



**SOUTHSIDE FAMILY  
NURTURING CENTER**

Financial Statements

December 31, 2021

# **SOUTHSIDE FAMILY NURTURING CENTER**

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## **INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
Southside Family Nurturing Center  
Minneapolis, Minnesota

We have audited the accompanying financial statements of Southside Family Nurturing Center (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year 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 Southside Family Nurturing Center as of December 31, 2021, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audit 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 Southside Family Nurturing Center 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Southside Family Nurturing Center's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## **INDEPENDENT AUDITOR'S REPORT, continued**

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

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

**INDEPENDENT AUDITOR'S REPORT, continued**

**Report on Summarized Comparative Information**

We have previously audited Southside Family Nurturing Center's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 25, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

March 29, 2022

*Akins Henke and Company*

**SOUTHSIDE FAMILY NURTURING CENTER**

## Statements of Financial Position

December 31, 2021 and 2020

**ASSETS**

	<b><u>2021</u></b>	<b><u>2020</u></b>
Current assets:		
Cash	\$ 1,149,583	603,721
Donated stock	13,540	-
Accounts receivable	1,432	2,157
Promises to give	138,133	155,402
Prepaid expenses	9,572	9,118
Loan costs, net	312	362
Total current assets	<u>1,312,572</u>	<u>770,760</u>
Loan costs, net	1,470	1,619
Unemployment trust funds	29,191	21,269
Land, building and equipment, net	<u>1,106,551</u>	<u>1,134,971</u>
<b>TOTAL ASSETS</b>	<b>\$ <u>2,449,784</u></b>	<b><u>1,928,619</u></b>

**LIABILITIES AND NET ASSETS**

Current liabilities:		
Accounts payable	\$ 9,605	11,480
Note payable	14,589	125,334
Capital lease	2,108	-
Accrued compensation	46,331	56,155
Accrued interest	384	405
Total current liabilities	<u>73,017</u>	<u>193,374</u>
Capital lease	8,649	-
Note payable	<u>235,451</u>	<u>295,390</u>
Total liabilities	<u>317,117</u>	<u>488,764</u>
Net assets:		
Without donor restrictions:		
Undesignated	1,445,643	1,252,475
Board designated	590,000	90,000
Total net assets without donor restrictions	<u>2,035,643</u>	<u>1,342,475</u>
With donor restrictions	<u>97,024</u>	<u>97,380</u>
Total net assets	<u>2,132,667</u>	<u>1,439,855</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ <u>2,449,784</u></b>	<b><u>1,928,619</u></b>

See accompanying notes to the financial statements

**SOUTHSIDE FAMILY NURTURING CENTER**

Statement of Activities

For the Year Ended December 31, 2021

With Comparative Totals for 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total 2021</u>	<u>Total 2020</u>
<b>SUPPORT AND REVENUE:</b>				
Contributions:				
United Way	\$ 115,500	-	115,500	122,000
Corporations and foundations	1,006,214	52,000	1,058,214	613,835
Churches and civic groups	2,500	-	2,500	37,600
Individuals	146,697	3,218	149,915	129,364
In-kind goods and services	10,072	-	10,072	5,855
State and government grants	468,267	-	468,267	243,466
Total contributions	<u>1,749,250</u>	<u>55,218</u>	<u>1,804,468</u>	<u>1,152,120</u>
Program income	-	-	-	9,350
Unrealized gains on donated stock	661	-	661	-
Miscellaneous	5,087	-	5,087	1,280
Total support and revenue	<u>1,754,998</u>	<u>55,218</u>	<u>1,810,216</u>	<u>1,162,750</u>
<b>NET ASSETS RELEASED FROM RESTRICTIONS:</b>				
Restrictions satisfied	<u>55,574</u>	<u>(55,574)</u>	<u>-</u>	<u>-</u>
<b>EXPENSES:</b>				
Family and early childhood education program	878,888	-	878,888	848,600
Management and general	109,033	-	109,033	98,620
Fundraising	129,483	-	129,483	118,547
Total expenses	<u>1,117,404</u>	<u>-</u>	<u>1,117,404</u>	<u>1,065,767</u>
<b>CHANGE IN NET ASSETS</b>	693,168	(356)	692,812	96,983
<b>NET ASSETS - BEGINNING OF YEAR</b>	<u>1,342,475</u>	<u>97,380</u>	<u>1,439,855</u>	<u>1,342,872</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 2,035,643</u>	<u>97,024</u>	<u>2,132,667</u>	<u>1,439,855</u>

