

METRO BLOOMS
AUDITED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

PREPARED BY
BWK ROGERS PC
REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

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BWK Rogers PC

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

Minneapolis, Minnesota

O. Barry Rogers, CPA
Wylie R. Klawitter, CPA

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Metro Blooms

We have audited the accompanying financial statements of Metro Blooms (a nonprofit organization), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Metro Blooms as of December 31, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

The financial statements of Metro Blooms as of December 31, 2018, were audited by other auditors whose report dated September 18, 2019, expressed an unmodified opinion on those statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in black ink that reads "B. K. Rogers PC". The signature is written in a cursive, flowing style.

October 21, 2020

METRO BLOOMS
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2019 AND 2018

ASSETS	<u>2019</u>	<u>2018</u>
Current Assets		
Cash and Cash Equivalents	\$ 97,450	\$ 94,293
Accounts Receivable	76,150	37,745
Grants Receivable	63,724	-
Contributions Receivable	-	13,800
Inventory	200	619
Prepaid Expenses	<u>4,298</u>	<u>3,716</u>
Total Current Assets	241,822	150,173
Website Development	18,053	-
Property and Equipment, Net of Accumulated Depreciation of \$19,999 and \$14,435 in 2019 and 2018, Respectively	<u>29,677</u>	<u>5,742</u>
Total Assets	<u>\$ 289,552</u>	<u>\$ 155,915</u>
 LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts Payable	\$ 6,482	\$ 7,268
Accrued Expenses	14,961	11,574
Note Payable, Current Portion	<u>10,575</u>	<u>-</u>
Total Current Liabilities	32,018	18,842
Net Assets		
Without Donor Restrictions	164,411	102,240
With Donor Restrictions	<u>93,123</u>	<u>34,833</u>
Total Net Assets	<u>257,534</u>	<u>137,073</u>
Total Liabilities and Net Assets	<u>\$ 289,552</u>	<u>\$ 155,915</u>

The accompanying notes are an integral part of these financial statements.

METRO BLOOMS
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2019
WITH COMPARATIVE TOTALS FOR 2018

	2019			<u>2018</u>
	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>Total</u>	
SUPPORT AND REVENUE				
Contributions	\$ 7,958	\$ -	\$ 7,958	\$ 11,807
Grants	48,000	125,000	173,000	66,500
In-Kind Contributions	10,998	-	10,998	-
Program Income	1,157,838	-	1,157,838	795,949
Special Event	-	-	-	1,512
Miscellaneous Income	1,200	-	1,200	-
Net Assets Released from Restrictions	<u>66,710</u>	<u>(66,710)</u>	<u>-</u>	<u>-</u>
Total Support and Revenue	1,292,704	58,290	1,350,994	875,768
EXPENSES				
Program Services	1,019,804	-	1,019,804	704,309
Supporting Services:				
Management and General	184,309	-	184,309	189,177
Fundraising	<u>26,420</u>	<u>-</u>	<u>26,420</u>	<u>12,807</u>
Total Supporting Services	<u>210,729</u>	<u>-</u>	<u>210,729</u>	<u>201,984</u>
Total Expenses	<u>1,230,533</u>	<u>-</u>	<u>1,230,533</u>	<u>906,293</u>
CHANGE IN NET ASSETS	62,171	58,290	120,461	(30,525)
Net Assets, Beginning of Year	<u>102,240</u>	<u>34,833</u>	<u>137,073</u>	<u>167,598</u>
Net Assets, End of Year	<u>\$ 164,411</u>	<u>\$ 93,123</u>	<u>\$ 257,534</u>	<u>\$ 137,073</u>

The accompanying notes are an integral part of these financial statements.

METRO BLOOMS
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2019
WITH COMPARATIVE TOTALS FOR 2018

