FINANCIAL STATEMENTS

REBUILDING TOGETHER – TWIN CITIES
DBA REBUILDING TOGETHER MINNESOTA
MINNEAPOLIS, MINNESOTA

FOR THE YEARS ENDED
DECEMBER 31, 2023 AND 2022

Rebuilding Together - Twin Cities
dba Rebuilding Together Minnesota
Table of Contents
For the Years Ended December 31, 2023 and 2022

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Rebuilding Together - Twin Cities
dba Rebuilding Together Minnesota
Minneapolis, Minnesota

Opinion

We have audited the accompanying financial statements of Rebuilding Together - Twin Cities dba Rebuilding Together Minnesota (the Organization) a nonprofit organization, which comprise the statements of financial position as of December 31, 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 the Organization as of December 31, 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 of 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 the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization 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 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 the Organization's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Abdo

Abdo
Minneapolis, Minnesota
June 26, 2024

FINANCIAL STATEMENTS

Rebuilding Together - Twin Cities
dba Rebuilding Together Minnesota
Statements of Financial Position
December 31, 2023 and 2022

	2023	2022
Assets		
Current Assets		
Cash and cash equivalents	$ 488,372	$ 457,216
Pledges receivable	7,370	17,045
Contracts and grants receivable, net of allowance of $900 for 2023 and 2022	145,165	296,947
Prepaid expenses	38,724	23,974
Total Current Assets	679,631	795,182
Property and Equipment		
Leasehold Improvements	5,798	5,798
Furniture and equipment	848,451	711,035
Computer equipment	14,576	11,346
Total Property and Equipment, Cost	868,825	728,179
Accumulated Depreciation	(319,107)	(222,887)
Total Property and Equipment, Net	549,718	505,292
Noncurrent Assets		
Security deposit	3,550	3,550
Finance right of use (ROU) asset	145,230	192,165
Total Noncurrent Assets	148,780	195,715
Total Assets	$ 1,378,129	$ 1,496,189
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	$ 119,615	$ 109,430
Accrued expenses	37,842	38,566
Deferred revenue	38,011	81,925
Lease liability, current	49,376	46,934
Total Current Liabilities	244,844	276,855
Noncurrent Liabilities		
Lease liability, net of current portion	95,854	145,230
Total Liabilities	340,698	422,085
Net Assets		
Net assets without donor restrictions	787,191	874,104
Net assets with donor restrictions	250,240	200,000
Total Net Assets	1,037,431	1,074,104
Total Liabilities and Net Assets	$ 1,378,129	$ 1,496,189

See Independent Auditor's Report and Notes to the Financial Statements.

Rebuilding Together - Twin Cities
dba Rebuilding Together Minnesota
Statements of Activities
For the Year Ended December 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Support			
Pledges and contributions	$ 409,588	$ 497,825	$ 907,413
Governmental grants	643,890	-	643,890
Special events, net of expenses of $25,553	4,279	-	4,279
Donated services and materials	152,844	-	152,844
Total Support	1,210,601	497,825	1,708,426
Revenue			
Program services	29,294	-	29,294
Loss on sale of equipment	(17,329)	-	(17,329)
Interest income	9,227	-	9,227
Total Revenue	21,192	-	21,192
Net Assets Released from Restriction			
Satisfaction of program restrictions	447,585	(447,585)	-
Total Support and Revenue	1,679,378	50,240	1,729,618
Expenses			
Program services	1,514,405	-	1,514,405
Support services			
Management and general	189,237	-	189,237
Fundraising	62,649	-	62,649
Total Support Services	251,886	-	251,886
Total Expenses	1,766,291	-	1,766,291
Change in Net Assets	(86,913)	50,240	(36,673)
Net Assets, Beginning of Year	874,104	200,000	1,074,104
Net Assets, End of Year	$ 787,191	$ 250,240	$ 1,037,431

See Independent Auditor's Report and Notes to the Financial Statements.

