

SHELTER FROM THE STORM MINISTRIES, INC.

FINANCIAL STATEMENTS

December 31, 2022 and 2021

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Shelter from the Storm Ministries, Inc.
Sun Prairie, Wisconsin

Opinion

We have audited the financial statements of Shelter from the Storm Ministries, Inc., which comprise the statement of financial position as of December 31, 2022, 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 accompanying financial statements present fairly, in all material respects, the financial position of Shelter from the Storm Ministries, Inc. as of December 31, 2022, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 Shelter from the Storm Ministries, Inc. 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.

Prior Period Financial Statements

The 2021 financial statements were reviewed by us, and our report thereon, dated April 14, 2022, stated we were not aware of any material modifications that should be made to those financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. However, a review is substantially less in scope than an audit and does not provide a basis for the expression of an opinion on the financial statements as a whole.

Adoption of New Accounting Guidance

As discussed in Note 1 to the financial statements, Shelter from the Storm Ministries, Inc. had adopted the Financial Accounting Standards Board's Accounting Standards Update No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit entities for Contributed Nonfinancial Assets* as of January 1, 2022. Our opinion is not modified with respect to this matter.

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 Shelter from the Storm Ministries, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, 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 Shelter from the Storm Ministries, Inc.'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 Shelter from the Storm Ministries, Inc.'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.



Wegner CPAs, LLP
Madison, Wisconsin
March 17, 2023

SHELTER FROM THE STORM MINISTRIES, INC.
STATEMENTS OF FINANCIAL POSITION
December 31, 2022 (Audited) and 2021 (Reviewed)

	2022	2021
ASSETS		
CURRENT ASSETS		
Cash	\$ 265,147	\$ 79,534
Grants receivable	-	36,452
Unconditional promises to give	32,051	39,455
Prepaid expenses	-	2,873
Total current assets	297,198	158,314
PROPERTY AND EQUIPMENT		
Land	130,000	130,000
Land improvements	47,381	47,381
Building and improvements	956,994	956,994
Furniture and fixtures	61,468	61,468
Website	4,025	4,025
Vehicle	10,000	-
Construction in progress	17,724	-
Less accumulated depreciation	(194,706)	(157,460)
Property and equipment, net	1,032,886	1,042,408
Total assets	\$ 1,330,084	\$ 1,200,722
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 19,130	\$ 3,327
Accrued expenses	12,777	7,279
Current portion of notes payable	465,913	13,050
Refundable advance	108,419	-
Total current liabilities	606,239	23,656
LONG-TERM LIABILITIES		
Notes payable less current portion	-	470,448
Total liabilities	606,239	494,104
NET ASSETS		
Without donor restrictions	693,495	607,044
With donor restrictions	30,350	99,574
Total net assets	723,845	706,618
Total liabilities and net assets	\$ 1,330,084	\$ 1,200,722

See accompanying notes.

SHELTER FROM THE STORM MINISTRIES, INC.
STATEMENTS OF ACTIVITIES
Years Ended December 31, 2022 (Audited) and 2021 (Reviewed)

	<u>2022</u>	<u>2021</u>
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
REVENUES		
Contributions		
Contributions from the general public	\$ 318,316	\$ 254,410
Government grants	73,585	36,452
Special events	78,451	31,610
Contributed nonfinancial assets	60,245	66,740
Paycheck Protection Program	-	40,252
Special events, non-deductible portion	8,715	-
Other	-	2,887
	<u>539,312</u>	<u>432,351</u>
Total revenues without donor restrictions	539,312	432,351
EXPENSES		
Program services	379,522	384,090
Management and general	78,086	81,234
Fundraising	64,477	45,377
	<u>522,085</u>	<u>510,701</u>
Total expenses	522,085	510,701
NET ASSETS RELEASED FROM RESTRICTIONS		
Satisfaction of purpose and time restrictions	69,224	21,555
	<u>69,224</u>	<u>21,555</u>
Change in net assets without donor restrictions	86,451	(56,795)
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS		
Contributions from the general public	-	68,115
Net assets released from restrictions	(69,224)	(21,555)
	<u>(69,224)</u>	<u>46,560</u>
Change in net assets with donor restrictions	(69,224)	46,560
Change in net assets	17,227	(10,235)
Net assets at beginning of year	706,618	716,853
	<u>706,618</u>	<u>716,853</u>
Net assets at end of year	<u>\$ 723,845</u>	<u>\$ 706,618</u>

See accompanying notes.

