

Financial Statements

The Dwelling Place
(a Nonprofit Organization)
Fridley, Minnesota

For the Years Ended
December 31, 2019 and 2018

The Dwelling Place
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December 31, 2019 and 2018

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
The Dwelling Place
Fridley, Minnesota

We have audited the accompanying financial statements of The Dwelling Place, (the Organization), a Minnesota nonprofit corporation, which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities, cash flows and functional expenses for the years then ended, and the related notes to the financial statements.

Management's Responsibility

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 the Organization as of December 31, 2019 and 2018, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

ABDO, EICK & MEYERS, LLP
Minneapolis, Minnesota
April 27, 2020

FINANCIAL STATEMENTS

The Dwelling Place
Statements of Financial Position
December 31, 2019 and 2018

	2019	2018
Assets		
Current Assets		
Cash and cash equivalents	\$ 390,255	\$ 381,929
Pledges receivable	13,605	16,885
Prepaid expenses	-	5,975
Total Current Assets	403,860	404,789
Property and Equipment		
Land and outdoor improvements	189,495	182,258
Building and improvements	858,286	725,207
Leasehold improvements	180,500	180,500
Furniture and equipment	187,946	162,151
Vehicles	32,333	42,341
Construction in progress	2,463	47,131
Total Property and Equipment, Cost	1,451,023	1,339,588
Accumulated Depreciation	(461,393)	(396,906)
Total Property and Equipment, Net	989,630	942,682
 Total Assets	 \$ 1,393,490	 \$ 1,347,471

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

The Dwelling Place
 Statements of Financial Position (Continued)
 December 31, 2019 and 2018

	2019	2018
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 13,474	\$ 20,698
Accrued payroll expenses	24,799	14,441
Resident savings	1,350	1,603
Damage deposits	1,798	1,250
Resident directed rent	8,235	-
Total Liabilities	49,656	37,992
Net Assets		
Without donor restrictions	1,318,725	1,185,062
With donor restrictions	25,109	124,417
Total Net Assets	1,343,834	1,309,479
Total Liabilities and Net Assets	\$ 1,393,490	\$ 1,347,471

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

The Dwelling Place
 Statements of Activities
 For the Year Ended December 31, 2019
 (With Comparative Information for December 31, 2018)

	Without Donor Restrictions	With Donor Restrictions	Total	2018 Total
Support and Revenue				
Support				
Pledges and contributions	\$ 249,319	\$ 151,261	\$ 400,580	\$ 563,244
In-kind contributions	113,249	-	113,249	84,431
Grants	69,660	7,000	76,660	114,477
Special events				
Revenues	328,137	-	328,137	404,694
Expenses	(73,458)	-	(73,458)	(73,925)
Total Support	<u>686,907</u>	<u>158,261</u>	<u>845,168</u>	<u>1,092,921</u>
Revenue				
Rent	15,274	-	15,274	7,635
Loss on investments	(284)	-	(284)	-
Interest income	885	-	885	281
Other income	4,612	-	4,612	4,375
Total Revenue	<u>20,487</u>	<u>-</u>	<u>20,487</u>	<u>12,291</u>
Net Assets Released from Restrictions				
Satisfaction of program restrictions	<u>257,569</u>	<u>(257,569)</u>	<u>-</u>	<u>-</u>
Total Support and Revenue	<u>964,963</u>	<u>(99,308)</u>	<u>865,655</u>	<u>1,105,212</u>
Expenses				
Program Services				
Transitional housing	218,012	-	218,012	191,778
Residential program	362,182	-	362,182	346,665
Community education	95,745	-	95,745	67,277
Total Program Services	<u>675,939</u>	<u>-</u>	<u>675,939</u>	<u>605,720</u>
Supporting Services				
Management and general	88,447	-	88,447	84,040
Fundraising	66,914	-	66,914	62,795
Total Supporting Services	<u>155,361</u>	<u>-</u>	<u>155,361</u>	<u>146,835</u>
Total Expenses	<u>831,300</u>	<u>-</u>	<u>831,300</u>	<u>752,555</u>
Change in Net Assets	133,663	(99,308)	34,355	352,657
Net Assets, Beginning of the Year	<u>1,185,062</u>	<u>124,417</u>	<u>1,309,479</u>	<u>956,822</u>
Net Assets, End of the Year	<u>\$ 1,318,725</u>	<u>\$ 25,109</u>	<u>\$ 1,343,834</u>	<u>\$ 1,309,479</u>

