

**MERRICK COMMUNITY SERVICES**  
**AUDITED FINANCIAL STATEMENTS**  
June 30, 2020 and 2019

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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Merrick Community Services  
St. Paul, Minnesota

We have audited the accompanying financial statements of Merrick Community Services (a non-profit organization), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, functional expenses 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 from 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 Merrick Community Services as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

## **Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedules of unrestricted activities on pages 20- 21 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Harrington Langer & Associates*

November 17, 2020

**MERRICK COMMUNITY SERVICES**  
**STATEMENTS OF FINANCIAL POSITION**  
June 30, 2020 and 2019

|                                                                                                         | <u>2020</u>                | <u>2019</u>                |
|---------------------------------------------------------------------------------------------------------|----------------------------|----------------------------|
| <b>ASSETS</b>                                                                                           |                            |                            |
| <b>CURRENT ASSETS</b>                                                                                   |                            |                            |
| Cash and cash equivalents                                                                               | \$ 741,556                 | \$ 134,720                 |
| Accounts receivable, net of allowances of \$0 and \$3,265, respectively                                 | 103,080                    | 201,503                    |
| Contributions receivable                                                                                | 459,577                    | 477,170                    |
| Prepaid expenses                                                                                        | <u>10,729</u>              | <u>3,928</u>               |
| Total Current Assets                                                                                    | <u>1,314,942</u>           | <u>817,321</u>             |
| <b>PROPERTY AND EQUIPMENT, net of accumulated depreciation of \$310,775 and \$232,359, respectively</b> | <u>1,334,916</u>           | <u>1,413,332</u>           |
| <b>TOTAL ASSETS</b>                                                                                     | <u><u>\$ 2,649,858</u></u> | <u><u>\$ 2,230,653</u></u> |
| <b>LIABILITIES AND NET ASSETS</b>                                                                       |                            |                            |
| <b>CURRENT LIABILITIES</b>                                                                              |                            |                            |
| Current maturities of long-term debt                                                                    | \$ 47,747                  | \$ 34,366                  |
| Accounts payable                                                                                        | 111,347                    | 121,034                    |
| Line of credit                                                                                          | -                          | 70,000                     |
| Accrued expenses                                                                                        | <u>37,184</u>              | <u>31,631</u>              |
| Total Current Liabilities                                                                               | <u>196,278</u>             | <u>257,031</u>             |
| <b>LONG-TERM LIABILITIES</b>                                                                            |                            |                            |
| Long-term debt, net of current maturities                                                               | 296,109                    | 208,284                    |
| Deferred rent                                                                                           | <u>25,555</u>              | <u>35,473</u>              |
| Total Long-Term Liabilities                                                                             | <u>321,664</u>             | <u>243,757</u>             |
| Total Liabilities                                                                                       | <u>517,942</u>             | <u>500,788</u>             |
| <b>NET ASSETS</b>                                                                                       |                            |                            |
| Without donor restrictions                                                                              | 949,532                    | 986,283                    |
| With donor restrictions                                                                                 | <u>1,182,384</u>           | <u>743,582</u>             |
| Total Net Assets                                                                                        | <u>2,131,916</u>           | <u>1,729,865</u>           |
| <b>TOTAL LIABILITIES AND NET ASSETS</b>                                                                 | <u><u>\$ 2,649,858</u></u> | <u><u>\$ 2,230,653</u></u> |

**MERRICK COMMUNITY SERVICES**  
**STATEMENT OF ACTIVITIES**  
For the Year Ended June 30, 2020  
(With Comparative Totals for 2019)

|                                          | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total<br>2020    | Total<br>2019    |
|------------------------------------------|-------------------------------|----------------------------|------------------|------------------|
| <b>SUPPORT AND REVENUE</b>               |                               |                            |                  |                  |
| Support                                  |                               |                            |                  |                  |
| Contributions                            | \$ 637,580                    | \$ 532,441                 | \$ 1,170,021     | \$ 401,830       |
| United Way                               | 67,995                        | 422,170                    | 490,165          | 499,860          |
| Net assets released from<br>restrictions | 509,809                       | (509,809)                  | -                | -                |
| Total Support                            | 1,215,384                     | 444,802                    | 1,660,186        | 901,690          |
| Revenue                                  |                               |                            |                  |                  |
| Government grants and contracts          | 478,615                       | -                          | 478,615          | 584,941          |
| Program service fees                     | 57,142                        | -                          | 57,142           | 47,598           |
| Special events                           | 132,522                       | -                          | 132,522          | 85,967           |
| Investment income                        | 441                           | -                          | 441              | 713              |
| Net assets released from<br>restrictions | 6,000                         | (6,000)                    | -                | -                |
| Total Revenue                            | 674,720                       | (6,000)                    | 668,720          | 719,219          |
| Total Support and Revenue                | 1,890,104                     | 438,802                    | 2,328,906        | 1,620,909        |
| <b>EXPENSES</b>                          |                               |                            |                  |                  |
| Program services                         | 1,331,240                     | -                          | 1,331,240        | 1,271,002        |
| Administrative                           | 271,677                       | -                          | 271,677          | 244,580          |
| Fundraising and development              | 186,987                       | -                          | 186,987          | 100,770          |
| Total Expenses                           | 1,789,904                     | -                          | 1,789,904        | 1,616,352        |
| <b>CHANGE IN NET ASSETS</b>              | 100,200                       | 438,802                    | 539,002          | 4,557            |
| NET ASSETS, BEGINNING                    | 986,283                       | 743,582                    | 1,729,865        | 1,725,308        |
| Prior period adjustment                  | (136,951)                     | -                          | (136,951)        | -                |
| NET ASSETS, BEGINNING AS RESTATED        | 849,332                       | 743,582                    | 1,592,914        | 1,725,308        |
| <br><b>NET ASSETS, ENDING</b>            | <br>\$ 949,532                | <br>\$ 1,182,384           | <br>\$ 2,131,916 | <br>\$ 1,729,865 |