Rebuilding Together - Twin Cities
dba Rebuilding Together Minnesota
Statements of Activities (Continued)
For the Year Ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Support			
Pledges and contributions	$ 192,053	$ 348,190	$ 540,243
Governmental grants	745,466	-	745,466
Special events, net of expenses of $42,532	52,690	-	52,690
Donated services and materials	135,379	-	135,379
Total Support	1,125,588	348,190	1,473,778
Revenue			
Program services	92,983	-	92,983
Interest income	2,067	-	2,067
Other revenue	41,540	-	41,540
Total Revenue	136,590	-	136,590
Net Assets Released from Restriction			
Satisfaction of program restrictions	389,788	(389,788)	-
Total Support and Revenue	1,651,966	(41,601)	1,610,368
Expenses			
Program services	1,514,092	-	1,514,092
Support services			
Management and general	104,774	-	104,774
Fundraising	103,383	-	103,383
Total Support Services	208,157	-	208,157
Total Expenses	1,722,249	-	1,722,249
Change in Net Assets	(70,283)	(41,601)	(111,884)
Net Assets, Beginning of Year	944,387	241,601	1,185,988
Net Assets, End of Year	$ 874,104	$ 200,000	$ 1,074,104

See Independent Auditor's Report and Notes to the Financial Statements.

Rebuilding Together - Twin Cities
dba Rebuilding Together Minnesota
Statements of Functional Expenses
For the Year Ended December 31, 2023
(With Comparative Totals for December 31, 2022)

		Support Services				
	Program Services	Management and General	Fundraising	Total Support Services	Total	2022 Total
Personnel Costs						
Salaries and wages	$ 464,019	$ 63,441	$ 17,615	$ 81,056	$ 545,075	$ 519,991
Employee benefits	31,380	3,009	1,547	4,556	35,936	32,140
Payroll taxes	36,255	3,379	2,086	5,465	41,720	39,888
Total Personnel Costs	531,654	69,829	21,248	91,077	622,731	592,019
Project Expenses						
Donated services and materials	5,502	-	-	-	5,502	186
Contractors	367,982	-	-	-	367,982	592,689
Construction materials and supplies	144,403	-	-	-	144,403	121,380
Volunteer support	10,119	-	-	-	10,119	10,095
Total Project Expenses	528,006	-	-	-	528,006	724,350
Expenses						
Bad debts	-	1,909	3,550	5,459	5,459	15
Conferences	2,849	217	134	351	3,200	-
Dues and subscriptions	20,083	1,894	1,139	3,033	23,116	22,791
Equipment and software	16,019	2,886	853	3,739	19,758	17,662
Insurance	39,234	11,343	1,797	13,140	52,374	38,774
Interest	-	93	-	93	93	-
Marketing	16,473	633	305	938	17,411	15,127
Training	7,229	790	364	1,154	8,383	3,229
Travel	21,693	2,279	477	2,756	24,449	14,694
Office	5,088	2,440	234	2,674	7,762	9,667
Occupancy	52,532	2,541	1,292	3,833	56,365	45,395
AmeriCorps members	25,910	680	-	680	26,590	6,790
Professional fees	115,236	74,524	23,753	98,277	213,513	93,035
REO costs	-	-	-	-	-	11
Food expense	-	-	2,636	2,636	2,636	-
Miscellaneous	2,558	15,475	3,636	19,111	21,669	33,644
Telephone and internet	16,595	1,551	1,149	2,700	19,295	14,251
Total Expenses	341,499	119,255	41,319	160,574	502,073	315,085
Expenses Before Depreciation and Amortization	1,401,159	189,084	62,567	251,651	1,652,810	1,631,454
Depreciation and amortization	113,246	153	82	235	113,481	90,795
Total Expenses	$ 1,514,405	$ 189,237	$ 62,649	$ 251,886	$ 1,766,291	$ 1,722,249

See Independent Auditor's Report and Notes to the Financial Statements.

