

**INTERFAITH OUTREACH &
COMMUNITY PARTNERS**

FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2021 AND 2020



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**INTERFAITH OUTREACH & COMMUNITY PARTNERS
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YEARS ENDED MARCH 31, 2021 AND 2020**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Interfaith Outreach & Community Partners
Plymouth, Minnesota

We have audited the accompanying financial statements of Interfaith Outreach & Community Partners, which comprise the statements of financial position as of March 31, 2021 and 2020, 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 controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' 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 audits 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 auditors' 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.

Board of Directors
Interfaith Outreach & Community Partners

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Interfaith Outreach & Community Partners as of March 31, 2021 and 2020, 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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Minneapolis, Minnesota
June 30, 2021

INTERFAITH OUTREACH & COMMUNITY PARTNERS
STATEMENTS OF FINANCIAL POSITION
MARCH 31, 2021 AND 2020

	2021	2020
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 2,099,167	\$ 4,425,804
Certificates of Deposit	-	953,755
Grants Receivable	39,309	2,018
Pledges Receivable	23,405	-
Inventory	257,933	165,975
Other Assets	185,227	151,620
Total Current Assets	2,605,041	5,699,172
PLEDGES RECEIVABLE, NET OF CURRENT	60,000	-
INVESTMENTS	4,173,002	-
PROPERTY AND EQUIPMENT, NET	5,050,456	5,103,894
Total Assets	\$ 11,888,499	\$ 10,803,066
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 90,896	\$ 72,900
Accrued Expenses	122,105	63,013
Deferred Revenue	3,349	137,025
Total Current Liabilities	216,350	272,938
NET ASSETS		
Undesignated	2,880,162	1,282,213
Board-Designated	3,087,455	3,504,587
Invested in Property and Equipment	5,050,456	5,103,894
Total Net Assets Without Donor Restrictions	11,018,073	9,890,694
Net Assets With Donor Restrictions	654,076	639,434
Total Net Assets	11,672,149	10,530,128
Total Liabilities and Net Assets	\$ 11,888,499	\$ 10,803,066

See accompanying Notes to Financial Statements.

**INTERFAITH OUTREACH & COMMUNITY PARTNERS
STATEMENT OF ACTIVITIES
YEAR ENDED MARCH 31, 2021**

	Operating - Without Donor Restrictions	Board- Designated	Total Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT					
Grants and Contributions	\$ 5,709,496	\$ -	\$ 5,709,496	\$ 1,255,950	\$ 6,965,446
In-Kind Donations and Donated Services	1,575,112	-	1,575,112	-	1,575,112
Fundraising Event Contributions	281,783	-	281,783	102,814	384,597
Total Support	<u>7,566,391</u>	<u>-</u>	<u>7,566,391</u>	<u>1,358,764</u>	<u>8,925,155</u>
REVENUE					
Resale Select Revenues	112,447	-	112,447	-	112,447
Rental Income	132,453	-	132,453	-	132,453
Fundraising Events, Net of Expenses of \$41,355 and \$94,030, Respectively	14,262	-	14,262	-	14,262
Program Service Revenues	35,500	-	35,500	-	35,500
Miscellaneous Income	28,562	-	28,562	-	28,562
Total Revenue	<u>323,224</u>	<u>-</u>	<u>323,224</u>	<u>-</u>	<u>323,224</u>
Net Assets Released from Restrictions	<u>1,344,122</u>	<u>-</u>	<u>1,344,122</u>	<u>(1,344,122)</u>	<u>-</u>
Total Support and Revenue	9,233,737	-	9,233,737	14,642	9,248,379
EXPENSES					
Program Expenses	6,390,486	-	6,390,486	-	6,390,486
Management and General Expenses	1,345,274	-	1,345,274	-	1,345,274
Fundraising Expenses	850,421	-	850,421	-	850,421
Total Expenses	<u>8,586,181</u>	<u>-</u>	<u>8,586,181</u>	<u>-</u>	<u>8,586,181</u>
CHANGE IN OPERATING NET ASSETS	647,556	-	647,556	14,642	662,198
NONOPERATING ACTIVITIES					
PPP Loan Forgiveness	481,800	-	481,800	-	481,800
Interest Income	11,232	8,659	19,891	-	19,891
Investment Income (Loss)	(21,868)	-	(21,868)	-	(21,868)
Transfer to (from) Board-Designated Reserves	425,791	(425,791)	-	-	-
Total Nonoperating Activities	<u>896,955</u>	<u>(417,132)</u>	<u>479,823</u>	<u>-</u>	<u>479,823</u>
CHANGE IN NET ASSETS	1,544,511	(417,132)	1,127,379	14,642	1,142,021
Net Assets - Beginning of Year	<u>6,386,107</u>	<u>3,504,587</u>	<u>9,890,694</u>	<u>639,434</u>	<u>10,530,128</u>
NET ASSETS - END OF YEAR	<u>\$ 7,930,618</u>	<u>\$ 3,087,455</u>	<u>\$ 11,018,073</u>	<u>\$ 654,076</u>	<u>\$ 11,672,149</u>

See accompanying Notes to Financial Statements.

