
Prepaid Expenses	9,056	(10,533)
Food, Gas and Other Client Certificates	6,001	(340)
Inventory	13,464	(18,782)
Total Adjustments	\$ 99,485	\$ 114,735

12. Notes Payable

The breakdown of notes payable is as follows:

	June 30,	
	2023	2022
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.	\$ 418,235	\$ 435,072
Note payable to St. Louis Park Economic Development Authority at 3%. Payable in monthly installments of \$17,969 including interest with a final payment due September 2027. The note is secured by the building.	827,701	-
	1,245,936	435,072
Less Portion Due Within One (1) Year	209,879	15,798
Long-term Portion	\$ 1,036,057	\$ 419,274

Principal payments required at June 30, 2023 are as follows:

<u>Due in the Year Ending June 30,</u>	
2024	\$ 209,879
2025	216,430
2026	223,188
2027	230,159
2028	37,204
2029 and after	329,076
Total	\$ 1,245,936

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13. Line of Credit

The Organization has a \$250,000 revolving credit line, which is available through May 31, 2024. The line is secured by the real property commonly known as 6812 Lake Street West, St. Louis Park, MN 55426. 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 9.25% and 5.75% percent at years ending June 30, 2023 and 2022, respectively.

As of June 30, 2023 and 2022, 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	
	2023	2022
Financial Assets:		
Cash	\$ 410,221	\$ 623,313
Grants and Pledges Receivable	65,170	27,071
Investments and Foundation Holdings	429,936	427,047
Total Financial Assets	905,327	1,077,431
Less assets not available to be used for general expenditures within one year:		
Net Assets With Donor Restrictions	139,831	185,510
Board-Designated Endowment	429,936	427,047
Net Assets With Restrictions to be met within a year	(89,831)	(185,510)
Total assets not available for general expenditures within one year:	479,936	427,047
Financial assets available for general expenditures within one year	\$ 425,391	\$ 650,384

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.