SHELTER FROM THE STORM MINISTRIES, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
Years Ended December 31, 2022 (Audited) and 2021 (Reviewed)

	2022			
	Program Services	Management and General	Fundraising	Total Expenses
Personnel	\$ 166,057	\$ 31,897	\$ 28,330	\$ 226,284
Office	47,563	1,889	21,253	70,705
Professional fees	19,052	30,364	-	49,416
Depreciation	28,359	4,995	3,892	37,246
Interest	16,918	3,245	3,012	23,175
Occupancy	13,756	2,574	2,390	18,720
Insurance	12,914	3,122	2,300	18,336
Information technology	585	-	3,300	3,885
Donations and grants	66,384	-	-	66,384
Travel and meetings	6,463	-	-	6,463
Other	1,471	-	-	1,471
Total expenses	\$ 379,522	\$ 78,086	\$ 64,477	\$ 522,085
	2021			
	Program Service	Management and General	Fundraising	Total Expenses
Personnel	\$ 149,656	\$ 44,350	\$ 26,908	\$ 220,914
Office	38,836	3,383	12,248	54,467
Professional fees	19,405	26,988	-	46,393
Depreciation	33,619	1,338	803	35,760
Interest	21,905	-	-	21,905
Occupancy	12,001	3,530	2,118	17,649
Insurance	15,349	645	-	15,994
Information technology	776	-	3,300	4,076
Donations and grants	91,148	1,000	-	92,148
Travel and meetings	1,320	-	-	1,320
Other	75	-	-	75
Total expenses	\$ 384,090	\$ 81,234	\$ 45,377	\$ 510,701

See accompanying notes.

SHELTER FROM THE STORM MINISTRIES, INC.
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2022 (Audited) and 2021 (Reviewed)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 17,227	\$ (10,235)
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation	37,246	35,760
Forgiveness of note payable	-	(10,000)
(Increase) decrease in assets		
Grants receivable	36,452	(36,452)
Unconditional promises to give	7,404	(13,930)
Prepaid expenses	2,873	(2,873)
Increase (decrease) in liabilities		
Accounts payable	15,803	3,327
Accrued expenses	5,498	(464)
Refundable advance	108,419	-
Net cash flows from operating activities	230,922	(34,867)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(27,724)	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on notes payable	(17,585)	(16,751)
Net change in cash	185,613	(51,618)
Cash at beginning of year	79,534	131,152
Cash at end of year	<u>\$ 265,147</u>	<u>\$ 79,534</u>
SUPPLEMENTAL DISCLOSURES		
Cash paid for interest	\$ 22,087	\$ 20,908

See accompanying notes.

SHELTER FROM THE STORM MINISTRIES, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2022 (Audited) and 2021 (Reviewed)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Shelter from the Storm Ministries, Inc. (SFTSM) is a not-for-profit corporation in Sun Prairie, Wisconsin. SFTSM's purpose is to provide relief, rehabilitation, and development through shelter, training, opportunity, relationship, mentoring, and support. SFTSM is primarily supported by contributions from the general public.

Promises to Give

Unconditional promises to give are recognized as revenue in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. All amounts are receivable within one year.

Property and Equipment

SFTSM capitalizes all expenditures for property and equipment in excess of \$2,000 while maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed as incurred. Property and equipment are carried at cost, or if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method.

Contributions

Contributions that are restricted by the donor are reported 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. When a restriction expires, 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.

Government Grants

SFTSM receives grants from government agencies that are conditioned upon SFTSM incurring qualifying expenses. Revenue from these grants is generally recognized on a reimbursement basis, that is, when qualifying expenses are incurred by SFTSM, both a receivable from the grantor agency and revenue are recorded. Grants are generally restricted by the grantor for a specified purpose. Grants whose conditions and restrictions are met in the same reporting period that the revenue is recognized are reported as increases in net assets without donor restrictions.

SHELTER FROM THE STORM MINISTRIES, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2022 (Audited) and 2021 (Reviewed)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Expense Allocation

The financial statements report certain categories of expenses that are attributable to more than one program service or supporting activity. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. All expenses except for professional fees, information and technology, donations and grants, and other are allocated on the basis of estimates of time and effort.

The following program services and supporting activities are included in the accompanying financial statements:

Program services – Provides relief, rehabilitation, and development through shelter, training, opportunity, relationship, mentoring, and support.

Management and general – Includes the functions necessary to maintain an equitable employment program; ensure an adequate working environment; provide coordination and articulation of SFTSM's program strategy through the executive director; secure proper administrative functioning of the board of directors; maintain competent legal services for the program administration of SFTSM; and manage the financial and budgetary responsibilities of SFTSM.

Fundraising – Provides the structure necessary to encourage and secure private financial support from individuals, foundations, and corporations.

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenses. Actual results could differ from those estimates.

Income Tax Status

SFTSM is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, SFTSM qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and had been classified as an organization other than a private foundation under Section 509(a)(2).

Date of Management's Review

Management has evaluated subsequent events through March 17, 2023, the date which the financial statements were available to be issued.

SHELTER FROM THE STORM MINISTRIES, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2022 (Audited) and 2021 (Reviewed)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Adoption of New Accounting Guidance

On September 17, 2020, the Financial Accounting Standards Board issued Accounting Standards Update No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The intent of this Update is to improve transparency in the reporting of contributed nonfinancial assets received by not-for-profit entities. The Update requires a not-for-profit entity to present contributed nonfinancial assets as a separate line item in the statements of activities, apart from contributions of cash and other financial assets. The Update also requires enhanced disclosures about the valuation of contributed nonfinancial assets and their use in programs and other activities, including any donor-imposed restrictions on such use. SFTSM adopted the requirements of this Update effective January 1, 2022. The changes required by this Update have been applied retrospectively to all periods presented.