Rebuilding Together - Twin Cities
dba Rebuilding Together Minnesota
Statements of Functional Expenses (Continued)
For the Year Ended December 31, 2022

		Support Services			
	Program Services	Management and General	Fundraising	Total Support Services	2022 Total
Personnel Costs					
Salaries and wages	$ 445,182	$ 48,128	$ 26,681	$ 74,809	$ 519,991
Employee benefits	27,364	3,162	1,614	4,776	32,140
Payroll taxes	33,546	3,949	2,393	6,342	39,888
Total Personnel Costs	506,092	55,239	30,688	85,927	592,019
Project Expenses					
Donated services and materials	186	-	-	-	186
Contractors	592,689	-	-	-	592,689
Construction materials and supplies	113,052	-	8,328	8,328	121,380
Volunteer support	10,081	14	-	14	10,095
Total Project Expenses	716,008	14	8,328	8,342	724,350
Expenses					
Bad debts	-	15	-	15	15
Dues and subscriptions	19,167	2,273	1,351	3,624	22,791
Equipment and software	14,636	1,207	1,819	3,026	17,662
Insurance	27,893	1,999	8,882	10,881	38,774
Marketing	15,096	31	-	31	15,127
Training	2,722	320	187	507	3,229
Travel	13,254	1,193	247	1,440	14,694
Office	6,457	733	2,477	3,210	9,667
Occupancy	41,513	2,257	1,625	3,882	45,395
AmeriCorps members	6,790	-	-	-	6,790
Professional fees	40,990	16,999	35,046	52,045	93,035
REO costs	11	-	-	-	11
Miscellaneous	1,132	20,585	11,927	32,512	33,644
Telephone and internet	12,033	1,412	806	2,218	14,251
Total Expenses	201,694	49,024	64,367	113,391	315,085
Expenses Before Depreciation and Amortization	1,423,794	104,277	103,383	207,660	1,631,454
Depreciation and amortization	90,298	497	-	497	90,795
Total Expenses	$ 1,514,092	$ 104,774	$ 103,383	$ 208,157	$ 1,722,249

See Independent Auditor's Report and Notes to the Financial Statements.

Rebuilding Together - Twin Cities
dba Rebuilding Together Minnesota
Statements of Cash Flows
For the Years Ended December 31, 2023 and 2022

	2023	2022
Cash Flows from Operating Activities		
Change in net assets	$ (36,673)	$ (111,884)
Adjustment to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization expense	113,481	90,795
Bad debt expense	5,459	15
Loss on disposal of property and equipment	17,329	-
Change in assets		
Pledges receivable	9,675	(8,342)
Contracts and grants receivable	146,323	(124,378)
Prepaid expenses	(14,750)	3,175
Change in liabilities		
Accounts payable	10,185	85,504
Accrued payroll	(724)	(4,795)
Deferred revenue	(43,914)	40,024
Operating lease liability	-	192,164
Net Cash Provided by Operating Activities	206,391	162,278
Cash Flows from Investing Activities		
Purchases of property and equipment	(175,235)	(234,631)
Cash Flows from Financing Activities		
Payments on line of credit	-	(194,749)
Change in Cash and Cash Equivalents	31,156	(267,102)
Cash and Cash Equivalents at Beginning of Year	457,216	724,318
Cash and Cash Equivalents at End of Year	$ 488,372	$ 457,216
Supplemental Disclosure of Cash Flow Information		
Interest paid	$ 93	$ -
Supplemental Disclosure of Non-Cash Transactions		
Receipt of fixed assets through in-kind contributions	$ 92,557	$ 135,379
Disposal of fully depreciated property and equipment	$ 11,038	$ 16,484

See Independent Auditor's Report and Notes to the Financial Statements.

Note 1: Summary of Significant Accounting Policies

A. Nature of Activities

The mission of Rebuilding Together - Twin Cities dba Rebuilding Together Minnesota (the Organization) is: "Repairing homes, revitalizing communities, rebuilding lives." When qualified homeowners are not capable of making needed repairs, Rebuilding Together Twin Cities dba Rebuilding Together Minnesota will coordinate the volunteers, skilled labor, tools and supplies necessary to repair the homes. Rebuilding Together Twin Cities dba Rebuilding Together Minnesota also rehabilitates properties that house qualifying nonprofit organizations serving our community. We focus our efforts on older adults, individuals living with disabilities, active and retired members of the armed services, and families with children, tailoring services to meet the needs of each individual homeowner. Our services ensure that these homeowners can live independently in safe and healthy homes.