See accompanying notes to the financial statements

**SOUTHSIDE FAMILY NURTURING CENTER**

Statement of Functional Expenses  
For the Year Ended December 31, 2021  
With Comparative Totals For 2020

	<b>Family &amp; Early Childhood Education Program</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total 2021</b>	<b>Total 2020</b>
Salaries	\$ 504,641	28,986	85,673	619,300	615,633
Payroll taxes and unemployment	38,332	2,202	6,508	47,042	46,364
Employee benefits	65,435	4,104	9,086	78,625	77,014
Total personnel costs	<u>608,408</u>	<u>35,292</u>	<u>101,267</u>	<u>744,967</u>	<u>739,011</u>
Contract services	40,163	28,558	466	69,187	35,521
Program supplies and activities	55,343	-	-	55,343	67,407
Office supplies	2,935	165	288	3,388	1,313
Meal program	6,143	-	-	6,143	18,653
Legal and accounting	-	10,601	-	10,601	9,971
Training	3,443	-	-	3,443	6,979
Telephone and technology	27,331	1,533	2,682	31,546	15,662
Utilities	11,988	3,197	799	15,984	12,706
Insurance	12,480	3,328	832	16,640	15,440
Maintenance and repairs	27,687	7,383	1,846	36,916	44,955
Transportation	8,561	-	-	8,561	11,575
Equipment rent and maintenance	2,467	658	164	3,289	3,872
Public relations	21,660	3,715	17,012	42,387	9,502
Interest	8,297	2,212	553	11,062	13,246
Miscellaneous	-	1,196	775	1,971	3,676
Depreciation	41,665	11,111	2,778	55,554	54,207
Amortization of loan costs	317	84	21	422	2,071
Total expenses	<u>\$ 878,888</u>	<u>109,033</u>	<u>129,483</u>	<u>1,117,404</u>	<u>1,065,767</u>

See accompanying notes to the financial statements.



**SOUTHSIDE FAMILY NURTURING CENTER**

## Statements of Cash Flows

For the Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 692,812	96,983
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	55,554	54,207
Amortization of loan costs	422	2,071
Paycheck protection program loan forgiveness	(156,700)	-
Donated stock	(12,879)	-
Net unrealized gains on donated stock	(661)	-
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	725	(2,157)
Decrease in promises to give	17,269	11,023
(Increase) decrease in prepaid expenses	(454)	262
Increase in unemployment trust funds	(7,922)	(4,308)
Decrease in accounts payable	(1,875)	(9,558)
Increase (decrease) in accrued compensation	(9,824)	12,008
Decrease in accrued interest	(21)	(169)
Net cash provided by operating activities	<u>576,446</u>	<u>160,362</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of land, building and equipment	<u>(16,377)</u>	<u>-</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Principal payments on notes payable	(13,984)	(12,530)
Proceeds from paycheck protection program loan	-	156,700
Loan closing costs	<u>(223)</u>	<u>(2,184)</u>
Net cash provided by (used for) financing activities	<u>(14,207)</u>	<u>141,986</u>
<b>NET INCREASE IN CASH</b>	545,862	302,348
<b>CASH - BEGINNING OF YEAR</b>	<u>603,721</u>	<u>301,373</u>
<b>CASH - END OF YEAR</b>	<u>\$ 1,149,583</u>	<u>603,721</u>

**SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION**

Cash paid for interest in 2021 and 2020 was \$11,083 and \$13,415, respectively.