	2019						<u>2018</u>
	<u>Program</u> <u>Services</u>	<u>Supporting Services</u>			<u>Total</u>	<u>Total</u>	
		<u>Management</u> <u>& General</u>	<u>Fundraising</u>	<u>Total</u>			
SALARIES AND RELATED EXPENSES							
Salaries	\$ 425,959	\$ 105,904	\$ 24,163	\$ 130,067	\$ 556,026	\$ 417,994	
Benefits	12,175	2,774	462	3,236	15,411	29,376	
Payroll Taxes	35,047	7,542	1,775	9,317	44,364	33,754	
Total Salaries and Related Expenses	473,181	116,220	26,400	142,620	615,801	481,124	
OTHER EXPENSES							
Contractor Services	368,060	-	-	-	368,060	268,084	
Landscaping Supplies	63,061	-	-	-	63,061	46,247	
Professional Fees	2,100	32,582	-	32,582	34,682	13,644	
Occupancy	21,920	4,527	-	4,527	26,447	25,636	
Office Expenses	11,855	8,917	-	8,917	20,772	6,172	
Educational Materials	18,083	-	-	-	18,083	10,564	
Insurance	13,362	1,549	-	1,549	14,911	10,975	
Advertising & Promotion	12,139	1,231	-	1,231	13,370	12,950	
Travel	11,551	1,389	20	1,409	12,960	8,987	
Disposal Fees	5,674	-	-	-	5,674	3,775	
Depreciation	4,982	582	-	582	5,564	2,202	
Information Technology	102	5,115	-	5,115	5,217	3,735	
Credit Card Fees	5,109	-	-	-	5,109	4,073	
Conferences, Conventions & Meetings	1,455	3,613	-	3,613	5,068	1,851	
Interest	-	2,498	-	2,498	2,498	500	
Bad Debt	-	1,800	-	1,800	1,800	-	
Evaluation and Surveys	1,500	-	-	-	1,500	1,489	
Memberships	-	913	-	913	913	687	
Miscellaneous	5,670	3,373	-	3,373	9,043	3,598	
Total Expenses	<u>\$ 1,019,804</u>	<u>\$ 184,309</u>	<u>\$ 26,420</u>	<u>\$ 210,729</u>	<u>\$ 1,230,533</u>	<u>\$ 906,293</u>	

The accompanying notes are an integral part of these financial statements.

METRO BLOOMS
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 120,461	\$ (30,525)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	5,564	2,202
Donated Property and Equipment	(10,698)	-
(Increase) Decrease in Accounts Receivable	(38,405)	108,986
(Increase) in Grants Receivable	(63,724)	-
Decrease (Increase) in Contributions Receivable	13,800	(16,612)
Decrease in Inventory	419	777
(Increase) Decrease in Prepaid Expenses	(582)	690
(Decrease) Increase in Accounts Payable	(786)	1,749
Increase in Accrued Expenses	<u>3,387</u>	<u>11,533</u>
Net Cash Provided by Operating Activities	29,436	78,800
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for Website Development	(18,053)	-
Purchase of Property and Equipment	<u>(18,801)</u>	<u>(1,852)</u>
Net Cash (Used) by Investing Activities	(36,854)	(1,852)
CASH FLOWS FROM FINANCING ACTIVITIES		
New Debt Obtained	12,000	-
Principal Payments on Debt	<u>(1,425)</u>	<u>-</u>
Net Cash Provided by Financing Activities	<u>10,575</u>	<u>-</u>
Net Increase in Cash and Cash Equivalents	3,157	76,948
Cash and Cash Equivalents, Beginning of Year	<u>94,293</u>	<u>17,345</u>
Cash and Cash Equivalents, End of Year	<u>\$ 97,450</u>	<u>\$ 94,293</u>
Supplemental Information:		
Cash Paid for Interest	<u>\$ 2,498</u>	<u>\$ 500</u>

The accompanying notes are an integral part of these financial statements.

METRO BLOOMS
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 1. SUMMARY OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Organization

Metro Blooms (the Organization) was incorporated in 1979 as a nonprofit corporation in the state of Minnesota. Metro Blooms partners with communities to create resilient landscapes and foster clean watersheds, embracing the values of equity and inclusion to solve environmental challenges. The Organization completes this purpose by providing ecological design, installation, and maintenance services to protect clean water and create wildlife habitat, focusing on equitable engagement and sharing information to build a stewardship ethic. The Organization's programs including workshops and professional trainings, the Raingarden Installation and Neighborhood Projects Program, and maintenance and installation.

Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting and accordingly, reflect significant receivables, payables, and other liabilities.

Comparative Financial Information

The accompanying financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America (GAAP). Accordingly, such information should be read in conjunction with our audited financial statements for the year ended December 31, 2018, from which the summarized information was derived.

Cash and Cash Equivalents

For the purposes of the statement of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

METRO BLOOMS
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 1. SUMMARY OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Receivables and Credit Policies

Accounts receivable consist primarily of noninterest-bearing amounts due for workshops, design services, neighborhood projects, and maintenance services. The Organization determines the allowance for uncollectible accounts receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Accounts receivable are written off when deemed uncollectible. At December 31, 2019 and 2018, there was no allowance for doubtful accounts as management believes all receivables are collectible.