**MERRICK COMMUNITY SERVICES**  
**STATEMENT OF ACTIVITIES**  
For the Year Ended June 30, 2019

|                                          | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total        |
|------------------------------------------|-------------------------------|----------------------------|--------------|
| <b>SUPPORT AND REVENUE</b>               |                               |                            |              |
| Support                                  |                               |                            |              |
| Contributions                            | \$ 329,830                    | \$ 72,000                  | \$ 401,830   |
| United Way                               | 77,690                        | 422,170                    | 499,860      |
| Net assets released from<br>restrictions | 470,435                       | (470,435)                  | -            |
| Total Support                            | 877,955                       | 23,735                     | 901,690      |
| Revenue                                  |                               |                            |              |
| Government grants and contracts          | 578,941                       | 6,000                      | 584,941      |
| Program service fees                     | 47,598                        | -                          | 47,598       |
| Special events                           | 85,967                        | -                          | 85,967       |
| Investment income                        | 713                           | -                          | 713          |
| Net assets released from<br>restrictions | 6,000                         | (6,000)                    | -            |
| Total Revenue                            | 719,219                       | -                          | 719,219      |
| Total Support and Revenue                | 1,597,174                     | 23,735                     | 1,620,909    |
| <b>EXPENSES</b>                          |                               |                            |              |
| Program services                         | 1,271,002                     | -                          | 1,271,002    |
| Administrative                           | 244,580                       | -                          | 244,580      |
| Fundraising and development              | 100,770                       | -                          | 100,770      |
| Total Expenses                           | 1,616,352                     | -                          | 1,616,352    |
| <b>CHANGE IN NET ASSETS</b>              | (19,178)                      | 23,735                     | 4,557        |
| <b>NET ASSETS, BEGINNING</b>             | 1,005,461                     | 719,847                    | 1,725,308    |
| <b>NET ASSETS, ENDING</b>                | \$ 986,283                    | \$ 743,582                 | \$ 1,729,865 |

**MERRICK COMMUNITY SERVICES**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
For the Year Ended June 30, 2020

|                               | <b>Program Services</b> |                |                    |                |                        | Total<br>Program<br>Services | Administrative | Fundraising &<br>Development | Total            |
|-------------------------------|-------------------------|----------------|--------------------|----------------|------------------------|------------------------------|----------------|------------------------------|------------------|
|                               | Families                | Youth          | Senior<br>Services | Food<br>Shelf  | Employment<br>Services |                              |                |                              |                  |
| Salaries                      | 187,369                 | 77,862         | 41,605             | 91,329         | 23,465                 | 421,630                      | 155,358        | 34,096                       | 611,084          |
| Payroll taxes                 | 19,758                  | 7,673          | 4,772              | 9,840          | 3,036                  | 45,079                       | 16,282         | 4,441                        | 65,802           |
| Employee benefits             | 9,449                   | 369            | 2,782              | 8,562          | 4,890                  | 26,052                       | 4,279          | 3,852                        | 34,183           |
| <b>Total Personnel Costs</b>  | <b>216,576</b>          | <b>85,904</b>  | <b>49,159</b>      | <b>109,731</b> | <b>31,391</b>          | <b>492,761</b>               | <b>175,919</b> | <b>42,389</b>                | <b>711,069</b>   |
| Contract services             | 2,034                   | 3,579          | 5,283              | 6,599          | 339,689                | 357,184                      | 26,637         | 67,875                       | 451,696          |
| Insurance                     | 2,778                   | 147            | 1,240              | 3,559          | 910                    | 8,634                        | 5,583          | 1,405                        | 15,622           |
| Professional services         | 1,834                   | -              | 535                | 986            | 463                    | 3,818                        | 15,900         | 1,316                        | 21,034           |
| Food, activities and supplies | 1,176                   | 5,697          | 90,109             | 69,992         | 8,983                  | 175,957                      | 2,167          | 150                          | 178,274          |
| Office supplies               | 1,042                   | 316            | 468                | 1,172          | 425                    | 3,423                        | 1,893          | 280                          | 5,596            |
| Telephone                     | 3,593                   | 374            | 1,057              | 2,484          | 1,036                  | 8,544                        | 2,063          | 887                          | 11,494           |
| Postage                       | -                       | -              | -                  | -              | -                      | -                            | 399            | 455                          | 854              |
| Occupancy                     | 21,347                  | 15,615         | 16,325             | 42,135         | 14,450                 | 109,872                      | 9,710          | 9,401                        | 128,983          |
| Repairs and maintenance       | 4,189                   | 5,970          | 6,681              | 4,386          | 8,271                  | 29,497                       | 3,324          | 2,149                        | 34,970           |
| Equipment costs               | 2,239                   | 1,211          | 1,432              | 8,980          | 1,368                  | 15,230                       | 1,097          | 999                          | 17,326           |
| Advertising                   | 32                      | 23             | 24                 | 61             | 527                    | 667                          | 6,082          | 3,530                        | 10,279           |
| Dues and subscriptions        | -                       | -              | -                  | -              | -                      | -                            | 2,371          | 600                          | 2,971            |
| Local transportation          | 1,866                   | 7              | 186                | 944            | 108                    | 3,111                        | 389            | 19                           | 3,519            |
| Conventions and meetings      | 563                     | -              | -                  | 741            | 898                    | 2,202                        | 2,744          | -                            | 4,946            |
| Special events                | -                       | -              | -                  | -              | -                      | -                            | -              | 48,910                       | 48,910           |
| Special assistance            | 42,200                  | -              | -                  | -              | 4,561                  | 46,761                       | -              | -                            | 46,761           |
| Depreciation                  | 12,006                  | 8,783          | 9,178              | 23,829         | 8,123                  | 61,919                       | 11,207         | 5,289                        | 78,415           |
| Interest                      | 2,945                   | 1,337          | 1,723              | 4,136          | 1,519                  | 11,660                       | 4,192          | 1,333                        | 17,185           |
| <b>Total Expenses</b>         | <b>316,420</b>          | <b>128,963</b> | <b>183,400</b>     | <b>279,735</b> | <b>422,722</b>         | <b>1,331,240</b>             | <b>271,677</b> | <b>186,987</b>               | <b>1,789,904</b> |