INTERFAITH OUTREACH & COMMUNITY PARTNERS
STATEMENT OF ACTIVITIES
YEAR ENDED MARCH 31, 2020

	Operating - Without Donor Restrictions	Board- Designated	Total Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT					
Grants and Contributions	\$ 4,586,021	\$ -	\$ 4,586,021	\$ 779,173	\$ 5,365,194
In-Kind Donations and Donated Services	2,802,087	-	2,802,087	-	2,802,087
Fundraising Event Contributions	247,753	-	247,753	131,247	379,000
Total Support	<u>7,635,861</u>	<u>-</u>	<u>7,635,861</u>	<u>910,420</u>	<u>8,546,281</u>
REVENUE					
Resale Select Revenues	473,666	-	473,666	-	473,666
Rental Income	148,033	-	148,033	-	148,033
Fundraising Events, Net of Expenses of \$41,355 and \$94,030, Respectively	79,004	-	79,004	-	79,004
Program Service Revenues	35,500	-	35,500	-	35,500
Miscellaneous Income	2,604	-	2,604	-	2,604
Total Revenue	<u>738,807</u>	<u>-</u>	<u>738,807</u>	<u>-</u>	<u>738,807</u>
Net Assets Released from Restrictions	<u>1,149,219</u>	<u>-</u>	<u>1,149,219</u>	<u>(1,149,219)</u>	<u>-</u>
Total Support and Revenue	9,523,887	-	9,523,887	(238,799)	9,285,088
EXPENSES					
Program Expenses	6,969,917	-	6,969,917	-	6,969,917
Management and General Expenses	988,441	-	988,441	-	988,441
Fundraising Expenses	747,437	-	747,437	-	747,437
Total Expenses	<u>8,705,795</u>	<u>-</u>	<u>8,705,795</u>	<u>-</u>	<u>8,705,795</u>
CHANGE IN OPERATING NET ASSETS	818,092	-	818,092	(238,799)	579,293
NONOPERATING ACTIVITIES					
PPP Loan Forgiveness	-	-	-	-	-
Interest Income	8,637	20,783	29,420	-	29,420
Investment Income (Loss)	-	-	-	-	-
Transfer to (from) Board-Designated Reserves	(956,952)	956,952	-	-	-
Total Nonoperating Activities	<u>(948,315)</u>	<u>977,735</u>	<u>29,420</u>	<u>-</u>	<u>29,420</u>
CHANGE IN NET ASSETS	(130,223)	977,735	847,512	(238,799)	608,713
Net Assets - Beginning of Year	<u>6,516,330</u>	<u>2,526,852</u>	<u>9,043,182</u>	<u>878,233</u>	<u>9,921,415</u>
NET ASSETS - END OF YEAR	<u>\$ 6,386,107</u>	<u>\$ 3,504,587</u>	<u>\$ 9,890,694</u>	<u>\$ 639,434</u>	<u>\$ 10,530,128</u>

See accompanying Notes to Financial Statements.

INTERFAITH OUTREACH & COMMUNITY PARTNERS
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED MARCH 31, 2021

	Program Service Expenses			Total Program Expenses	Management and General Expenses	Fundraising Expenses	Total
	Discover Community Needs and Opportunities	Engage Stakeholders and Partners	Deliver Services				
Food	\$ -	\$ -	\$ 1,063,200	\$ 1,063,200	\$ -	\$ -	\$ 1,063,200
Housing and Neighborhoods	-	-	957,475	957,475	-	-	957,475
Education and Youth	-	-	674,156	674,156	-	-	674,156
Family Support	-	-	228,483	228,483	-	-	228,483
Transportation	-	-	170,155	170,155	-	-	170,155
Employment	-	-	5,761	5,761	-	-	5,761
Subtotal with In-Kinds	-	-	3,099,230	3,099,230	-	-	3,099,230
Salaries	261,391	559,924	775,075	1,596,390	867,644	533,416	2,997,450
Employee Benefits	22,539	48,246	66,698	137,483	74,358	44,749	256,590
Payroll Taxes	19,074	41,101	56,748	116,923	64,106	39,336	220,365
Subtotal	303,004	649,271	898,521	1,850,796	1,006,108	617,501	3,474,405
Grant to Other Organization	-	470,000	30,000	500,000	-	-	500,000
Occupancy	32,003	89,791	112,288	234,082	28,351	22,005	284,438
Office Expenses	19,112	48,643	64,841	132,596	40,477	92,582	265,655
Professional Services	11,375	22,423	35,421	69,219	194,157	41,790	305,166
Marketing	3,941	6,274	10,519	20,734	10,376	57,022	88,132
Special Event Direct Expense	-	-	-	-	-	41,355	41,355
Miscellaneous Expense	3,385	6,734	9,761	19,880	4,879	5,122	29,881
In-Kinds: Resale	-	248,308	43,819	292,127	-	-	292,127
In-Kinds: Other	-	3,112	32,703	35,815	42,860	230	78,905
Total Expenses Before Depreciation	372,820	1,544,556	4,337,103	6,254,479	1,327,208	877,607	8,459,294
Depreciation	15,789	53,644	66,574	136,007	18,066	14,169	168,242
Total Functional Expenses	388,609	1,598,200	4,403,677	6,390,486	1,345,274	891,776	8,627,536
Less: Special Event Direct Expense	-	-	-	-	-	(41,355)	(41,355)
Total Expenses per Statement of Activities	<u>\$ 388,609</u>	<u>\$ 1,598,200</u>	<u>\$ 4,403,677</u>	<u>\$ 6,390,486</u>	<u>\$ 1,345,274</u>	<u>\$ 850,421</u>	<u>\$ 8,586,181</u>