We work year-round to preserve affordable homeownership, build healthy neighborhoods and ensure that homeowners in need can live independently in safe and healthy homes through our programs:

Safe at Home: We provide home safety and fall prevention modifications and ramps for older adults or those living with a disability so that they can continue to live in safety and independence in their own homes. A project may include volunteer-delivered tasks, such as installing grab bars, wheelchair-accessible ramp or elongated stairs, handrails, handheld shower units, shower seats, and no-slip bath treads, and contractor-delivered environmental home modifications, such as doorway widening and kitchen or bathroom renovations, to enable aging-in-place and single-level living. We also provide Safe at Home kits, which include a smoke detector, carbon monoxide detector, no-slip bath treads, dawn to dusk lightbulbs and nightlights, grabbers, mini-flash light, batteries, kitchen fire extinguisher, reusable masks, sanitizing wipes, and an application for Safe at Home services.

Home Repair: We provide volunteer-delivered repairs including weatherizing, cleaning, installing flooring, patching and painting, siding, and landscaping, and timely contractor-delivered repair or replacement of essential systems, such as HVAC, electrical, plumbing, outer envelope and roofs that are critical to healthy, livable homes.

Community Revitalization: We stabilize and revitalize neighborhoods by providing safe and welcoming spaces for communities to gather, such as community centers, schools, supportive housing facilities and outdoor community spaces.

Higher Education Partnership: In support of enhancing the work we do and building pathways to work in relevant fields, we are proud to partner with St. Catherine University in providing hands-on, field experience for Occupational Therapy students which ensure home assessments are provided for all of our Safe at Home clients. We plan to expand these partnerships in 2024.

Rebuilding Together Minnesota preserved affordable homeownership and addressed health and safety hazards at 328 homes, directly impacting the well-being of 634 residents. Clients served live in 60 municipalities across 12 countries: Adrian, Alpha, Anoka, Arden Hills, Belle Plaine, Bingham Lake, Blaine, Bloomington, Brewster, Brooklyn Center, Brooklyn Park, Burnsville, Champlin, Chanhassen, Circle Pines, Columbia Heights, Coon Rapids, Cottage Grove, Crystal, Eagan, Eden Prairie, Ellsworth, Fridley, Fulda, Hastings, Heron Lake, Hugo, Inver Grove Heights, Jackson, Jasper, Jeffers, Jordan, Lakefield, Lakeville, Little Canada, Maplewood, Minneapolis, Minnetonka, Mound, Mounds View, Mountain Lake, New Brighton, New Hope, North St. Paul, Pipestone, Ramsey, Richfield, Roseville, Round Lake, Rushmore, Shoreview, St. Louis Park, St. Paul, Storden, Vadnais Heights, Westbrook, White Bear Lake, Wilmont, Windom, and Worthington. In addition, we completed four Community Revitalization projects, collectively impacting an additional 1,690 community members served through their programs and spaces. Across all of our programs, we utilized 217 volunteers contributing 4,695 hours of service to the community. Many of these volunteers gave their time on a monthly or bi-monthly basis (average of 21 hours per volunteer) at a value of $161,837 worth of labor (based on the Independent Sector's 2022 value of volunteer labor in Minnesota of $34.47 per hour).

Note 1: Summary of Significant Accounting Policies (Continued)

We continue to implement a Healthy Housing Principles-based approach and incorporate the seven Principles of Healthy Homes into practice (Keep it: dry, clean, ventilated, pest-free, safe, contaminant-free, and maintained). Together with the National Center for Healthy Housing, the Rebuilding Together network has identified 25 Safe and Healthy Home Priorities that can be used to identify the safety and health-related issues at each home and also to measure the improvements related to health and safety resulting from our work. We are proudly working towards completing 1 million of these safe and healthy home repairs across the Rebuilding Together network by 2030.

B. Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles in the United States of America. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and related changes are classified and reported as follows:

Net Assets Without Donor Restrictions - Those resources over which the Board of Directors has discretionary control.

Net Assets With Donor Restrictions - Those resources subject to donor imposed restrictions which will be satisfied by actions of the Organization or passage of time or that are to be maintained permanently by the Organization.

C. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that may affect certain reported amounts and disclosures in the financial statements and accompanying notes. Actual results could differ from these estimates.