See accompanying notes

**MERRICK COMMUNITY SERVICES**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
For the Year Ended June 30, 2019

|                               | <b>Program Services</b> |                |                 |                |                     |                        |                |                           |                  |
|-------------------------------|-------------------------|----------------|-----------------|----------------|---------------------|------------------------|----------------|---------------------------|------------------|
|                               | Families                | Youth          | Senior Services | Food Shelf     | Employment Services | Total Program Services | Administrative | Fundraising & Development | Total            |
| Salaries                      | 161,622                 | 87,341         | 50,633          | 99,519         | 86,784              | 485,899                | 135,204        | 48,873                    | 669,976          |
| Payroll taxes                 | 17,169                  | 11,527         | 5,109           | 10,039         | 8,179               | 52,023                 | 12,827         | 5,233                     | 70,083           |
| Employee benefits             | 16,438                  | 1,972          | 5,343           | 13,918         | 9,008               | 46,679                 | 11,093         | 7,603                     | 65,375           |
| <b>Total Personnel Costs</b>  | <b>195,229</b>          | <b>100,840</b> | <b>61,085</b>   | <b>123,476</b> | <b>103,971</b>      | <b>584,601</b>         | <b>159,124</b> | <b>61,709</b>             | <b>805,434</b>   |
| Contract services             | 4,320                   | 58             | 5,531           | 25,802         | 148,133             | 183,844                | 24,755         | 16,978                    | 225,577          |
| Insurance                     | 2,828                   | 433            | 1,199           | 3,508          | 915                 | 8,883                  | 6,181          | 1,427                     | 16,491           |
| Professional services         | -                       | -              | -               | -              | -                   | -                      | 13,000         | (35,000)                  | (22,000)         |
| Food, activities and supplies | 4,141                   | 3,580          | 67,476          | 77,034         | 32,930              | 185,161                | 1,718          | 512                       | 187,391          |
| Office supplies               | 307                     | 224            | 235             | 619            | 223                 | 1,608                  | 1,183          | 240                       | 3,031            |
| Telephone                     | 3,104                   | 602            | 1,016           | 2,536          | 1,409               | 8,667                  | 1,824          | 857                       | 11,348           |
| Postage                       | 210                     | -              | -               | -              | -                   | 210                    | 233            | 250                       | 693              |
| Occupancy                     | 20,104                  | 14,704         | 15,374          | 39,541         | 14,411              | 104,134                | 15,016         | 8,853                     | 128,003          |
| Repairs and maintenance       | 1,505                   | 1,318          | 2,742           | 2,138          | 4,545               | 12,248                 | 663            | 4,294                     | 17,205           |
| Equipment costs               | 4,597                   | 1,525          | 1,572           | 4,483          | 1,670               | 13,847                 | 2,910          | 2,222                     | 18,979           |
| Advertising                   | -                       | 25             | -               | -              | 70                  | 95                     | 788            | 5,705                     | 6,588            |
| Dues and subscriptions        | -                       | -              | 100             | 150            | -                   | 250                    | 4,506          | 1,361                     | 6,117            |
| Local transportation          | 2,241                   | 19             | 383             | 1,648          | 775                 | 5,066                  | 353            | 102                       | 5,521            |
| Conventions and meetings      | -                       | -              | -               | -              | -                   | -                      | 799            | -                         | 799              |
| Special events                | -                       | -              | -               | -              | -                   | -                      | -              | 24,676                    | 24,676           |
| Special assistance            | 84,661                  | -              | -               | -              | -                   | 84,661                 | -              | -                         | 84,661           |
| Depreciation                  | 12,873                  | 9,416          | 9,840           | 26,194         | 8,708               | 67,031                 | 9,819          | 5,670                     | 82,520           |
| Interest                      | 2,075                   | 1,518          | 1,586           | 4,113          | 1,404               | 10,696                 | 1,708          | 914                       | 13,318           |
| <b>Total Expenses</b>         | <b>338,195</b>          | <b>134,262</b> | <b>168,139</b>  | <b>311,242</b> | <b>319,164</b>      | <b>1,271,002</b>       | <b>244,580</b> | <b>100,770</b>            | <b>1,616,352</b> |

See accompanying notes

**MERRICK COMMUNITY SERVICES**  
**STATEMENTS OF CASH FLOWS**  
For the Years Ended June 30, 2020 and 2019

|                                                                                             | <u>2020</u>              | <u>2019</u>              |
|---------------------------------------------------------------------------------------------|--------------------------|--------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                                                 |                          |                          |
| Change in net assets                                                                        | \$ 539,002               | \$ 4,557                 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: |                          |                          |
| Depreciation                                                                                | 78,415                   | 82,520                   |
| Allowance for doubtful accounts                                                             | -                        | (3,265)                  |
| Change in:                                                                                  |                          |                          |
| Accounts receivable                                                                         | 98,423                   | (79,686)                 |
| Pledges receivable                                                                          | 17,593                   | (47,570)                 |
| Prepaid expenses                                                                            | (6,801)                  | 749                      |
| Accounts payable                                                                            | (9,687)                  | 62,391                   |
| Accrued expenses                                                                            | 5,553                    | (6,204)                  |
| Deferred rent                                                                               | <u>(9,918)</u>           | <u>(7,774)</u>           |
| <b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>                                            | <u>712,580</u>           | <u>5,718</u>             |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                                                 |                          |                          |
| Payments on long-term debt                                                                  | (28,522)                 | (57,349)                 |
| Change in line of credit                                                                    | <u>(70,000)</u>          | <u>70,000</u>            |
| <b>NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES</b>                                  | <u>(98,522)</u>          | <u>12,651</u>            |
| <b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>                                            | 614,058                  | 18,369                   |
| <b>CASH AND CASH EQUIVALENTS, BEGINNING</b>                                                 | <u>134,720</u>           | <u>116,351</u>           |
| <b>CASH AND CASH EQUIVALENTS, ENDING</b>                                                    | <u><u>\$ 748,778</u></u> | <u><u>\$ 134,720</u></u> |
| <b>SUPPLEMENTAL CASH FLOWS DISCLOSURES</b>                                                  |                          |                          |
| Interest paid                                                                               | \$ 17,185                | \$ 13,318                |