See accompanying Notes to Financial Statements.

INTERFAITH OUTREACH & COMMUNITY PARTNERS
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED MARCH 31, 2020

	Program Service Expenses						Total
	Discover Community Needs and Opportunities	Engage Stakeholders and Partners	Deliver Services	Total Program Expenses	Management and General Expenses	Fundraising Expenses	
Food	\$ -	\$ -	\$ 1,587,825	\$ 1,587,825	\$ -	\$ -	\$ 1,587,825
Housing and Neighborhoods	-	-	995,199	995,199	-	-	995,199
Education and Youth	-	-	513,171	513,171	-	-	513,171
Family Support	-	-	281,044	281,044	-	-	281,044
Transportation	-	-	304,625	304,625	-	-	304,625
Employment	-	-	9,491	9,491	-	-	9,491
Subtotal with In-Kinds	-	-	3,691,355	3,691,355	-	-	3,691,355
Salaries	198,419	432,178	791,125	1,421,722	588,963	452,898	2,463,583
Employee Benefits	17,275	37,630	68,680	123,585	50,808	39,476	213,869
Payroll Taxes	14,544	31,674	57,886	104,104	43,487	33,441	181,032
Subtotal	230,238	501,482	917,691	1,649,411	683,258	525,815	2,858,484
Occupancy	35,859	100,890	118,336	255,085	24,550	20,102	299,737
Office Expenses	18,302	57,142	75,276	150,720	36,279	82,432	269,431
Professional Services	10,970	25,673	35,082	71,725	176,268	9,918	257,911
Marketing	2,505	13,678	7,639	23,822	8,669	71,860	104,351
Miscellaneous Expense	-	-	-	-	-	94,030	94,030
Special Event Direct Expense	-	-	-	-	-	-	-
In-Kinds: Resale	-	730,948	128,991	859,939	-	-	859,939
In-Kinds: Other	-	16,352	63,186	79,538	28,347	14,737	122,622
Total Expenses Before Depreciation	303,614	1,462,642	5,058,559	6,824,815	974,068	829,832	8,628,715
Depreciation	18,709	57,705	68,688	145,102	14,373	11,635	171,110
Total Functional Expenses	322,323	1,520,347	5,127,247	6,969,917	988,441	841,467	8,799,825
Less: Special Event Direct Expense	-	-	-	-	-	(94,030)	(94,030)
Total Expenses per Statement of Activities	<u>\$ 322,323</u>	<u>\$ 1,520,347</u>	<u>\$ 5,127,247</u>	<u>\$ 6,969,917</u>	<u>\$ 988,441</u>	<u>\$ 747,437</u>	<u>\$ 8,705,795</u>

See accompanying Notes to Financial Statements.

INTERFAITH OUTREACH & COMMUNITY PARTNERS
STATEMENTS OF CASH FLOWS
YEARS ENDED MARCH 31, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 1,142,021	\$ 608,713
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	168,242	171,110
Realized and Unrealized Loss on Investments	22,742	-
Loss on Disposal of Property and Equipment	-	2,443
Paycheck Protection Program Loan Forgiveness	(481,800)	-
Changes in Assets and Liabilities:		
Grants Receivable	(37,291)	(2,018)
Pledges Receivable	(83,405)	210,000
Inventory	(91,958)	(2,325)
Other Assets	(33,607)	17,496
Accounts Payable	17,996	(26,053)
Accrued Expenses	59,092	1,126
Deferred Revenue	(133,676)	(72,870)
Net Cash Provided by Operating Activities	548,356	907,622
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property and Equipment	(114,804)	(43,331)
Purchase of Investments	(4,200,000)	-
Proceeds from Sale/Maturity of Certificates of Deposit	958,011	-
Purchase of Certificates of Deposit	-	(100,988)
Net Cash Used by Investing Activities	(3,356,793)	(144,319)
CASH FLOWS FROM FINANCING ACTIVITIES		
Paycheck Protection Program Loan Proceeds	481,800	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(2,326,637)	763,303
Cash and Cash Equivalents - Beginning of Year	4,425,804	3,662,501
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 2,099,167	\$ 4,425,804
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
In-Kind Donations	\$ 1,575,112	\$ 2,802,087

See accompanying Notes to Financial Statements.