During 2021, a copier was purchased under a capital lease for \$10,757.

See accompanying notes to the financial statements

# SOUTHSIDE FAMILY NURTURING CENTER

Notes to the Financial Statements

December 31, 2021

with Comparative Totals for 2020

## (1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Organization Purpose

Mission: “Together with families and community, we nurture children, build on family strengths, and find alternatives to violence.”

Southside Family Nurturing Center (the Center) serves children and families at-risk for abuse and neglect by providing a therapeutic center in the Phillips neighborhood of Minneapolis. The Center is primarily supported by private and family foundations, the Greater Twin Cities United Way, and individual donors.

The Center’s programs are as follows:

Education – Includes the early childhood education program which is a multi-cultural therapeutic pre-school program that serves children ages 16 months to 5 years, with a focus on helping each child develop healthy social/emotional, motor, self-regulation, and developmental skills, as well as academic kindergarten readiness skills.

Home Based Family Support – Provides supportive home visiting services to all families whose children are enrolled in the center-based education program. The program seeks to prevent abuse and neglect at the earliest stage possible by promoting nurturing parenting, skill development, individualized goal planning, and access to community support services related to education, housing, healthcare, and legal issues. Eligible participants are referred from many sources including county social services, community agencies, and by current clients.

### Basis of Presentation

The accompanying financial statements are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). Under U.S. GAAP, the Center is required to report information regarding its financial position and activities according to two classes of net assets:

Without Donor Restrictions - Resources over which the Board of Directors and management has discretionary control. Funds designated by the Board of Directors comprised of the following on December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Future operating reserves	\$ 90,000	90,000
Future expansion projects	<u>500,000</u>	<u>-</u>
Total Board designated funds	<u>\$ 590,000</u>	<u>90,000</u>

With Donor Restrictions - Those resources subject to donor-imposed restrictions which will be satisfied by actions of the Center, passage of time, or that will be maintained in perpetuity by the Center. Presently, the Center does not have any net assets that are required to be maintained in perpetuity.

## **SOUTHSIDE FAMILY NURTURING CENTER**

Notes to the Financial Statements

December 31, 2021

with Comparative Totals for 2020

### (1) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)**

#### Revenue and Support

The Center recognizes contributions when cash, securities, unconditional promises to give, or other assets are committed by the donor. Conditional contributions - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met.

Certain state and government grants are conditioned upon performance requirements and/or the incurrence of allowable qualifying expenses. Consequently, at December 31, 2021 and 2020, contributions approximating \$229,100 and \$401,250, respectively, have not been recognized in the accompanying financial statements because the conditions have not been met.

Contributions are recorded as support without donor restrictions or support with donor restrictions, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in net assets with donor restrictions. 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 statement of activities as net assets released from restrictions. Restricted contributions whose restrictions are met in the same reporting period are recorded as support with donor restrictions and then released from restriction.

Program income recorded in 2020 reflects contract services provided by the Center to another non-profit organization. The performance obligation of delivering education services include a combination of online services and recorded lessons for a period of 8 weeks. The Center recognizes this revenue uniformly over the course of the 8-week period. There are no economic factors that affect the nature, amount, timing, or uncertainty of this revenue.

#### Promises to Give

Unconditional promises to give are recognized at net realizable value if due within one year, and at present value if due over one year. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

#### Loan Costs

The Center capitalizes loan closing costs and amortizes the costs over the life of the loan. Amortization relating to these loan closing costs was \$422 and \$2,071, respectively, for 2021 and 2020.