**MERRICK COMMUNITY SERVICES**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organizational Purpose**

Merrick Community Services (MCS or the Organization) is a non-profit organization whose purpose is to improve the lives of the residents of the Eastside of St. Paul, Minnesota, by empowering individuals, strengthening families, and promoting their independence through MCS programs as follows:

**Family Counseling and Case Management** - Working in collaboration with Ramsey County and other agencies, MCS provides case management for several programs, including the Family Support Project (FSP), Alternative Response, In-Home Parenting Services, and Child Welfare Targeted Case Management Services. Case management provides families with a trained person who looks at an entire family and helps determine the resources needed to support and stabilize it.

**Youth Programs** - MCS provides an after-school youth program during the school year. The goal of all youth programs is to have fun while developing important life skills. Each participant determines their goals for the program and works toward achieving them. Goals may include improving school attendance and achievement, improving relationships with family or teachers, and dealing with anger in a positive way. Programs include homework help, drumming, singing, an entrepreneurial group, arts and field trips. A summer recreation program is offered and includes lunch, which is provided by the St. Paul Public Schools. A kid's café program provides nutritional meals Monday through Friday evenings.

**Senior Services** – The Organization's senior services program is dedicated to providing services that enable area seniors to remain independent and to continue living in their own homes for as long as possible. Some of the services include Meal on Wheels, senior mobile distribution, and social groups.

**Food Shelf** - The Organization's Food Shelf program is dedicated to connecting families and individuals with community resources to help eliminate long-term causes of hunger. The Organization operates two emergency food shelves, has emergency funds available for specific purposes, and collaborates with organizations fighting to eliminate hunger in our community. Each December, two thousand families receive toys and food to help provide a happy holiday celebration. With the help of the Minnesota Shopping Center Association, the Caring Tree Program provides Eastside students with supplies for the school year.

**MERRICK COMMUNITY SERVICES**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Employment Services** – The Organization's East Side Job Bank, located at MCS, provides job skill assessment and job placement for job seekers. The Job Bank also provides skilled workers for businesses looking for employees. Job counselors are able to communicate in English, Hmong and Spanish, and can help solve transportation and child-care barriers to employment. The Organization also hires students from Harding and Johnson high schools to work full-time at 3M during the summer.

**Basis of Presentation:**

The financial statements of Merrick Community Services have been prepared in accordance with U.S. generally accepted accounting principles ("U.S. GAAP"), which requires the Organization to report information regarding its financial position and activities according to the following net asset classifications:

**Net assets without donor restrictions:** Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

**Net assets with donor restrictions:** Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the Statements of Activities.

**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 and disclosures in these financial statements. Actual results could differ from those estimates.

**Cash and Cash Equivalents**

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

**MERRICK COMMUNITY SERVICES**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Accounts Receivable**

Accounts receivable is stated at net realizable value. Bad debts are recorded on the allowance method based on historical experience and management's evaluation of outstanding receivable. At June 30, 2020 and 2019 the Organization had an allowance for doubtful accounts of \$0 and \$3,265, respectively.

**Contributions Receivable**

Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received. Contributions that are expected to be collected within one year are recorded at their net realizable value. Contributions that are expected to be collected in future years are recorded at the present value of the amount to be collected using an imputed interest rate applicable to the year in which the contribution is received. Conditional contributions are not included as support until such time as the conditions are substantially met. Management estimates that all contributions are fully collectible. Therefore, no allowance for doubtful accounts has been recognized as of June 30, 2020 and 2019

**Donated Services**

Donated services are an integral part of the Organization. Volunteer services, for the years ended June 30, 2020 and 2019, amounted to approximately 11,000 and 16,000 hours, respectively. Since the nature of the services do not satisfy the recognition requirements of generally accepted accounting principles, the accompanying financial statements do not reflect these volunteer services.

**Functional Allocation of Expenses**

Expenses are allocated to program and support services directly, whenever possible, and indirectly using predetermined percentages derived from payroll and occupancy statistics.

**Tax-Exempt Status**

The Organization has a tax-exempt status under Section 501(c)3 of the Internal Revenue Code. 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.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Organization and recognize a tax liability (or asset) for uncertain positions that more likely than not would not be sustained upon examination by the applicable tax authorities. Federal and state tax authorities generally have the right to examine the current and three previous years of income tax returns. The Organization is not currently under examination by any taxing jurisdiction.

**MERRICK COMMUNITY SERVICES**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Contributions**

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

A portion of the Organization's revenue is derived from cost-reimbursable state and county 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 has 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. The Organization received cost-reimbursable grants of approximately \$146,654 that have not been recognized at June 30, 2020 because qualifying expenditures have not yet been incurred.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

**Advertising**

Advertising costs are charged to expense as incurred. During the years ended June 30, 2020 and 2019, advertising costs were \$10,279 and \$6,588, respectively.

**Property and Equipment**

All expenditures for property and equipment in excess of \$1,500 are recorded at cost. Gifts or contributions of property and equipment are recorded at the asset's fair market value at the time received. It is the Organization's policy to provide depreciation based on the estimated useful lives of the assets using the straight-line method. The useful life of the equipment is 5 to 20 years.