INTERFAITH OUTREACH & COMMUNITY PARTNERS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2021 AND 2020

NOTE 1 NATURE OF OPERATIONS

The mission of Interfaith Outreach & Community Partners (Interfaith Outreach) is to engage the heart and will of the community to respond to emergency needs and create opportunities for all to thrive. A suburban human service nonprofit serving low-income families and individuals of eight west Hennepin County communities, Interfaith Outreach mobilizes human, financial and in-kind resources that help residents move past crises, overcome barriers to successful living, and access opportunities to build strong futures. 14% of residents living in the Interfaith Outreach service area struggle with poverty. Interfaith Outreach delivers services in the areas of family support, food, housing and neighborhoods, education and youth, employment, and transportation. Interfaith Outreach has been serving residents of Hamel, Long Lake, Medicine Lake, Medina, Minnetonka Beach, Orono, Plymouth, and Wayzata since 1979.

Discover Community Needs and Opportunities

Interfaith Outreach and its community partners stay in touch with changing needs, trends, aspirations and opportunities that inform and position the organization and the community for timely collective action and impact.

Engage Stakeholders and Partners

Interfaith Outreach engages community partners, stakeholders, volunteers and program participants in addressing complex socio-economic issues; leveraging resources (money, tangible goods, time and expertise); building mutually beneficial relationships; creating a welcoming and inclusive community experience; and enhancing overall service delivery and community impact.

Since 1979, Interfaith Outreach has successfully partnered across community sectors and systems — with thousands of volunteers and donors, faith communities, charitable foundations, public/private education systems, corporations, local businesses, health systems, government entities, civic/community groups, and other family service organizations. Together we lead, rally and ignite the power of a caring community to respond to need in times of crises, to remove barriers that marginalize families and kids, and to create opportunities for all to thrive. On-site and remote partners including Hennepin County Women, Infant and Children (WIC) services; Wayzata Public Schools; Washburn Center for Children; and Relate Counseling Center; extend our impact.

Resale Select, a thrift/resale store open to the public, sells contemporary, top-quality clothing and household goods donated by the community in-store and online. The store benefits Interfaith Outreach by making donated clothing and household goods available to local families struggling with poverty and the general public while engaging volunteers in service and leadership.

**INTERFAITH OUTREACH & COMMUNITY PARTNERS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2021 AND 2020**

NOTE 1 NATURE OF OPERATIONS (CONTINUED)

Deliver Services

Interfaith Outreach delivers individualized services to help families stabilize, strengthen, and thrive each year. In the 2021 fiscal year, we helped 2,134 families, including 852 families coming to Interfaith Outreach for support for the first time:

STABILIZE: Families have resolved immediate crises, are meeting basic needs, and have a plan for immediate support.

STRENGTHEN: Families have fewer emergency needs, are able to navigate and overcome barriers, create plans and pursue opportunities to achieve their goals.

THRIVE: Families' basic needs are met. They have established support networks, gained a working knowledge of community resources and ways to access them, are engaged in the community, and are achieving their goals.

We provide services in six impact areas:

FOOD: The food shelf provides a food safety net and supplemental resource for families and individuals who live on low and fixed incomes.

FAMILY SUPPORT: Case managers work side by side with families in times of need such as job loss, pending eviction, family breakup, a medical crisis, car repair, childcare needs, access to mental health services, and more. In addition, holiday, birthday, new baby, and other programs engage our community in caring for families -- it's the little things that make a huge difference.

HOUSING AND NEIGHBORHOODS: We provide rent assistance to prevent homelessness, offer transitional housing support for homeless families with children, provide intense case management services for formerly long-term homeless families, provide comprehensive support for families who live in nine multi-unit affordable housing neighborhoods, and partner with developers to preserve and increase the number of affordable rental units in our community.

EDUCATION AND YOUTH: We are the backbone organization of a collective impact initiative that brings together local early childhood care providers, the Wayzata and Orono School Districts, community health care providers, volunteers, and other stakeholders to provide programs and services designed to address educational inequities among preschool, school-age children, and youth of our community.

EMPLOYMENT: We support adults in finding and keeping jobs by addressing work readiness barriers, identifying and building skills, and implementing individual job search strategies. We bring together highly engaged job seekers with employers and training partners to create opportunities that set them up for living wage employment.

INTERFAITH OUTREACH & COMMUNITY PARTNERS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2021 AND 2020

NOTE 1 NATURE OF OPERATIONS (CONTINUED)

Deliver Services (continued)

TRANSPORTATION: Interfaith Outreach provides transportation assistance to ensure people can find and keep jobs, a critical need in the suburbs where public transportation options are limited. We provide transportation assistance through car repairs, insurance and registration payments, and vehicle donation.

COVID-19 Impact

With the COVID-19 pandemic and “stay at home” orders early in the fiscal year, Interfaith Outreach shifted to an essential services model of service delivery. Despite operating at 30% of our normal volunteer capacity in FY21 due to COVID-19 related restrictions, we had 100% up-time for service delivery to clients in the areas of food, emergency financial assistance, and welcoming new clients.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Statement Presentation

Net assets and revenues, gains, and losses are classified based on donor-imposed restrictions. Accordingly, net assets of Interfaith Outreach and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Resources that are not subject to donor-imposed restrictions. The board of directors has discretionary control over these resources.