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

The Dwelling Place
Statements of Activities (Continued)
For the Year Ended December 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Support			
Pledges and contributions	\$ 138,633	\$ 424,611	\$ 563,244
In-kind contributions	84,431	-	84,431
Grants	103,477	11,000	114,477
Special events			
Revenues	404,694	-	404,694
Expenses	(73,925)	-	(73,925)
Total Support	657,310	435,611	1,092,921
Revenue			
Rent	7,635	-	7,635
Interest income	281	-	281
Other income	4,375	-	4,375
Total Revenue	12,291	-	12,291
Net Assets Released From Restrictions			
Satisfaction of program restrictions	444,885	(444,885)	-
Total Support and Revenue	1,114,486	(9,274)	1,105,212
Expenses			
Program Services			
Transitional housing	191,778	-	191,778
Residential program	346,665	-	346,665
Community education	67,277	-	67,277
Total Program Services	605,720	-	605,720
Supporting Services			
Management and general	84,040	-	84,040
Fundraising	62,795	-	62,795
Total Supporting Services	146,835	-	146,835
Total Expenses	752,555	-	752,555
Change In Net Assets	361,931	(9,274)	352,657
Net Assets, Beginning of the Year	823,131	133,691	956,822
Net Assets, End of the Year	\$ 1,185,062	\$ 124,417	\$ 1,309,479

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

The Dwelling Place
Statements of Functional Expenses
For the Year Ended December 31, 2019
(With Comparative Information for the Year Ended December 31, 2018)

	Program Services				Supporting Services			Total	2018 Total
	Transitional Housing	Residential Program	Community Education	Total Program Services	Management and General	Fundraising	Total Supporting Services		
Personnel Costs									
Salaries and wages	\$ 75,161	\$ 254,920	\$ 54,658	\$ 384,739	\$ 40,822	\$ 41,106	\$ 81,928	\$ 466,667	\$ 384,401
Benefits	1,978	5,817	2,070	9,865	-	2,087	2,087	11,952	11,203
Payroll taxes	5,514	18,400	3,944	27,858	3,113	2,918	6,031	33,889	28,912
Total Personnel Costs	82,653	279,137	60,672	422,462	43,935	46,111	90,046	512,508	424,516
Expenses									
Contributed household supplies	19,970	14,944	225	35,139	-	25	25	35,164	39,211
Travel	72	3,286	-	3,358	9	-	9	3,367	6,456
Insurance	-	16,179	-	16,179	5,798	-	5,798	21,977	21,797
Conferences and meetings	2	66	198	266	2,650	886	3,536	3,802	9,837
Support and activities	-	5,402	116	5,518	-	-	-	5,518	3,448
Donated services	-	-	-	-	2,650	390	3,040	3,040	3,237
Supplies	1,759	9,635	888	12,282	1,986	196	2,182	14,464	9,895
Postage	-	19	1,996	2,015	378	291	669	2,684	3,483
Professional fees	-	12,837	-	12,837	13,529	14,820	28,349	41,186	64,087
Occupancy	21,513	3,318	3,338	28,169	2,565	2,644	5,209	33,378	42,219
Printing	-	752	9,323	10,075	460	158	618	10,693	11,447
Telephone and internet	6,855	8,991	1,585	17,431	5,288	154	5,442	22,873	20,367
Marketing	339	812	9,357	10,508	394	-	394	10,902	4,181
Interest	-	-	-	-	-	-	-	-	6,439
Resident hardship expenses	-	4,904	5,702	10,606	-	-	-	10,606	9,667
Business fees and other	15,498	1,900	2,345	19,743	8,525	966	9,491	29,234	13,364
Total Expenses Before Depreciation	148,661	362,182	95,745	606,588	88,167	66,641	154,808	761,396	693,651
Depreciation	69,351	-	-	69,351	280	273	553	69,904	58,904
Total Expenses	\$ 218,012	\$ 362,182	\$ 95,745	\$ 675,939	\$ 88,447	\$ 66,914	\$ 155,361	\$ 831,300	\$ 752,555

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

The Dwelling Place
Statements of Functional Expenses (Continued)
For the Year Ended December 31, 2018