When items are disposed of, the cost and accumulated depreciation are eliminated from the accounting records, and a gain or loss is reported in the change in net assets. Repairs and maintenance costs that do not increase the useful lives of the assets are charged to expense as incurred.

**MERRICK COMMUNITY SERVICES**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Subsequent Events**

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through November 17, 2020, the date the financial statements were available to be issued.

In December 2019, a novel strain of coronavirus (COVID-19) surfaced. The spread of the COVID-19 around the world throughout 2020 has caused significant volatility in the U.S. and international markets. There is significant uncertainty around the breadth and duration of business disruptions related to COVID-19, as well as its impact on the U.S. and international economies and, as such, the Organization is unable to determine if it will have a material impact to its operations.

**New Accounting Pronouncement:**

FASB issued ASU 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions received and Contributions Made*. This standard assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. We have implemented the provisions of ASU 2018-08 applicable to both contributions received and to contributions made in the accompanying financial statements under a modified prospective basis. Accordingly, there is no effect on net assets in connection with our implementation of ASU 2018-08.

**NOTE 2. MAJOR SOURCES OF SUPPORT AND REVENUE**

Approximately 46% and 44% of total support and revenue at June 30, 2020 and 2019, respectively, are from three donors.

**NOTE 3. SIGNIFICANT CONCENTRATIONS OF CREDIT RISK**

The Organization maintains its cash balances with local financial institutions. At June 30, 2020 and 2019, accounts at these institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At both June 30, 2020 and 2019, there were uninsured cash balances of \$424,231 and \$0 respectively.

**MERRICK COMMUNITY SERVICES**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 4. PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following as of June 30, 2020 and 2019:

|                                | <u>2020</u>                    | <u>2019</u>                    |
|--------------------------------|--------------------------------|--------------------------------|
| Building improvements          | \$ 1,556,367                   | \$ 1,556,367                   |
| Equipment                      | 82,435                         | 82,435                         |
| Vehicles                       | <u>6,889</u>                   | <u>6,889</u>                   |
| <br>Total Cost                 | <br>1,645,691                  | <br>1,645,691                  |
| Less: Accumulated Depreciation | <u>(310,775)</u>               | <u>(232,359)</u>               |
| <br>Net Property and Equipment | <br><u><u>\$ 1,334,916</u></u> | <br><u><u>\$ 1,413,332</u></u> |

Depreciation expense of \$78,416 and \$82,520 was provided for the years ended June 30, 2020 and 2019, respectively.

**NOTE 5. LONG-TERM DEBT**

At June 30, 2020 and 2019, long-term debt consisted of the following:

|                                                                                                                                                                  | <u>2020</u>              | <u>2019</u>              |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|--------------------------|
| Note payable due in monthly installments of \$3,826, including interest at 5.0%, secured by the Organization's assets, maturing August 2025                      | \$ 214,128               | \$ 242,650               |
| <br>Note payable due in monthly installments of \$1,420, including interest at 4.36%, secured by the Organization's assets with a final payment due October 2024 | <br><u>129,728</u>       | <br><u></u>              |
| Total long term debt                                                                                                                                             | \$ 343,856               | \$ 242,650               |
| Less: current maturities                                                                                                                                         | <u>(47,747)</u>          | <u>(34,366)</u>          |
|                                                                                                                                                                  | <u><u>\$ 296,109</u></u> | <u><u>\$ 208,284</u></u> |

**MERRICK COMMUNITY SERVICES**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 5. LONG-TERM DEBT (continued)**

At June 30, 2020, future maturities of long-term debt are as follows:

| Year Ending<br>June 30, | Amount            |
|-------------------------|-------------------|
| 2021                    | 47,747            |
| 2022                    | 50,116            |
| 2023                    | 52,632            |
| 2024                    | 55,258            |
| 2025                    | 124,670           |
| Thereafter              | 13,433            |
|                         | <u>\$ 343,856</u> |

**NOTE 6. LINE OF CREDIT**

The Organization has a \$100,000 revolving line of credit agreement with Lake Elmo Bank. Interest is payable monthly at the prime rate as published in the Wall Street Journal, with a floor of 4.50% (effective rate of 4.50% and 5.5% as of June 30, 2020 and 2019, respectively) and is secured by the general business assets. As of June 30, 2020 and 2019, there were outstanding balances of \$0 and \$70,000, respectively on this line of credit. The line is scheduled to mature in December 2021.

**NOTE 7. RESTRICTIONS ON NET ASSETS**

**Net Assets with Donor Restrictions**

Net assets with donor restrictions consisted of the following at June 30, 2020 and 2019:

|                                    | 2020                | 2019              |
|------------------------------------|---------------------|-------------------|
| Specific purpose                   |                     |                   |
| Youth                              | \$ 410,778          | \$ 87,552         |
| Senior Services                    | 20,000              | 6,000             |
| Food Shelf                         | 191,470             | 211,470           |
| Employment Services                | 440,022             | 222,452           |
| Development                        | 8,750               | 35,408            |
| Time restricted                    | 111,364             | 180,700           |
|                                    | <u>\$ 1,182,384</u> | <u>\$ 743,582</u> |
| Net assets with donor restrictions | <u>\$ 1,182,384</u> | <u>\$ 743,582</u> |

**MERRICK COMMUNITY SERVICES**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 7. RESTRICTIONS ON NET ASSETS (continued)**

**Net Assets Released from Restrictions**

The net assets released from restrictions for the years ended June 30, 2020 and 2019 consisted of the following:

|                                       | 2020              | 2019              |
|---------------------------------------|-------------------|-------------------|
| Specific purpose:                     |                   |                   |
| Families                              | \$ -              | \$ 17,500         |
| Youth                                 | 75,584            | 132,712           |
| Senior Services                       | 6,000             | 7,166             |
| Emergency Services                    | 211,470           | 140,148           |
| Employment Services                   | 196,506           | -                 |
| Food Shelf                            | -                 | 162,409           |
| Development                           | 26,250            | 16,500            |
|                                       | <hr/>             | <hr/>             |
| Net assets released from restrictions | <u>\$ 515,810</u> | <u>\$ 476,435</u> |

**NOTE 8. RETIREMENT PLAN**

The Organization has a 403(b)-salary reduction plan covering substantially all eligible employees. The plan provides for employer matching contributions of 2% up to 8% of annual compensation, depending on years of service. Total contributions to the plan for the years ended June 30, 2020 and 2019 amounted to approximately \$8,728 and \$5,520, respectively.