Net Assets With Donor Restrictions – Those resources subject to donor-imposed restrictions which will be satisfied by actions of Interfaith Outreach or passage of time.

Cash and Cash Equivalents

Interfaith Outreach considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. At various times throughout the year, Interfaith Outreach had cash balances in excess of Federal Deposit Insurance Corporation insurance limits.

Certificates of Deposit

Balance consists of brokered certificates of deposit with maturity dates of 12 months or less. These short-term investments are recorded at cost, which approximates fair value.

Grants and Pledges Receivable

Grants and pledges receivable that are expected to be collected within one year are recorded at their net realizable value. Grants and pledges that are expected to be collected in future years are recorded at the present value of the amount expected to be collected. The discounts on those amounts are computed using an imputed interest rate applicable to the year in which the grant or pledge is received. Amortization of the discount is included in contribution revenue. Conditional grants and pledges are not included as support until such time as the conditions are substantially met.

INTERFAITH OUTREACH & COMMUNITY PARTNERS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2021 AND 2020

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Grants and Pledges Receivable (Continued)

Bad debts are provided for using the reserve method based upon management's assessment of collectability. When all collection efforts are exhausted, the balance is written off against the related allowance. At March 31, 2021 and 2020, balances for pledges receivable were \$83,405 and \$-0-, respectively. No discount and no allowance were recorded in either year.

Inventory

Inventory consists of food shelf inventory and Resale Select inventory.

Food shelf inventory represents perishable and nonperishable food and other household products on hand at year-end. Items have either been purchased by Interfaith Outreach or donated. Items are valued at an average cost per pound of \$1.77 and \$1.65 at March 31, 2021 and 2020, respectively.

Pounds of food distributed to clients from the food shelf during the years ended March 31, 2021 and 2020 totaled 590,325 and 950,645, respectively. The total value of food distributed, using \$1.77 and \$1.65 per pound, was \$1,044,875 and \$1,568,564 for the years ended March 31, 2021 and 2020, respectively. In-kind food and gift card contributions totaled \$952,823 and \$1,447,800 for the years ended March 31, 2021 and 2020, respectively. Interfaith Outreach purchased food inventory of \$135,613 and \$140,406 for the years ended March 31, 2021 and 2020, respectively.

Resale Select inventory represents donated clothing and other household goods on hand at year-end that are available for sale. Items are recorded at an estimated value based upon the type of item. In-kind contributions of donated clothing, household goods, and gift cards to clients totaled \$354,863 and \$915,540 for the years ended March 31, 2021 and 2020, respectively.

Property and Equipment

Interfaith Outreach capitalizes all expenditures for property and equipment in excess of \$2,500. Purchases of personal computers, including desktops, laptops, and personal printers are expensed regardless of cost. Property and equipment is carried at cost, if purchased, or fair market value at the date of gift, if received as contributions.

Depreciation is computed on a straight-line basis over estimated useful lives of 15 to 40 years for building and building improvements and 5 to 10 years for equipment. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation is removed from the accounts, and any resulting gain or loss is reflected in income for the period. The cost of maintenance, repairs, and minor replacements are expensed as incurred.

**INTERFAITH OUTREACH & COMMUNITY PARTNERS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2021 AND 2020**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

Interfaith Outreach records investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statements of financial position. Net investment return/(loss) is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external investment expenses.

Gift Cards

Gift cards provided to clients are expensed when redeemed at Resale Select.

Revenue Recognition

Grants and contributions are recognized as revenue when they are received or unconditionally pledged.

Interfaith Outreach reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor-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.

Rental income is recognized on a straight-line basis over the period of time outlined in the contract terms.

Resale Select revenues are recognized at the point of sale. Fundraising event revenue consists of event tickets, auctions and raffles and is recognized at a point in time when the respective event takes place. Program service revenue is recognized over a period of time as contracted services are provided and earned.

The following table shows the Interfaith Outreach's program revenue disaggregated according to the timing of the transfer of goods and services:

	2021	2020
Revenue Recognized at Point in Time:		
Resale Select Revenues	\$ 112,447	\$ 473,666
Fundraising Events	14,262	79,004
Total Revenue Recognized at Point in Time	\$ 126,709	552,670
Revenue Recognized Over Time:		
Program Service Revenues	\$ 35,500	\$ 35,500
Total Revenue Recognized Over Time	\$ 35,500	\$ 35,500

In-Kind Donations

Contributions of noncash items (e.g., food, clothing, and household goods) are recorded at their fair values in the period received. Interfaith Outreach receives a significant amount of donated items each year. The amount of in-kind donations received totaled \$1,502,660 and \$2,723,930 for the years ended March 31, 2021 and 2020, respectively.