D. Cash Equivalents

All highly liquid investments with a maturity of three months or less are considered to be cash equivalents.

E. Contract and Grants Receivables and Allowance for Credit Losses

Contracts and grants receivables are uncollateralized third-party payer obligations. Payments of receivables are allocated to the specific claims identified on the remittance advice or, if unspecified, are applied to the earliest unpaid claim. The Organization does not charge interest on its program receivables. The Organization reduces the carrying amount of the receivable by an allowance for credit losses that reflects the best estimate of the amounts that will not be collected. Management reviews accounts receivables individually to determine estimated amounts that will not be collected. Based on the assessment, the Organization estimates the portion, if any, of the balance that may not be collected. At December 31, 2023 and 2022, there was an allowance for credit losses of $900.

Note 1: Summary of Significant Accounting Policies (Continued)

F. Property and Equipment

Property and equipment acquisitions are recorded at cost. The Organization’s policy is to capitalize items with an estimated useful life in excess of one year and exceeding $1,000. Depreciation is provided over the estimated useful life of each depreciable asset and is computed on the straight-line method.

Property and Equipment	Useful Life
Leasehold improvements	1 - 5 years
Computer equipment	3 Years
Furniture and equipment	3 - 15 years

Depreciation expense for the years ended December 31, 2023 and 2022 is $113,481 and $90,795, respectively.

G. Leases

The Organization determines if an arrangement is a lease at inception. If an arrangement contains a lease, the Organization performs a lease classification test to determine if the lease is an operating lease or a finance lease. Right-of-use (ROU) assets represent the right to use an underlying asset for the lease term and lease liabilities represent the Organization’s obligation to make lease payments arising from the lease. Finance lease liabilities are recognized on the commencement date of the lease based on the present value of the future lease payments over the lease term and are included in long-term liabilities and current liabilities on the statement of financial position. ROU assets are valued at the initial measurement of the lease liability, plus any indirect costs or rent prepayments, and reduced by any lease incentives and any deferred lease payments. Finance ROU assets are recorded on the face of the statement of financial position and are amortized over the lease term. To determine the present value of lease payments on lease commencement, the Organization uses the implicit rate when readily determinable. Lease terms include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense is recognized on a straight-line basis over the life of the lease and is included within operating expenses on the statement of activities.
The Organization has made the following elections related to leases:

- The Organization has elected to use a risk-free rate as the discount rate on all classes of underlying assets when an implicit rate is not readily available.

- The Organization has elected the practical expedient to account for the lease and non-lease components as a single lease component for classes of underlying assets.

- The Organization has elected to apply the short-term lease exception to all leases with a term of one year or less. Short-term leases will not be capitalized.

H. Revenue Recognition Policy

The Organization follows the provisions of Accounting Standards Codification 606, *Contracts with Customers* on revenues derived from its cost-reimbursable contracts with government agencies, developer fee income and private contracts.

Note 1: Summary of Significant Accounting Policies (Continued)

H. Revenue Recognition Policy (Continued)

In the case of cost-reimbursable contracts with government agencies revenue is recognized as costs are incurred, which is over a period of time. Cost-reimbursable contracts with government agencies are billed once the project is completed, and funds received in advance of the completion of the project are reported as deferred revenue.

In the case of developer fee income, revenue is recognized as costs are incurred, which is a point in time. Developer fee income is billed once the project is completed.

In the case of private contracts, revenue is recognized as contract costs are incurred, which is a point in time.

- **Performance Obligations**

  The performance obligation related to the cost-reimbursable contracts and developer fee income with government agencies is satisfied once the project is completed; therefore, the Organization recognizes revenue over a period of time.

  The performance obligation related to private contracts, revenue is satisfied as costs are incurred, the Organization recognizes revenue which is a point in time.