The Organization participated in a multiemployer defined benefit pension plan which was sponsored by United Way. Effective December 31, 2004, the plan froze benefits accruals and, as a result, employees do not earn additional defined benefits for future services.

In July 2018, Merrick Community Services and the other agencies participating in the plan voted to terminate the plan in 2019 by securing funding to fully fund the termination liability and purchase annuities to fulfill the obligations to participants. As a result of this decision, United Way made the decision on July 26, 2018 to move 100% of the plan assets into a money market account in order to mitigate against market risk while the termination process is completed.

On September 18, 2019, Merrick Community Services and the other agencies funded the termination liability of the plan. Merrick Community Services incurred a note payable to US Bank for \$136,951 to fund its portion of the liability and agreed to a guaranty of \$25,765 to insure full payment of the obligations in the plan agreement to participants. See Note 9 for details on this note payable.

Merrick Community Services made contributions of approximately \$36,000 in the year ended June 30, 2019, which is recognized as pension cost.

**MERRICK COMMUNITY SERVICES**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 9. LEASE COMMITMENTS**

During the years ended June 30, 2020 and 2019, the Organization leased a location for its Emergency Service Center under a month-to-month agreement for approximately \$240 and \$180 per month respectively . Rent expense charged to operations amounted to \$2,300 and \$2,160 for the years ended June 30, 2020 and 2019, respectively, which also includes the HVAC payments for this property.

The Organization leases office space with Gustavus Adolphus Church under a noncancelable lease ending May 2022. Rental rates per lease year range from \$7.00 to \$7.73 per square foot. The lease agreement allowed for rent abatement from February 2017 to September 2017. Rent expense is recognized straight-line over the term of the lease and a related deferred rent liability of \$25,554 and \$35,473 was recorded at June 30, 2020 and 2019, respectively.

In addition, the Organization also incurred rent expense of approximately \$2,900 and \$2,600 at a public storage facility for the years ended June 30, 2020 and 2019, respectively.

As of June 30, 2020, future minimum lease payments, including estimated operating expenses, under the above operating lease were as follows:

| Year Ending<br>June 30, | Amount                   |
|-------------------------|--------------------------|
| 2021                    | \$ 102,730               |
| 2022                    | 97,896                   |
| 2023                    | <u>9,960</u>             |
|                         | <u><u>\$ 210,586</u></u> |

**MERRICK COMMUNITY SERVICES**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 10. AVAILABILITY AND LIQUIDITY**

The following represents the Organization's financial assets at June 30, 2019:

|                                                                                | <u>2020</u>        | <u>2019</u>       |
|--------------------------------------------------------------------------------|--------------------|-------------------|
| Financial assets at year-end:                                                  |                    |                   |
| Cash and cash equivalents                                                      | \$ 741,556         | \$ 134,720        |
| Accounts and contributions receivable, net                                     | <u>562,657</u>     | <u>678,673</u>    |
| Total financial assets                                                         | 1,304,213          | 813,393           |
| Less amounts not available to be used within one year:                         |                    |                   |
| Net assets with donor restrictions                                             | 1,182,384          | 743,582           |
| Less net assets with purpose restrictions to be met in less than a year        | <u>(1,182,384)</u> | <u>(743,582)</u>  |
| Financial assets available to meet general expenditures over the twelve months | <u>\$1,304,213</u> | <u>\$ 813,393</u> |

The Organization's goal is to maintain financial assets to meet 90 days of operating expenses. As part of its liquidity plan, excess cash is invested in money market funds and potentially mutual funds, corporate bonds and equities.

**NOTE 11. PPP FUNDING**

On April 24, 2020, the Organization received loan proceeds in the amount of \$143,821 under the Paycheck Protection Program ("PPP"). The PPP, established as part of the Coronavirus Aid, Relief, and Economic Security Act, provides loans to qualifying businesses. The loans and accrued interest are forgivable after twenty-four weeks if the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the twenty-four-week period. The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%, with a deferral of payments for the first six months.

The Organization expects to meet the PPP's eligibility criteria and therefore, has concluded that the PPP loan represents, in substance, a grant that is expected to be forgiven. As a result, the Organization has accounted for the PPP loan in accordance with ASC 958-605 as a conditional contribution. During the year ended June 30, 2020, the Organization had used the \$107,866 for purposes consistent with the PPP. Therefore, the Organization recognized the \$107,866 of the loan amount as government grant revenue in the accompanying financial statements. Although there is no absolute assurance that the Organization will not take actions that could cause the Organization to be ineligible for forgiveness of the loan, in part or in whole, the Organization believes the possibility of that occurring to be remote.

**MERRICK COMMUNITY SERVICES**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 12. PRIOR PERIOD ADJUSTMENT**

Prior to 2020, the Organization participated in a multiemployer defined pension plan, as defined in Note 5. In September 2019, the agencies voted to shut down the plan. As a result, the obligations to the participants needed to be funded. In order to fulfill this obligation, U.S. Bank was chosen as the banker for a group loan to fulfill the annuities required to satisfy the obligation to participants. The Organization has elected to participate in the group loan with their portion totaling \$136,951. Throughout this process, it was discovered that the pension obligation had not been recorded on the Organization's books resulting in a prior period adjustment equal to the loan amount.