INTERFAITH OUTREACH & COMMUNITY PARTNERS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2021 AND 2020

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Donated Services

Interfaith Outreach receives a substantial amount of services donated by its volunteers in carrying out its mission and exempt purpose. Contributions of services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their estimated fair values in the period received. The amount of donated services recorded for the years ended March 31, 2021 and 2020 was \$72,452 and \$78,157, respectively.

In addition, there was a significant amount of services provided by volunteers that have not been reflected in the accompanying statements of activities because the accounting criteria for recognition of such volunteer efforts have not been satisfied. These additional volunteer hours totaled approximately 20,000 and 52,000 and were valued at approximately \$565,000 and \$1,331,000 for the years ended March 31, 2021 and 2020, respectively.

Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Salaries and benefits are allocated based on management's best estimates of time spent by employee by function. Office expenses such as equipment maintenance, supplies and information technology support are allocated based on full-time equivalents by department or program. Occupancy costs such as telephone and utilities are allocated based on square footage occupied by department or program. All direct client assistance expenses are allocated to program expenses.

Use of Estimates

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

Nonoperating Activities

Nonoperating activities consist of gains and losses and other occurrences that fall outside of the normal operations of Interfaith Outreach, including investment income, and reserve transfers designated by the board for long-term housing projects and operating reserves.

Tax-Exempt Status

Interfaith Outreach is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code (IRC) and applicable state statutes and is generally not subject to income taxes. It has been classified as an organization that is not a private foundation under the IRC. Charitable contributions by donors are tax deductible.

Interfaith Outreach follows the income tax standard regarding the recognition and measurement of uncertain tax positions. Interfaith Outreach's tax returns are subject to review by federal and state authorities. Interfaith Outreach is not aware of any activities that would jeopardize its tax-exempt status.

**INTERFAITH OUTREACH & COMMUNITY PARTNERS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2021 AND 2020**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events

In preparing these financial statements, Interfaith Outreach has evaluated subsequent events and transactions for potential recognition or disclosure through June 30, 2021, the date the financial statements were available to be issued.

NOTE 3 LIQUIDITY AND AVAILABILITY OF RESOURCES

Interfaith Outreach routinely monitors liquidity for operations in accordance with its financial policies. In the event of an unanticipated liquidity need, the Philanthropic Equity Reserve and general operating reserve could be accessed with board approval. In addition, Interfaith Outreach has a committed line of credit in the amount of \$2,500,000, which it could draw upon as needed (see Note 7).

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, consist of the following:

	2021	2020
Cash and Cash Equivalents	\$ 2,099,167	\$ 4,425,804
Grants Receivable	39,309	2,018
Pledges Receivable	23,405	-
Investments	4,173,002	-
Certificates of Deposit	-	953,755
Total	<u>6,334,883</u>	<u>5,381,577</u>
Less Balances Restricted by Donor or Board Designation:		
Funds designated by the Board for Housing	(215,234)	(412,835)
Funds designated by the Board for Future Building Needs	(642,448)	(377,358)
Funds designated by the Board as a General Operating Reserve	(558,000)	(538,000)
Funds designated by the Board as a Founders Fund	(914,030)	(1,139,646)
Funds designated by the Board raised by the Philanthropic Equity Campaign	(757,743)	(1,036,748)
Total	<u>\$ 3,247,428</u>	<u>\$ 1,876,990</u>

Other assets estimated to be available within 12 months include accounts receivable of \$21,933 and \$68,413 for the years ended March 31, 2021 and 2020, respectively.

According to its financial policies, Interfaith Outreach maintains reserves to ensure the stability of its mission, programs, employment, and ongoing operations of the organization. Authority to use reserves is governed by the Reserve Policy, with approvals required by the board or committee of the board. Reserves include the following:

- Housing Reserve – For projects to increase the number of affordable housing properties in our service area. Board policy is to maintain this fund at \$200,000-\$400,000, with the intention to fund housing projects at \$200,000 per project.

**INTERFAITH OUTREACH & COMMUNITY PARTNERS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2021 AND 2020**

NOTE 3 LIQUIDITY AND AVAILABILITY OF RESOURCES (CONTINUED)

- Building Reserve – For maintaining the assets of the Interfaith Outreach headquarters building. A Facilities Committee meets periodically to assess major maintenance needs of the building such as roofing, HVAC, parking lot, etc. and the target balance is calculated using a five-year estimated cost projection.
- Operating Reserve – To ensure a ready source of funds for unexpected or unplanned expenses, a target minimum of one month of budgeted operating costs, excluding depreciation, in-kinds, and one-time expenses is reserved.
- Founders Fund – Launched in FY19, these funds are used to maintain and grow programming around three critical areas in our community: expand affordable housing, enhance academic success of children and youth, and access to mental health services.
- Philanthropic Equity Reserve – Funds raised in 2014 during a one-time philanthropic equity campaign, known as the Stabilize, Strengthen, and Thrive (SST) Campaign, are used to strengthen programs, increase revenue-generation capabilities, expand organizational and community impact, and support the organization finances and operating budget. The SST Reserve is expected to be exhausted over time and not replenished.