- **Contract Balances**

  Billing primarily occurs concurrently with revenue recognition. However, the Organization may offer payment terms resulting in accounts receivable, which are considered contract assets. Billing may occur in advance of revenue recognition, resulting in contract liabilities, which are recorded as deferred revenue on the statement of financial position. These deferred revenues are liquidated when revenue is recognized. Contract assets and liabilities are as follows for the years ending December 31:

	2023	2022	2021
Contract Assets			
Government contracts receivable	$ 112,875	$ 176,628	$ 45,824
Private contracts receivable	-	90,754	13,500
Total Contract Assets	$ 112,875	$ 267,382	$ 59,324
Contract Liabilities			
Private contract deferred revenue	$ 10,426	$ 63,298	$ 35,571
Government contract deferred revenue	27,585	18,608	6,329
Total Contract Liabilities	$ 38,011	$ 81,906	$ 41,900

The Organization’s other revenues are explicitly excluded from the scope of ASC Topic 606 and are not recorded in accordance with that standard.

Contributions, including unconditional promises to give, are recognized as revenues in the period received or pledged. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions of assets, other than cash, are recorded at their estimated fair value at the date of gift. Contributed services and materials are recorded at their estimated fair value if they would otherwise be purchased if not provided by donation and provided by professionals in their field.

Note 1: Summary of Significant Accounting Policies (Continued)

Grant awards that are contributions – Grants that qualify as contributions are recorded as invoiced to the funding sources. Revenue is recognized in the accounting period when the related allowable expenses or asset acquisition costs are incurred. Amounts received in excess of expenses are reflected as grant funds received in advance.

I. Functional Expenses

Expenses directly attributable to program, administrative, or fundraising objectives are charged to their respective function. Likewise, expenses directly attributable to sub-programs are charged directly to that sub-program within the program function.

Program related expenses which benefit all sub-programs are considered joint program expenses and are allocated among the sub-programs based upon actual time spent as tracked on time sheets.

Salaries, benefits, and other personnel driven expenses not directly identifiable by program or support function are allocated across functions based on job descriptions and actual time spent as tracked on time sheets. Likewise, those operating expenses primarily determined by staff size and time worked are also allocated by actual time spent as tracked on time sheets. Rent and other facility driven expenses not directly identifiable by program or support function are allocated based upon square footage devoted for their purpose.

J. Marketing Expenses

The Organization's marketing costs are expensed as incurred. Marketing expenses were $17,411 and $15,127 for the years ended December 31, 2023 and 2022.

K. Income Taxes

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Minnesota Statute 290.05. Accordingly, no provision for income taxes is included in these financial statements. Because the Organization is a public charity, contributions may qualify for tax deductions by the contributors.

L. New Accounting Pronouncements

In June 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-13, *Financial Instruments – Credit Losses (Topic 326)*: Measurement of Credit Losses on Financial Instruments *("ASU 2016-13" or "ASC 326").* ASU 2016-13 revises the accounting requirements related to the measurement of credit losses and requires organizations to measure all expected credit losses for financial assets based on historical experience, current conditions, and reasonable and supportable forecasts about collectability. Assets must be presented in the financial statements at the net amount expected to be collected. During 2019, the FASB issued additional ASUs amending certain aspects of ASU 2016-13. The Agency adopted the standard effective January 1, 2023. The impact of the adoption was not considered material to the financial statements and primarily resulted in new/enhanced disclosures only.

M. Subsequent Events

Management has evaluated subsequent events through June 26, 2024, which is the date the financial statements were available to be issued. No subsequent events required disclosure for the year ended December 31, 2023.

Note 2: Net Assets with Donor Restrictions

Net assets with donor restrictions at December 31, 2023 and 2022 are as follows:

	2023	2022
Workforce development	$ 131,240	$ 160,000
Capacity campaign	85,000	40,000
Safe @ Home	22,000	-
Veterans project	12,000	-
Total	$ 250,240	$ 200,000

Note 3: Contributed Services and Materials

The value of contributed services and materials included as contributions in the financial statements and the corresponding expenses for the year ended December 31, 2023 and 2022 are as follows:

	2023	2022	Usage in Programs/Activities	Fair Value Techniques
Legal services	$ 54,785	$ 127,199	Safe at Home	Estimated based on time rates for each practitioner
Ramp work	92,557	-	Safe at Home	Estimated based on time rates for each practitioner
Materials	735	8,180	Home Repair	Estimated wholesale prices of identical or similar products if purchased in the region
Special events	4,767	9,587	Safe at Home	Estimated wholesale prices of identical or similar products if purchased in the region as well as time rates for each practitioner
Total	$ 152,844	$ 144,966		

The value of contributed goods included as special event revenue in the financial statements and the corresponding expenses for the year ended December 31, 2023 and 2022 were $4,767 and $9,587, respectively. None of the above donations came with any donor restrictions.