## **SOUTHSIDE FAMILY NURTURING CENTER**

Notes to the Financial Statements

December 31, 2021

with Comparative Totals for 2020

### **(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)**

#### Donated Stock

Donated stock is comprised of stocks received from donors and not yet liquidated by the Center. Donated stock is recorded at fair value. Investment income or loss from the donated stock (including realized and unrealized gains and losses on investments, interest, and dividends) is included in net assets without donor restrictions unless the income or loss is restricted by donor or law. Unrealized gains and losses are recorded based on the fair value of the donated stock as of December 31, 2021. The donated stock is subject to market and trading fluctuations.

#### Land, Building and Equipment

All major expenditures in excess of \$1,000 for land, building, and equipment are capitalized at cost. Contributed items are recorded at fair value at the date of the donation. Depreciation is provided using the straight-line method over 5 to 40 years for building and improvements, and over 5 to 10 years for equipment.

#### Cash

Cash is defined as cash in checking, savings, and cash on hand. The Center maintains checking and savings accounts at three financial institutions. The accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At December 31, 2021 and 2020, the Center had \$369,838 and \$96,979 of uninsured balances, respectively.

#### Unemployment

The Center has elected to self-insure unemployment claims. The Center makes contributions to Unemployment Services Trust, which is a pooled fund used to pay unemployment claims made against the Center. As claims are paid out of the Center's fund, an expense is recorded on the statement of activities. Unemployment claims expense was \$734 and \$1,358 for 2021 and 2020, respectively.

#### Contributed Services

The Center receives donated services which meet the criteria for recognition as contributions, and, accordingly, are reported as in-kind contributions on the statement of activities. The Center also receives various donated services by board members, faculty, and other volunteers. The value of this contributed time does not meet the criteria for recognition of contributed services and, accordingly, is not reflected in the accompanying financial statements.

## **SOUTHSIDE FAMILY NURTURING CENTER**

Notes to the Financial Statements

December 31, 2021

with Comparative Totals for 2020

### (1) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)**

#### Income Tax

The Center has tax-exempt status under Section 501(c)(3) of the Internal Revenue Code and Minnesota Statute 290.05. 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.

It is the policy of the Center, in accordance with U.S. GAAP, to assess any uncertain tax positions and, if necessary, record a tax asset or liability, and the related income tax expense, for any uncertain tax positions. Management has analyzed the tax positions taken by the Center and has concluded that as of December 31, 2021 and 2020, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements.

#### Functional Allocation of Expense

The costs of providing programs and other activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated on a square footage basis include depreciation, amortization of loan costs, maintenance and repairs, utilities, interest, insurance, and equipment rent and maintenance. Personnel costs are allocated on the basis of estimates of time worked in the various functions. Office supplies and telephone and technology expenses are allocated based on full-time staffing equivalents worked in the various functions.

#### Concentrations of Credit Risk Due to Promises to Give and Accounts Receivable

Financial instruments that potentially subject the Center to concentrations of credit risk consist principally of promises to give and accounts receivable. Promises to give and accounts receivable predominantly consist of amounts owed by governmental agencies and foundations. As of December 31, 2021, approximately 94% of the Center's promises to give are from four organizations. As of December 31, 2020, approximately 69% of the Center's promises to give are from three organizations.

Management believes concentrations of credit risk with respect to promises to give and accounts receivable are limited due to the nature of the promises to give and accounts receivable. As of December 31, 2021 and 2020, management believes the Center had no significant concentrations of credit risk.

## **SOUTHSIDE FAMILY NURTURING CENTER**

Notes to the Financial Statements

December 31, 2021

with Comparative Totals for 2020

### (1) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)**

#### Concentrations of Contributions

During 2021 and 2020, approximately 51% and 40%, respectively, of the Center's total revenue came from three funders.

#### Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

#### Prior Year Summarized Information

The financial statements include certain prior year summarized information in total but not by net asset class nor by functional classification. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Center's financial statements for the year ended December 31, 2020, from which the summarized information was derived.

#### Reclassification

Certain 2020 amounts have been reclassified for comparability purposes with those of 2021.