NOTE 4 PLEDGES RECEIVABLE

Unconditional pledges receivable are estimated to be collected as follows at March 31:

	2021	2020
Receivable in:		
Less than One Year	\$ 23,405	\$ -
One to Three Years	60,000	-
Gross Pledges Receivable	83,405	-
Less: Present Value Discount	-	-
Pledges Receivable, Net	\$ 83,405	\$ -

At March 31, 2021, one donor accounted for 100% of the total pledges receivable balance.

NOTE 5 PROPERTY AND EQUIPMENT

Property and equipment at March 31 consists of the following:

	2021	2020
Land	\$ 1,463,769	\$ 1,463,769
Building	4,504,938	4,504,938
Equipment	720,195	605,391
Total Property and Equipment	6,688,902	6,574,098
Less: Accumulated Depreciation	(1,638,446)	(1,470,204)
Property and Equipment, Net	\$ 5,050,456	\$ 5,103,894

INTERFAITH OUTREACH & COMMUNITY PARTNERS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2021 AND 2020

NOTE 5 PROPERTY AND EQUIPMENT (CONTINUED)

Depreciation expense was \$168,242 and \$171,110 for the years ended March 31, 2021 and 2020, respectively.

NOTE 6 FAIR VALUE MEASUREMENTS AND DISCLOSURES

Interfaith Outreach reports certain assets at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets that an organization can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. These include quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, inputs other than quoted prices that are observable for the asset, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset. In these situations, inputs are developed using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to our assessment of the quality, risk, or liquidity profile of the asset.

INTERFAITH OUTREACH & COMMUNITY PARTNERS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2021 AND 2020

NOTE 6 FAIR VALUE MEASUREMENTS AND DISCLOSURES (CONTINUED)

The following table presents assets measured at fair value on a recurring basis at March 31, 2021:

	Total	Fair Value Measurements at Report Date Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments:				
Equities	\$ 2,431,620	\$ 2,431,620	\$ -	\$ -
Fixed Income	1,655,684	-	1,655,684	-
Subtotal	4,087,304	\$ 2,431,620	\$ 1,655,684	\$ -
Cash and Cash Equivalents	85,698			
Total Investments	<u>\$ 4,173,002</u>			

At March 31, 2020, Interfaith Outreach did not hold an investment balance.

NOTE 7 LINE OF CREDIT

Interfaith Outreach has an available revolving line of credit with a bank enabling it to borrow up to \$2,500,000. The line of credit bears interest at a variable rate determined by subtracting 0.75% per annum from the Prime Rate at the time funds are drawn. The interest rate at March 31, 2021 was 2.50%. The line of credit is secured by Interfaith Outreach's investment and cash accounts. There was no outstanding balance on the line of credit at March 31, 2021.

NOTE 8 NET ASSETS

Without Donor Restrictions

Net assets without donor restrictions consist of the following at March 31:

	2021	2020
Invested in Property and Equipment	\$ 5,050,456	\$ 5,103,894
Undesignated	2,880,162	1,282,213
Board-Designated:		
Founders Fund	914,030	1,139,646
Philanthropic Equity Reserve	757,743	1,036,748
Long-Term Housing Reserve	215,234	412,835
Building Reserve	642,448	377,358
Operating Reserve	558,000	538,000
Total Board-Designated	<u>3,087,455</u>	<u>3,504,587</u>
Total Net Assets Without Donor Restrictions	<u>\$ 11,018,073</u>	<u>\$ 9,890,694</u>

The designated reserves are to be used with board authorization, as outlined in Note 3.

INTERFAITH OUTREACH & COMMUNITY PARTNERS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2021 AND 2020

NOTE 8 NET ASSETS (CONTINUED)

With Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes at March 31:

	<u>2021</u>	<u>2020</u>
Subject to Expenditure for Specific Purpose:		
Programs	\$ 654,076	\$ 639,434
Total	<u>\$ 654,076</u>	<u>\$ 639,434</u>

Released from Restriction

Net assets released from restriction for the years ended March 31 included the following:

	<u>2021</u>	<u>2020</u>
Time Restrictions Expired:		
Philanthropic Equity Campaign	\$ -	\$ 210,000
Purpose Restrictions Accomplished:		
Programs	1,344,122	939,219
Total	<u>\$ 1,344,122</u>	<u>\$ 1,149,219</u>

NOTE 9 IN-KIND DONATIONS

Interfaith Outreach receives various in-kind donations throughout the year. In-kind donations are valued at their estimated fair value and include primarily donated goods such as food, clothing, household goods, gift cards and other supplies as well as donated professional services. In-kind donations by program consisted of the following for the years ended March 31:

	<u>2021</u>	<u>2020</u>
Food	\$ 952,823	\$ 1,447,800
Resale Select	354,863	915,540
Family Support	136,383	161,289
Education and Youth	45,835	93,434
Employment	23,824	17,368
Fundraising	13,093	119,798
Transportation	3,500	9,304
Other	44,791	37,554
Total	<u>\$ 1,575,112</u>	<u>\$ 2,802,087</u>

INTERFAITH OUTREACH & COMMUNITY PARTNERS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2021 AND 2020

NOTE 10 RENTAL INCOME

Interfaith Outreach leases portions of its building to governmental organizations under lease agreements that expire through December 2021. Rental income is charged at a fixed rate based on square footage used by the other organizations. Rental income related to these leases was \$132,453 and \$148,033 for the years ended March 31, 2021 and 2020, respectively. Included within rental income is revenue related to the tenants' share of expenses in the amount of \$36,584 and \$46,867 for the years ended March 31, 2021 and 2020, respectively.