The Organization adjusted the prior period net assets to correct their pension liability. Net assets without donor restrictions have been adjusted to the following:

|                                      |                            |
|--------------------------------------|----------------------------|
| Net assets of June 30, 2019          | \$ 1,729,865               |
| Prior period adjustment              | (136,951)                  |
| Total net assets as of June 30, 2019 | <u>1,592,914</u>           |
| Change in Net Assets                 | 539,002                    |
| Total net assets as of June 30, 2020 | <u><u>\$ 2,131,916</u></u> |

**MERRICK COMMUNITY SERVICES**  
**SCHEDULE OF UNRESTRICTED ACTIVITIES**  
For the Year Ended June 30, 2020

|                               | <b>Program Services</b> |                    |                    |                   |                     |                        |                  |                           |                   |
|-------------------------------|-------------------------|--------------------|--------------------|-------------------|---------------------|------------------------|------------------|---------------------------|-------------------|
|                               | Families                | Youth              | Senior Services    | Food Shelf        | Employment Services | Total Program Services | Administrative   | Fundraising & Development | Total             |
| <b>SUPPORT AND REVENUE</b>    |                         |                    |                    |                   |                     |                        |                  |                           |                   |
| Support                       | \$ 221,370              | \$ 95,980          | \$ 93,004          | \$ 277,479        | \$ 275,936          | \$ 963,769             | \$ 230,448       | \$ 21,167                 | \$ 1,215,384      |
| Revenue                       | 176,744                 | -                  | 69,887             | 250               | 187,451             | 434,332                | 107,866          | 132,522                   | 674,720           |
| Total Support and Revenue     | 398,114                 | 95,980             | 162,891            | 277,729           | 463,387             | 1,398,101              | 338,314          | 153,689                   | 1,890,104         |
| <b>EXPENSES</b>               |                         |                    |                    |                   |                     |                        |                  |                           |                   |
| Salaries                      | 187,369                 | 77,862             | 41,605             | 91,329            | 23,465              | 421,630                | 155,358          | 34,096                    | 611,084           |
| Payroll taxes                 | 19,758                  | 7,673              | 4,772              | 9,840             | 3,036               | 45,079                 | 16,282           | 4,441                     | 65,802            |
| Employee benefits             | 9,449                   | 369                | 2,782              | 8,562             | 4,890               | 26,052                 | 4,279            | 3,852                     | 34,183            |
| Total Personnel Costs         | 216,576                 | 85,904             | 49,159             | 109,731           | 31,391              | 492,761                | 175,919          | 42,389                    | 711,069           |
| Contract services             | 2,034                   | 3,579              | 5,283              | 6,599             | 339,689             | 357,184                | 26,637           | 67,875                    | 451,696           |
| Insurance                     | 2,778                   | 147                | 1,240              | 3,559             | 910                 | 8,634                  | 5,583            | 1,405                     | 15,622            |
| Professional services         | 1,834                   | -                  | 535                | 986               | 463                 | 3,818                  | 15,900           | 1,316                     | 21,034            |
| Food, activities and supplies | 1,176                   | 5,697              | 90,109             | 69,992            | 8,983               | 175,957                | 2,167            | 150                       | 178,274           |
| Office supplies               | 1,042                   | 316                | 468                | 1,172             | 425                 | 3,423                  | 1,893            | 280                       | 5,596             |
| Telephone                     | 3,593                   | 374                | 1,057              | 2,484             | 1,036               | 8,544                  | 2,063            | 887                       | 11,494            |
| Postage                       | -                       | -                  | -                  | -                 | -                   | -                      | 399              | 455                       | 854               |
| Occupancy                     | 21,347                  | 15,615             | 16,325             | 42,135            | 14,450              | 109,872                | 9,710            | 9,401                     | 128,983           |
| Repairs and maintenance       | 4,189                   | 5,970              | 6,681              | 4,386             | 8,271               | 29,497                 | 3,324            | 2,149                     | 34,970            |
| Equipment costs               | 2,239                   | 1,211              | 1,432              | 8,980             | 1,368               | 15,230                 | 1,097            | 999                       | 17,326            |
| Advertising                   | 32                      | 23                 | 24                 | 61                | 527                 | 667                    | 6,082            | 3,530                     | 10,279            |
| Dues and subscriptions        | -                       | -                  | -                  | -                 | -                   | -                      | 2,371            | 600                       | 2,971             |
| Local transportation          | 1,866                   | 7                  | 186                | 944               | 108                 | 3,111                  | 389              | 19                        | 3,519             |
| Conventions and meetings      | 563                     | -                  | -                  | 741               | 898                 | 2,202                  | 2,744            | -                         | 4,946             |
| Special events                | -                       | -                  | -                  | -                 | -                   | -                      | -                | 48,910                    | 48,910            |
| Special assistance            | 42,200                  | -                  | -                  | -                 | 4,561               | 46,761                 | -                | -                         | 46,761            |
| Depreciation                  | 12,006                  | 8,783              | 9,178              | 23,829            | 8,123               | 61,919                 | 11,207           | 5,289                     | 78,415            |
| Bad debt                      | -                       | -                  | -                  | -                 | -                   | -                      | -                | -                         | -                 |
| Interest                      | 2,945                   | 1,337              | 1,723              | 4,136             | 1,519               | 11,660                 | 4,192            | 1,333                     | 17,185            |
| Total Expenses                | 316,420                 | 128,963            | 183,400            | 279,735           | 422,722             | 1,331,240              | 271,677          | 186,987                   | 1,789,904         |
| <b>CHANGE IN UNRESTRICTED</b> |                         |                    |                    |                   |                     |                        |                  |                           |                   |
| NET ASSETS                    | <u>\$ 81,694</u>        | <u>\$ (32,983)</u> | <u>\$ (20,509)</u> | <u>\$ (2,006)</u> | <u>\$ 40,665</u>    | <u>\$ 66,861</u>       | <u>\$ 66,637</u> | <u>\$ (33,298)</u>        | <u>\$ 100,200</u> |