	Program Services				Supporting Services			Total
	Transitional Housing	Residential Program	Community Education	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Personnel Costs								
Salaries and wages	\$ 65,040	\$ 207,410	\$ 36,704	\$ 309,154	\$ 39,957	\$ 35,290	\$ 75,247	\$ 384,401
Benefits	1,848	5,252	2,161	9,261	-	1,942	1,942	11,203
Payroll taxes	4,714	15,733	2,722	23,169	2,948	2,795	5,743	28,912
Total Personnel Costs	71,602	228,395	41,587	341,584	42,905	40,027	82,932	424,516
Expenses								
Contributed household supplies	13,933	24,428	-	38,361	-	850	850	39,211
Travel	147	6,168	-	6,315	-	141	141	6,456
Insurance	-	14,210	-	14,210	7,587	-	7,587	21,797
Conferences and meetings	109	4,431	1,668	6,208	2,333	1,296	3,629	9,837
Support and activities	32	3,401	-	3,433	15	-	15	3,448
Donated services	-	543	2,694	3,237	-	-	-	3,237
Supplies	1,025	5,153	1,560	7,738	1,859	298	2,157	9,895
Postage	60	149	2,209	2,418	709	356	1,065	3,483
Professional fees	124	37,343	1,417	38,884	9,932	15,271	25,203	64,087
Occupancy	33,325	1,984	2,071	37,380	2,595	2,244	4,839	42,219
Printing	-	1,319	9,438	10,757	599	91	690	11,447
Telephone and internet	3,506	7,860	1,366	12,732	6,053	1,582	7,635	20,367
Marketing	-	868	2,960	3,828	-	353	353	4,181
Interest	6,439	-	-	6,439	-	-	-	6,439
Resident hardship expenses	-	9,667	-	9,667	-	-	-	9,667
Business fees and other	2,908	746	307	3,961	9,152	251	9,403	13,364
Total Expenses Before Depreciation	133,210	346,665	67,277	547,152	83,739	62,760	146,499	693,651
Depreciation	58,568	-	-	58,568	301	35	336	58,904
Total Expenses	\$ 191,778	\$ 346,665	\$ 67,277	\$ 605,720	\$ 84,040	\$ 62,795	\$ 146,835	\$ 752,555

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

The Dwelling Place
Statements of Cash Flows
For the Years Ended December 31, 2019 and 2018

	2019	2018
Cash Flows from Operating Activities		
Change in Net Assets	\$ 34,355	\$ 352,657
Adjustments to reconcile change in net assets to cash provided by operating activities:		
Non-cash contributions capitalized	(77,556)	(16,910)
Depreciation expense	69,904	58,904
Gain on sale of assets	(3,749)	-
(Increase) decrease in operating assets:		
Pledges receivable	3,280	36,695
Prepaid expenses	5,975	(2,100)
Increase (decrease) in operating liabilities:		
Accounts payable	(7,224)	5,284
Accrued payroll expenses	10,358	(2,050)
Residents savings	(253)	641
Damage deposits	548	(197)
Resident directed rent	8,235	-
Net Cash Provided by Operating Activities	43,873	432,924
Cash Flows from Investing Activities		
Purchases of property and equipment	(43,879)	(329,868)
Sales of property and equipment	8,332	-
Net Cash Used by Investing Activities	(35,547)	(329,868)
Cash Flows from Financing Activities		
Principal payments on mortgage note payable	-	(134,817)
Net Increase (Decrease) in Cash and Cash Equivalents	8,326	(31,761)
Cash and Cash Equivalents at Beginning of Year	381,929	413,690
Cash and Cash Equivalents at End of Year	\$ 390,255	\$ 381,929
Supplemental Disclosure of Cash Flow Information		
Interest paid	\$ -	\$ 6,439
Disposal of fully depreciated fixed asset	\$ 10,000	\$ -

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

The Dwelling Place
Notes to the Financial Statements
December 31, 2019 and 2018

Note 1: Summary of Significant Accounting Policies

A. Nature of Activities

The Dwelling Place (the Organization) is a Minnesota nonprofit corporation, which is a Christian domestic abuse organization that offers safe housing and holistic programs for women and children escaping abuse. The Dwelling Place provides transitional housing and community services to those affected by domestic abuse. The Organization relies on contributions as its main funding source.