Promises to Give

The Organization records unconditional promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumption market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statement of activities. The Organization determines the allowance for uncollectible promises to give based on historical experience, as assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectible. At December 31, 2019 and 2018, there was no allowance for doubtful accounts as management believes all promises to give are collectible.

Inventory

The Organization's inventory is comprised of books sold at workshops and is stated at lower of cost or market determined by the first-in first-out method.

Property and Equipment

Property and equipment is stated at cost or fair value at the date of receipt for donated equipment. Depreciation is provided in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives of between two and thirty years using the straight-line method. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is recognized in income for the period. The cost of maintenance and repairs is expensed as incurred, and significant renewals and betterments are capitalized. Property and equipment over \$500 is capitalized.

METRO BLOOMS
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 1. SUMMARY OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Classification of Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor- or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

- *Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

- *Net Assets With Donor Restrictions* – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. The Organization reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Revenue and Revenue Recognition

Revenue is recognized when earned. Program service fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed or expenditures are incurred, respectively. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

METRO BLOOMS
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 1. SUMMARY OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Donated Services

Volunteers contribute significant amount of time to the Organization's program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria described by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. The Organization records donated professional services at the respective fair value of the services received. The total of donated goods and services received during the years ended December 31, 2019 and 2018, was \$10,998 and \$0, respectively.

Advertising Costs

Advertising costs are expensed as incurred and approximated \$13,370 and \$12,950 during the years ended December 31, 2019 and 2018, respectively.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of the expenses by function. Accordingly, certain costs have been allocated among programs and supporting services benefited.

Tax Exempt Status

The Organization's activities are generally exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. Since the Organization is exempt from federal and state income tax liability, no provision is made for current or deferred income tax expense. The Organization is not a private foundation. Management has determined that the Organization is not subject to unrelated business income tax. Management is not aware of any transactions that would impact the Organization's tax-exempt status.

The Organization follows the guidance of the Accounting Standard Codification (ASC) 740, *Accounting for Income Taxes*, related to uncertainties in income taxes, which prescribes a threshold of more than likely than not for recognition and derecognition of positions taken or expected to be taken in a tax return. For the years ended December 31, 2019 and 2018, management of the Organization is not aware of any material uncertain tax positions.

METRO BLOOMS
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 1. SUMMARY OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Tax Exempt Status (Continued)

All tax-exempt entities are subject to review and audit by federal, state and other applicable agencies. Such agencies may review the taxability of unrelated business income, or the qualification of the tax-exempt entity under the Internal Revenue Code and applicable state statutes. For federal tax purposes, the tax returns remain open for possible examination for a period of three years after the respective filing deadlines of those returns.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the Organization to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates, and those differences could be material.

Financial Instruments and Credit Risk

The Organization manages deposit concentration risk by placing cash, money market accounts, and certificates of deposit with financial institutions believed to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, the Organization has not experienced losses in any of these accounts. Credit risk associated with accounts receivable and promises to give is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from customers, governmental agencies, and foundations supportive of the Organization's mission.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassification had no impact on previously report net assets.

Subsequent Events

The Organization has evaluated subsequent events through the date the financial statements were issued, October 21, 2020. The COVID-19 outbreak in the United States has caused business disruption. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration. Therefore, the Organization expects this matter to negatively impact its operating results. However, the related financial impact and duration cannot be reasonably estimated at this time.

METRO BLOOMS
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 1. SUMMARY OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events (Continued)

In January 2020, the Organization signed a purchase agreement for real property located at 3747 Cedar Avenue in Minneapolis. The purchase price for the property was \$195,000, including \$5,000 in earnest money and \$190,000 paid at closing in June 2020. The purchase also includes \$207,208 for property renovations and fees. This purchase was partially financed with mortgages from Northeast Bank (\$242,000), the City of Minneapolis 2% loan program (\$75,000) and Propel Nonprofits (\$60,000). Metro Blooms is contributing \$25,208 to the purchase.

In April 2020, the Organization obtained a \$117,400 loan under the provisions of the Paycheck Protection Program. The Organization anticipates the majority of this amount to be forgiven under the terms of the agreement. The Organization has not determined the exact amount to be forgiven, but any portion not forgiven will be payable over five years including interest at 1.00%.

There are no additional subsequent events required to be disclosed in accordance with accounting standards.

NOTE 2. LIQUIDITY AND AVAILABILITY

The Organization strives to maintain liquid financial assets sufficient to cover 90 days of general expenditures. The following table reflects the Organization's financial assets as of December 31, 2019 and 2018, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of restrictions. Amounts not available include net assets with donor restrictions of \$93,123 and \$34,833 at December 31, 2019 and 2018, respectively.