Note 3: Contributed Services and Materials (Continued)

In addition, numerous individuals volunteer their time and perform a variety of program and fundraising services. Although no amounts have been reflected in the financial statements, management estimates the number of hours and the fair value of those services to be approximately as follows:

	2023		2022	
	Hours	Value	Hours	Value
Unskilled Volunteers	4,695	$ 161,837	3,874	$ 120,017

The value of labor per hour is based on research provided by the Independent Sector, www.independentsector.org.

Note 4: Leases

Effective September 17, 2021, the Organization entered into a property lease agreement with Bolger Family Limited Partnership LLP, that calls for monthly base payments of approximately $4,380 and is set to expire in November 2026. The Organization and lessor modified the agreement during the year ended December 31, 2022, due to flooding occurring in the leased property. The stated monthly base payments increase 2 percent every two years. The agreement also provides that the Organization is responsible for the property's incurred real estate taxes, insurance premiums and attributable operating expenses. The Organization has determined that this lease is a finance lease.

As disclosed in Note 1, the Organization adopted FASB ASC 842, effective January 1, 2022, using a modified retrospective approach. As a result, the Organization was required to recognize a ROU asset and corresponding lease liability on the face of the statement of financial position for the year ended December 31, 2023. As the standard was implemented using a modified retrospective approach, the balance sheet as of December 31, 2021, was not impacted.

The ROU lease asset and corresponding lease liability were calculated utilizing a risk-free discount rate of 2.79 percent, according to the Organization's elected policy. The Organization's lease agreement does not contain any material residual value guarantees or material restrictive covenants.

Note 4: Leases (Continued)

Additional information about the Organization's lease for the year ended December 31, 2023, is as follows:

Lease expense (included in operating expenses)	2023	2022
Finance lease expense		
Amortization of ROU assets	$ 46,878	$ 37,862
Interest on lease liabilities	4,800	4,357
Short-term lease expense	9,849	7,644
Total	$ 61,527	$ 49,863
Other Information		
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from finance leases (i.e. Interest)	$ 4,800	$ 4,357
Financing cash flows from finance leases (i.e. principal portion)	49,376	11,506
Weighted-average remaining lease term in years for finance leases	4.16	4.16
Weighted-average discount rate for finance leases	2.79%	2.79%

Maturities of finance lease liabilities are as follows:

Year ended December 31:	
2024	$ 52,800
2025	52,900
2026	49,500
Total undiscounted cash flows	155,200
Less: present value discount	(9,970)
Total lease liabilities	$ 145,230

Note 5: Liquidity and Availability of Financial Resources

The Organization's board of directors has approved and monitors a comprehensive set of policies which govern the responsibilities and limitations of executive management. In turn, management routinely monitors liquidity and cash reserves which fund operations and program service delivery in accordance with these board established policies. Additionally, liquidity measures are tracked and provided to the board of directors as part of its regular reporting cycle and to funders as requested.

Liquid financial assets available for general expenditure (that is without donor restriction or organizational designation which limit their use) within one year of the date of the statement of financial position include the following:

- Advancements from the line of credit when liquidity falls below the ability to meet financial obligations due within 30 days.

- Payments to the line of credit occur when liquidity rises above the ability to meet financial obligations due within 60 - 90 days.

Note 5: Liquidity and Availability of Financial Resources (Continued)

The Organization's liquid financial assets available to meet cash needs for general expenditures within one year are summarized as follows:

	2023	2022
Cash and cash equivalents	$ 488,372	$ 457,216
Pledges receivable	7,370	17,045
Contracts and grants receivable, net	145,165	296,947
Total Financial Assets Available Within One Year	640,907	771,208
Less those unavailable for general expenditure within one year, due to:		
Net assets with donor restrictions	(250,240)	(200,000)
Financial assets available to meet cash needs for general expenditures within one year	$ 390,667	$ 571,208