1) Transitional Housing

The Dwelling Place has six homes where residents may stay up to 18 months to heal and learn skills necessary to achieve independent housing, a sustaining income, and lives free of abuse. Our locations are located in residential neighborhoods and are kept confidential for the safety of our women and children, making it very difficult for abusers to find their victims. Currently our houses serve multiple purposes: safe shelter for the women and children we serve, program staff offices, and women and children's group program space. We can house up to 57 individuals at one time. The homes are very nice, clean, furnished, and have security systems. Statistics for 2019: 29 women and their 43 children were served (23 of the women were mothers). Of the 72 people served, 48% were African American, 26% Caucasian, 10% Caucasian/Native American, 6% Hispanic, 4% Latino/African American, 3% African American/Native American, and 3% African. Children ranged in age from new born to 17 years, 17 boys and 26 girls; 100% below the poverty line and considered homeless by the state of Minnesota. We received calls for help from 414 women with 299 children.

2) Domestic Abuse Program and Support Services

Our trauma-informed care consists of two primary healing principles: safety and empowerment. We have 21 years of experience in providing services to victims of domestic abuse. We combine best practices with a strong Christian environment. We were founded on the understanding that in order to help victims of domestic abuse heal from their emotional wounds, our programs must be Christ-centered and comprehensive – addressing the whole person.

The Dwelling Place provides a comprehensive domestic abuse program and support services for residents, including intensive case management, support groups, education on domestic abuse, classes on budgeting and managing finances, parenting skills, shopping for affordable groceries and cooking nutritious meals on a limited budget, Bible Study and Christian spiritual support. Collaborative partnerships also exist to provide resources for employment counseling, therapy and affordable housing.

3) Children's Program

With so many single mothers in our programs, The Dwelling Place also provides programming for their children. All the children in our homes receive ongoing case management, mental and behavioral health services, individual trauma therapy, and age-appropriate educational services to help them heal. All the mothers in our program also receive personalized Parenting Case Management and education to help them meet their children's individual needs and find the best services available for their family.

With our Children's Program, we envision eliminating the generational cycle of abuse through education and by showing children they are loved and have value. The goal is to promote healing from trauma and opportunities for growth in social, emotional, and cognitive skills. Children in our program experience safety and freedom from fear, strengthen their relationship with their mom, express and identify emotions in healthy ways, and learn dynamics of healthy relationships.

4) Alumni Program

In September of 2019, we launched a new Alumni program to ensure sustained freedom from abuse and to track the long-term outcomes of residents who have transitioned from The Dwelling Place. We offer a higher level of intentional support through mentorship, monthly case management, monthly support group, and quarterly activities.

The Dwelling Place
Notes to the Financial Statements
December 31, 2019 and 2018

Note 1: Summary of Significant Accounting Policies (Continued)

B. Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles in the United States of America.

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

Net Assets Without Donor Restrictions

Those resources over which the Organization has discretionary control.

Net Assets With Donor Restrictions

Those resources subject to donor imposed restrictions, which are satisfied by actions of the Organization or passage of time, or are to be maintained permanently by The Dwelling Place.

C. Cash and Cash Equivalents

For purposes of the statements of cash flows, all highly liquid investments with a maturity of three months or less are considered to be cash equivalents.

D. Use of Estimates

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

E. Fair Value of Financial Instruments

The carrying amounts of cash, short-term investments, and promises to give to be received in less than one year approximate fair value because of the short maturity of those financial instruments.

F. Property and Equipment

Property and equipment is presented at cost or donated (appraised) value. The Organization has a capitalization policy of items with a useful life over 12 months and value greater than \$1,000. Depreciation is computed on the straight-line basis over the estimated useful lives, currently 2 to 20 years.

G. Contributions

Contributions received are recorded as donor restricted support depending on the existence and nature of any donor restrictions. Contributions, including unconditional promises to give, are recorded as made. Unconditional promises to give due in subsequent years are recorded at their net realizable value.

H. Donated Services

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets, or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization.

Many other individuals have donated time and services to advance the Organization's programs and objectives. The value of these services has not been recorded in the financial statements because they do not meet the definition of recognition under generally accepted accounting principles.

The Dwelling Place
Notes to the Financial Statements
December 31, 2019 and 2018

Note 1: Summary of Significant Accounting Policies (Continued)

I. Expense Allocation

Salaries and related expenses are allocated based on job descriptions, time and effort involved with each program, and management estimates. Expenses, other than salaries and related payroll expenses, that are not directly identifiable by program or support service, are allocated based on what program expense the activity was related to and/or management estimate of cost per program.