#### Subsequent Events

Management has evaluated subsequent events for potential recognition or disclosure through March 29, 2022, the date which the financial statements were available for issue.

### (2) **LIQUIDITY AND FINANCIAL ASSETS**

The Center regularly monitors liquidity required to meet its operating needs and structures its financial assets for availability as its general expenditures, liabilities, and other obligations come due. The Center invests cash in excess of daily requirements in a savings account. Board designated funds of \$590,000 are not available for operating needs unless approved by the Board. None of the Center's other financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date. In the event of immediate liquidity needs, the Center has a committed line of credit in the amount of \$80,000 that can be drawn upon.

## SOUTHSIDE FAMILY NURTURING CENTER

Notes to the Financial Statements

December 31, 2021

with Comparative Totals for 2020

### (2) LIQUIDITY AND FINANCIAL ASSETS (continued)

The following table reflects the Center's financial assets as of December 31, 2021 and 2020, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date.

	<u>2021</u>	<u>2020</u>
Cash	\$ 1,149,583	603,721
Donated stock	13,540	-
Accounts receivable	1,432	2,157
Promises to give	<u>138,133</u>	<u>155,402</u>
Total financial assets	1,302,688	761,280
Less amounts not available to be used within one year:		
Board designated	( 590,000)	( 90,000)
Donor restricted for use and time	<u>          -</u>	<u>( 25,000)</u>
Financial assets available within one year to meet cash needs for general expenditures	\$ <u>712,688</u>	<u>646,280</u>

### (3) FAIR VALUE MEASUREMENTS

U.S. GAAP establishes a three-tier fair value hierarchy that prioritizes the inputs of valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are described below:

- Level 1 assets and liabilities are valued using inputs that are unadjusted quoted prices in active markets, such as the New York Stock Exchange. At December 31, 2021, Level 1 assets were comprised of donated stock of \$13,540. There were no Level 1 assets or liabilities at December 31, 2020.
- Level 2 assets and liabilities are valued using inputs other than unadjusted quoted prices included in Level 1 that are observable either directly or indirectly for the assets or liability. At December 31, 2021 and 2020, the Organization had no Level 2 assets or liabilities.
- Level 3 assets and liabilities are valued using pricing inputs which are unobservable for the asset or liability. At December 31, 2021 and 2020, the Organization had no Level 3 assets or liabilities.

## SOUTHSIDE FAMILY NURTURING CENTER

Notes to the Financial Statements

December 31, 2021

with Comparative Totals for 2020

### (4) LAND, BUILDING AND EQUIPMENT

Land, building and equipment consist of the following as of December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Building and improvements	\$ 2,078,161	2,078,161
Land	5,000	5,000
Furniture and equipment	81,317	76,392
Vehicles	<u>47,458</u>	<u>47,458</u>
	2,211,936	2,207,011
Less: Accumulated depreciation	<u>(1,105,385)</u>	<u>(1,072,040)</u>
	<u>\$ 1,106,551</u>	<u>1,134,971</u>

### (5) NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were comprised of the following at December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Restricted by donor for purpose:		
Family home visiting	\$ 29,070	60,000
Native American early childhood improvement	25,000	25,000
Arts programing	-	8,000
Therapy services	19,775	-
Seasonal initiatives	15,909	-
Emergency funds	2,000	-
Classroom materials	<u>5,270</u>	<u>4,380</u>
Total	<u>\$ 97,024</u>	<u>97,380</u>

Net assets were released from donor restrictions by incurring expenses that satisfy the restricted purpose, the passage of time, or other events specified by the donors. Net assets released from restriction were comprised of the following at December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Satisfaction of purpose restrictions:		
Classroom materials	\$ 2,328	1,568
Arts programing	8,000	-
Family home visiting	30,930	25,000
Therapy services	225	-
Seasonal initiatives	<u>14,091</u>	<u>-</u>
Total	<u>\$ 55,574</u>	<u>26,568</u>



## SOUTHSIDE FAMILY NURTURING CENTER

Notes to the Financial Statements

December 31, 2021

with Comparative Totals for 2020

(6) **RETIREMENT PLAN**

The Center has a 403(b) plan in which employees can defer contributions. The Center did not contribute to the 403(b) plan during 2021 or 2020.