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on supplementary information

**MERRICK COMMUNITY SERVICES**  
**SCHEDULE OF UNRESTRICTED ACTIVITIES**  
For the Year Ended June 30, 2019

|                                          | <b>Program Services</b> |                   |                    |                   |                     |                        |                   |                           |                    |
|------------------------------------------|-------------------------|-------------------|--------------------|-------------------|---------------------|------------------------|-------------------|---------------------------|--------------------|
|                                          | Families                | Youth             | Senior Services    | Food Shelf        | Employment Services | Total Program Services | Administrative    | Fundraising & Development | Total              |
| <b>SUPPORT AND REVENUE</b>               |                         |                   |                    |                   |                     |                        |                   |                           |                    |
| Support                                  | \$ 51,156               | \$ 126,665        | \$ 31,210          | \$ 197,295        | \$ 218,665          | \$ 624,991             | \$ 235,498        | \$ 17,466                 | \$ 877,955         |
| Revenue                                  | 232,689                 | 178               | 115,944            | 108,257           | 164,960             | 622,028                | 392               | 96,799                    | 719,219            |
| <b>Total Support and Revenue</b>         | <b>283,845</b>          | <b>126,843</b>    | <b>147,154</b>     | <b>305,552</b>    | <b>383,625</b>      | <b>1,247,019</b>       | <b>235,890</b>    | <b>114,265</b>            | <b>1,597,174</b>   |
| <b>EXPENSES</b>                          |                         |                   |                    |                   |                     |                        |                   |                           |                    |
| Salaries                                 | 161,622                 | 87,341            | 50,633             | 99,519            | 86,784              | 485,899                | 135,204           | 48,873                    | 669,976            |
| Payroll taxes                            | 17,169                  | 11,527            | 5,109              | 10,039            | 8,179               | 52,023                 | 12,827            | 5,233                     | 70,083             |
| Employee benefits                        | 16,438                  | 1,972             | 5,343              | 13,918            | 9,008               | 46,679                 | 11,093            | 7,603                     | 65,375             |
| <b>Total Personnel Costs</b>             | <b>195,229</b>          | <b>100,840</b>    | <b>61,085</b>      | <b>123,476</b>    | <b>103,971</b>      | <b>584,601</b>         | <b>159,124</b>    | <b>61,709</b>             | <b>805,434</b>     |
| Contract services                        | 4,320                   | 58                | 5,531              | 25,802            | 148,133             | 183,844                | 24,755            | 16,978                    | 225,577            |
| Insurance                                | 2,828                   | 433               | 1,199              | 3,508             | 915                 | 8,883                  | 6,181             | 1,427                     | 16,491             |
| Professional services                    | -                       | -                 | -                  | -                 | -                   | -                      | 13,000            | (35,000)                  | (22,000)           |
| Food, activities and supplies            | 4,141                   | 3,580             | 67,476             | 77,034            | 32,930              | 185,161                | 1,718             | 512                       | 187,391            |
| Office supplies                          | 307                     | 224               | 235                | 619               | 223                 | 1,608                  | 1,183             | 240                       | 3,031              |
| Telephone                                | 3,104                   | 602               | 1,016              | 2,536             | 1,409               | 8,667                  | 1,824             | 857                       | 11,348             |
| Postage                                  | 210                     | -                 | -                  | -                 | -                   | 210                    | 233               | 250                       | 693                |
| Occupancy                                | 20,104                  | 14,704            | 15,374             | 39,541            | 14,411              | 104,134                | 15,016            | 8,853                     | 128,003            |
| Repairs and maintenance                  | 1,505                   | 1,318             | 2,742              | 2,138             | 4,545               | 12,248                 | 663               | 4,294                     | 17,205             |
| Equipment costs                          | 4,597                   | 1,525             | 1,572              | 4,483             | 1,670               | 13,847                 | 2,910             | 2,222                     | 18,979             |
| Advertising                              | -                       | 25                | -                  | -                 | 70                  | 95                     | 788               | 5,705                     | 6,588              |
| Dues and subscriptions                   | -                       | -                 | 100                | 150               | -                   | 250                    | 4,506             | 1,361                     | 6,117              |
| Local transportation                     | 2,241                   | 19                | 383                | 1,648             | 775                 | 5,066                  | 353               | 102                       | 5,521              |
| Conventions and meetings                 | -                       | -                 | -                  | -                 | -                   | -                      | 799               | -                         | 799                |
| Special events                           | -                       | -                 | -                  | -                 | -                   | -                      | -                 | 24,676                    | 24,676             |
| Special assistance                       | 84,661                  | -                 | -                  | -                 | -                   | 84,661                 | -                 | -                         | 84,661             |
| Depreciation                             | 12,873                  | 9,416             | 9,840              | 26,194            | 8,708               | 67,031                 | 9,819             | 5,670                     | 82,520             |
| Interest                                 | 2,075                   | 1,518             | 1,586              | 4,113             | 1,404               | 10,696                 | 1,708             | 914                       | 13,318             |
| <b>Total Expenses</b>                    | <b>338,195</b>          | <b>134,262</b>    | <b>168,139</b>     | <b>311,242</b>    | <b>319,164</b>      | <b>1,271,002</b>       | <b>244,580</b>    | <b>100,770</b>            | <b>1,616,352</b>   |
| <b>CHANGE IN UNRESTRICTED NET ASSETS</b> | <b>\$ (54,350)</b>      | <b>\$ (7,419)</b> | <b>\$ (20,985)</b> | <b>\$ (5,690)</b> | <b>\$ 64,461</b>    | <b>\$ (23,983)</b>     | <b>\$ (8,690)</b> | <b>\$ 13,495</b>          | <b>\$ (19,178)</b> |

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