J. Credit Risk

The organization maintains cash balances at several financial institutions. The balances in these accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. As of December 31, 2019 and 2018, the Organization had balances that exceeded FDIC coverage by \$59,002 and \$76,760, respectively.

K. Revenue Recognition

Contributions are recognized when the donor makes a promise to give that is, in substance, unconditional. Contributions received are recorded as donor-restricted or not-donor-restricted depending on the absence or existence and nature of any donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the statement of activities as net assets released from restriction. If the restriction is met on a contribution in the year the contribution is received, the contribution is reported as revenue without donor restriction.

L. Subsequent Events

In preparing these financial statements, the Organization has evaluated subsequent events and transactions for potential recognition or disclosure through April 27, 2020, which is the date the financial statements were available to be issued. In December 2019, a novel strain of coronavirus (COVID-19) surfaced. The spread of COVID-19 around the world in the first quarter of 2020 has caused significant volatility in U.S. and international markets. There is significant uncertainty around the breadth and duration of business disruptions related to COVID-19, as well as its impact on the U.S. and international economies and, as such, the Organization is unable to determine if it will have a material impact to its operations.

Note 2: Pledges Receivable

The balance of pledges receivable were due as follows:

	<u>2019</u>	<u>2018</u>
Less than One Year	<u>\$ 13,605</u>	<u>\$ 16,885</u>

Management believes all pledges will be collected. No allowance for uncollectible pledges is required.

The Dwelling Place
Notes to the Financial Statements
December 31, 2019 and 2018

Note 3: Income Taxes

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Minnesota Statute 290.05. Because the Organization is a public charity, contributions to it may be deductible for tax purposes.

Management believes that it is not reasonably possible for any tax position benefits to increase or decrease significantly over the next 12 months.

As of December 31, 2019 and 2018, there were no income tax related accrued interest or penalties recognized in either the statement of financial position or the statement of activities.

The Organization files informational returns in the U.S. federal jurisdiction, and in the Minnesota state jurisdiction. U.S. federal returns and Minnesota returns for the prior 3 fiscal years remain open for examination. No returns are currently under examination in any tax jurisdiction.

Note 4: Line of Credit

On December 7, 2018, the Organization obtained a new line of credit for \$225,000 with interest at 0.5 percent over the prime rate, but not less than 4.25 percent, which expires on December 15, 2020. As of December 31, 2019 and 2018, the Organization had no outstanding balances on these revolving lines of credit.

Note 5: Net Assets With Donor Restrictions

At December 31, 2019 and 2018, the Organization had the following net assets with donor restrictions:

	2019	2018
Lydia's Place	\$ 4,504	\$ 95,332
Childrens	1,500	12,000
Time Restricted Grants	2,500	-
Senior Homelessness Grant	3,000	-
Gala Restricted Income	-	200
Time Restricted Pledges	13,605	16,885
Total	\$ 25,109	\$ 124,417

Note 6: In-kind Contributions

The Organization received donated goods and services, which are recorded at estimated values and are included in the contributions, property and equipment, and expenses on the statements of activities.

In-kind contributions consisted of the following as of December 31, 2019 and 2018:

	2019	2018
Goods	\$ 106,045	\$ 71,294
Professional Services	7,204	13,137
Total	\$ 113,249	\$ 84,431

Total capitalized in-kind contributions for the years ended December 31, 2019 and 2018 was \$77,556 and \$16,910, respectively.

The Dwelling Place
Notes to the Financial Statements
December 31, 2019 and 2018

Note 7: Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of December 31, 2019 and 2018, comprises the following:

	2019	2018
Financial Assets at December 31:		
Cash and cash equivalents	\$ 390,255	\$ 381,929
Pledges receivable	13,605	16,885
Total Financial Assets	403,860	398,814
Less those unavailable for general expenditure within one year due to:		
Donor restrictions	(25,109)	(124,417)
Financial assets available to meet cash needs for general expenditures within one year	\$ 378,751	\$ 274,397

The Organization's board of directors has approved and continuously monitors a comprehensive set of policies that govern the responsibilities and limitations of executive management. Management routinely monitors liquidity and cash reserves which fund operations and program service delivery in accordance with these board established policies. As part of liquidity management, The Dwelling Place has cash on hand to meet 120 days of normal operating expenses. In the event of an unanticipated liquidity need, the Organization has also committed a line of credit in the amount of \$225,000 which can be drawn upon any time.