(7) **LEASES**

The Center had an operating lease agreement for a copier which terminated in November 2021. Rent expense under this lease was \$2,596 and \$2,832 for 2021 and 2020, respectively.

In November 2021, the Center entered into a capital lease agreement for \$10,757 for a copier. The capital lease is recorded as an asset in land, building and equipment. There was no depreciation taken on the copier in 2021. The future minimum payments under the capital lease are as follows:

2022	\$ 2,108
2023	2,050
2024	2,155
2025	2,265
2026	<u>2,179</u>
Total	\$ <u>10,757</u>

(8) **LINE OF CREDIT**

The Center has a line of credit with a maximum limit of \$80,000. The line of credit matures on December 18, 2022. The line of credit calls for monthly payments of interest and payment of any outstanding principal and interest on the maturity date. The interest rate is a variable interest rate of prime plus 0.5% and was 3.75% as of December 31, 2021 and 2020. The line of credit is secured by all business assets of the Center. The Center had no borrowings on the line of credit during 2021 and 2020.

## SOUTHSIDE FAMILY NURTURING CENTER

Notes to the Financial Statements

December 31, 2021

with Comparative Totals for 2020

(9) **NOTES PAYABLES**

On May 8, 2020, the Center entered into a promissory note with a principal balance of \$272,770 and a maturity date of April 18, 2027. The note calls for monthly principal and interest payments of \$2,089 and an estimated final payment of principal and interest of \$165,737 at maturity. The interest rate is fixed at 4.25% and the note is secured by a mortgage on the property of the Center.

In April of 2020, the Center received loan proceeds in the amount of \$156,700 under the Paycheck Protection Program (PPP). Established as part of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), the PPP provides for loans to qualifying business in amounts up to 2.5 times their average monthly payroll expenses. PPP loans and accrued interest are forgivable after the elected eight or twenty-four week period as long as the borrower maintains its payroll levels and use the loan proceeds for eligible purposes. The forgiveness amount will be reduced if the borrower terminates employees or reduces salaries during the covered period. Any unforgiven portion of a PPP loan is payable over two years at an interest rate of 1%. This loan was forgiven during 2021 and the forgiveness is recorded as a government grant on the statement of activities.

Future principal payments on the promissory note are as follows:

2022	\$ 14,589
2023	15,230
2024	15,873
2025	16,598
2026	17,327
Thereafter	<u>170,423</u>
Total	<u>\$ 250,040</u>

(10) **IN-KIND CONTRIBUTIONS**

In-kind contributions consisted of the following for 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Supplies	\$ 2,072	5,605
Family program supplies	8,000	-
Accounting	<u>-</u>	<u>250</u>
Total	<u>\$ 10,072</u>	<u>5,855</u>

**SOUTHSIDE FAMILY NURTURING CENTER**

Notes to the Financial Statements

December 31, 2021

with Comparative Totals for 2020

(11) **COVID-19**

The Covid-19 pandemic had broad and negative impact on commerce and financial markets around the world. During 2021, the Center had a period of closures due to the Omicron variant and focused on virtual programming. Since then, the Center has returned to full in-person programming. The Center has mitigated the impact of Covid-19 by obtaining state and governmental assistance as well as generous support from its donors. The extent of the impact of Covid-19 on the Center's operational and financial performance will depend on certain developments, including the duration and spread of the outbreaks and its impacts on the Center's clients and employees. The future financial impact of Covid-19 on the Center and duration of any economic factors or uncertainties cannot be reasonably estimated at this time.