	<u>2019</u>	<u>2018</u>
Cash and Cash Equivalents	\$ 97,450	\$ 95,143
Receivables	<u>139,874</u>	<u>50,695</u>
Total Financial Assets	237,324	145,838
Net Assets With Donor Restrictions	<u>(93,123)</u>	<u>(34,833)</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$144,201</u>	<u>\$111,005</u>

METRO BLOOMS
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 2. LIQUIDITY AND AVAILABILITY (CONTINUED)

The Organization regularly monitors liquidity required to meet its operating needs and other commitments. In addition to financial assets available to meet general expenditures over the next 12 months, the Organization operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources. In addition, the Organization has a line of credit at their disposal. See **Note 6**.

NOTE 3. WEBSITE DEVELOPMENT

In 2019, Metro Blooms began development of a new website. All costs associated with the development of this resource have been capitalized and will be reported net of accumulated amortization in the Statement of Financial Position after the development concludes in 2020. The value consists of the following at December 31:

	<u>2019</u>	<u>2018</u>
Website	<u>\$18,053</u>	<u>\$ ---</u>

Amortization expense will be calculated based on the estimated useful life of three years using the straight-line basis. Estimated amortization expense is \$6,018 for each of the next three years.

NOTE 4. PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31:

	<u>2019</u>	<u>2018</u>
Furniture and Equipment	\$33,575	\$20,177
Vehicle	16,101	---
Less: accumulated depreciation	<u>(19,999)</u>	<u>(14,435)</u>
Net Property and Equipment	<u>\$29,677</u>	<u>\$ 5,742</u>

Depreciation expense of \$5,564 and \$2,202 was recorded for the years ended December 31, 2019 and 2018, respectively.

METRO BLOOMS
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 5. NOTE PAYABLE

The Organization has a note payable to Northeast Bank for \$12,000. The note is secured by the vehicle. The interest rate is 6%, and the payment terms require monthly installments of \$235 beginning June 1, 2019, through May 1, 2024. However, the note was paid in full in June 2020. As such, the total outstanding balance of \$10,575 has been reported as a current liability in the accompanying Statement of Financial Position.

NOTE 6. LINE OF CREDIT

The Organization has a \$50,000 line of credit agreement with a bank, secured by substantially all Organization assets. Borrowings under the line bear interest at the bank's base rate plus 2% (7.5% at December 31, 2019 and 2018). Accrued interest and principal are due at maturity (March 18, 2020). The agreement requires the Organization to comply with certain financial and non-financial covenants. There was no outstanding balance as of December 31, 2019 or 2018.

NOTE 7. LEASES

The Organization leases office space under an operating lease expiring July 31, 2020.

Future minimum payments are as follows:

<u>Year Ending December 31,</u>	
2020	<u>\$12,600</u>

Rent expense for the years ended December 31, 2019 and 2018, totaled \$19,231 and \$18,759, respectively.

NOTE 8. NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>2019</u>	<u>2018</u>
Neighborhood Programs	\$70,943	\$23,500
Education Program	22,180	9,533
Future Year General Operations	---	1,800
Total Net Assets with Donor Restrictions	<u>\$93,123</u>	<u>\$34,833</u>

**METRO BLOOMS
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

NOTE 8. NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by the occurrence of other events specified by donors for programs for the year ended December 31:

	<u>2019</u>	<u>2018</u>
Neighborhood Programs	\$47,557	\$76,500
Education Program	17,353	6,967
Expiration of Time Restrictions	<u>1,800</u>	<u>2,812</u>
Net Assets Released from Donor Restrictions	<u>\$66,710</u>	<u>\$86,279</u>

NOTE 9. FUNCTIONALIZED EXPENSES

The financial statements report certain categories of expenses that are attributed to more than one program or support function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated included salaries, payroll taxes, employee benefits, materials and supplies, contractor services, professional services, insurance, travel, and other, which are allocated on the basis of estimates of time and effort. Occupancy is allocated on the basis of square footage.

NOTE 10. EMPLOYEE BENEFIT PLAN

The Organization sponsors a Simple IRA retirement plan covering eligible employees. The plan provides that employees who earn at least \$5,000 each calendar year may voluntarily contribute a portion of their earnings to the plan, up to the maximum contribution allowed by the IRS. Employer contributions are discretionary and are determined and authorized by the Board of Directors each plan year. During the years ended December 31, 2019 and 2018, the Organization also contributed 2%, resulting in contributions to the plan of \$10,001 and \$6,664, respectively.