Future minimum rental income is expected to be \$68,628 for the year ending March 31, 2022.

NOTE 11 PROGRAM EXPENSES BY IMPACT AREA

Programs are delivered across six impact areas: Food, Housing and Neighborhoods, Education and Youth, Family Support, Transportation, and Employment. Resale Select and Community Engagement support these six areas. Expenses, including in-kinds and depreciation, follow as of March 31:

	<u>2021</u>	<u>2020</u>
Housing and Neighborhoods	\$ 1,934,391	\$ 1,347,566
Food	1,388,025	1,876,804
Education and Youth	1,133,624	1,086,289
Family Support	836,378	748,036
Resale Select	497,491	1,129,414
Transportation	240,796	326,331
Employment	213,999	274,904
Community Engagement	145,782	180,573
Total Program Expenses	<u>\$ 6,390,486</u>	<u>\$ 6,969,917</u>

NOTE 12 RETIREMENT PLAN

Interfaith Outreach has a 401(k) defined contribution plan for all employees. Employer contributions are at least 1% of compensation to be approved at the discretion of the board of directors. Total employer contributions expensed for the years ended March 31, 2021 and 2020 totaled \$55,189 and \$22,108, respectively.

INTERFAITH OUTREACH & COMMUNITY PARTNERS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2021 AND 2020

NOTE 13 PAYCHECK PROTECTION PROGRAM LOAN

On April 30, 2020, Interfaith Outreach received a loan totaling \$481,800 to fund payroll, rent, and utilities through the Paycheck Protection Program (PPP). The PPP loan bears interest at a fixed rate of 1.0% per annum, has a term of two years, and is unsecured and guaranteed by the U.S. Small Business Administration (SBA). Interfaith Outreach is following ASC 470, *Debt*, to account for the initial receipts related to the PPP loan. On January 19, 2021, the SBA processed Interfaith Outreach's PPP loan forgiveness application and notified the bank the PPP loan qualified for full forgiveness. Loan proceeds were received by the bank from the SBA on that date. Therefore, Interfaith Outreach was legally released from the debt and the loan forgiveness has been recorded as a gain on loan forgiveness, which is included in the nonoperating activities on the statements of activities for the year ended March 31, 2021.

The SBA may review funding eligibility and usage of funds for compliance with program requirements based on dollar thresholds and other factors. The amount of the liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact on Interfaith Outreach's financial position.

NOTE 14 CONCENTRATION OF CREDIT RISK

Cash and Cash Equivalents

Interfaith Outreach maintains its cash balances in financial institutions located in Wayzata and Plymouth, Minnesota, which at times may exceed federally insured limits. Excess balances in Interfaith Outreach's operating account are invested overnight under a repurchase agreement secured by marketable U.S. government or agency securities. Interfaith Outreach has not experienced any losses in its bank accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

Economic Dependency

Interfaith Outreach is dependent on continuing contributions from supporting individuals, faith communities, foundations, corporations, businesses, civic and government entities and the community to meet annual operating expenses.

**INTERFAITH OUTREACH & COMMUNITY PARTNERS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2021 AND 2020**

NOTE 15 RELATED PARTY TRANSACTIONS

Interfaith Outreach and Community Partners Endowment Fund

Interfaith Outreach and Community Partners Endowment Fund (the Endowment Fund) is a separate nonprofit corporation governed by a board of directors to which Interfaith Outreach can appoint three members, which is a minority percentage of the total board. The Endowment Fund's purpose is to receive gifts, monitor the investments of the funds, and to make discretionary grants to Interfaith Outreach. Though not required to be consolidated, the Endowment Fund is considered a related party. During the years ended March 31, 2021 and 2020, Interfaith Outreach received grants totaling \$16,726 and \$16,300, respectively, from the Endowment Fund.

Outreach Development Corporation

Outreach Development Corporation (ODC) is a separate nonprofit corporation governed by a board of directors separate from Interfaith Outreach. ODC's purpose is to preserve, acquire, and develop quality multi-unit affordable housing in the area served by Interfaith Outreach. ODC is considered a related party as it shares some common board members with Interfaith Outreach. During the years ended March 31, 2021 and 2020, Interfaith Outreach granted funds totaling \$440,000 and \$-0-, respectively, to ODC.

Board Member Contributions

Interfaith Outreach's board members make donations to the organization throughout the year. During the years ended March 31, 2021 and 2020, Interfaith Outreach current and former board members' donations and pledges to Interfaith Outreach totaled \$648,954 and \$517,585, respectively.