NOTE 2 – CONCENTRATION OF CREDIT RISK

SFTSM maintains cash balances with a financial institution in Sun Prairie, Wisconsin. Balances on deposit are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2022, uninsured cash balances totaled \$10,097. At December 31, 2021, cash balances were fully insured.

NOTE 3 – NOTES PAYABLE

SFTSM's obligations under notes payable consists of the following:

	2022	2021
Note payable of \$525,847, requiring monthly payments of \$2,946, including principal and interest at a variable rate of 4.579% and 5.295% at December 31, 2022 and 2021, respectively, and a final balloon payment due December 2023. The note is secured by real estate and general business assets.	\$ 465,913	\$ 483,498
Less current portion	465,913	13,050
Notes payable less current portion	\$ -	\$ 470,448

Future minimum principal payments are as follows:

2023	\$ 465,913
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SHELTER FROM THE STORM MINISTRIES, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2022 (Audited) and 2021 (Reviewed)

NOTE 4 – NET ASSETS

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

	2022	2021
First Door Campaign	\$ 30,000	\$ 30,000
Food Cart	350	350
Car Ministry	-	20,351
Outreach Coach	-	1,109
Client Needs	-	8,309
Time	-	39,455
Net assets with donor restrictions	\$ 30,350	\$ 99,574

NOTE 5 – PAYCHECK PROTECTION PROGRAM LOANS

SFTSM received loans totaling \$73,252 under the Paycheck Protection Program (PPP) established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act and administered by the U.S. Small Business Administration (SBA). On October 14, 2020, the SBA preliminarily approved forgiveness of SFTSM’s first draw loan. On July 27, 2021, the SBA preliminarily approved forgiveness of SFTSM’s second draw loan.

SFTSM must retain PPP documentation in its files for six years after the date the loan is forgiven or repaid in full and permit authorized representatives of SBA to access such files upon request. SBA may review any loan at any time at its discretion. Therefore, SBA may review SFTSM’s good-faith certification concerning the necessity of its loan request, whether SFTSM calculated the loan amount correctly, whether SFTSM used loan proceeds for the allowable uses specified in the CARES Act, and whether SFTSM is entitled to loan forgiveness in the amount claimed on its application. If SBA determines SFTSM was ineligible for the loan or for forgiveness in whole or in part, SBA will seek repayment of the outstanding loan balance.

NOTE 6 – CONDITIONAL GRANTS

SFTSM has grants that are conditioned upon SFTSM incurring qualifying expenses. At December 31, 2022 and 2021, \$108,419 and \$42,004, respectively, of these grants remain to be recognized as revenue.

NOTE 7 – COMMITMENTS

In 2022, SFTSM entered into a construction contract that has a remaining committed balance of \$17,721 as of December 31, 2022.

SHELTER FROM THE STORM MINISTRIES, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2022 (Audited) and 2021 (Reviewed)

NOTE 8 – LIQUIDITY AND AVAILABILITY

The following table reflects SFTSM's financial assets of the dates of the statements of financial position, reduced by the amounts that are not available to meet general expenditures within one year of the statements of financial position date because of donor restrictions.

	2022	2021
Financial assets at year-end	\$ 297,198	\$ 155,441
Less those unavailable for general expenditures within one year:		
Restricted by donor with purpose restrictions	(30,350)	(99,574)
Financial assets available to meet cash needs for general expenditures within one year	\$ 266,848	\$ 55,867

SFTSM strives to maintain liquid financial assets sufficient to cover 30 days of general expenditures. As a non-profit, donor-funded organization, SFTSM receives significant contributions each year from donors on a regular basis, which are available to meet annual cash needs for general operating expenditures.

NOTE 9 – CONTRIBUTED NONFINANCIAL ASSETS

Contributed nonfinancial assets recognized within the statements of activities include:

	2022	2021
Professional services	\$ 20,500	\$ 17,250
Supplies	28,244	16,714
Vehicles	11,501	32,776
Total contributed nonfinancial assets	\$ 60,245	\$ 66,740

SFTSM recognized contributed nonfinancial assets within revenue. Unless otherwise, noted, contributed nonfinancial assets did not have donor-imposed restrictions.

Professional services primarily consists of accounting and information technology services that are valued by the current rates for similar services. The professional services are used for general administrative activities.

Supplies are valued at the wholesale value it would cost SFTSM if purchased and are used for program service and fundraising activities.

Vehicles are valued by the medium vehicle value on Kelley Blue Book and will be used for program service activities, specifically the Motors for Mothers program. The vehicles are given to mothers to primarily be used for commuting to their places of employment.