MOUNT OLIVET ROLLING ACRES, INC.
(A NONPROFIT CORPORATION)

CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2021 AND 2020

MOUNT OLIVET ROLLING ACRES, INC.
(A NONPROFIT CORPORATION)
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Mount Olivet Rolling Acres, Inc.
Chanhassen, Minnesota

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Mount Olivet Rolling Acres, Inc. (a nonprofit corporation), which comprise the consolidated statements of financial position as of December 31, 2021 and 2020, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Mount Olivet Rolling Acres, Inc. as of December 31, 2021 and 2020, and their changes in net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Mount Olivet Rolling Acres, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Mount Olivet Rolling Acres, Inc.'s ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditors' 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 auditors' 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 Mount Olivet Rolling Acres, 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 Mount Olivet Rolling Acres, 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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Minneapolis, Minnesota
May 12, 2022

MOUNT OLIVET ROLLING ACRES, INC.
(A NONPROFIT CORPORATION)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2021 AND 2020

	2021	2020
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	$ 3,946,649	$ 5,951,307
Resident Funds	290,240	253,600
Accounts Receivable	2,172,504	2,476,803
Contributions Receivable	-	74,407
Prepaid Expenses	119,735	142,851
Total Current Assets	6,529,128	8,898,968
NONCURRENT ASSETS		
Property and Equipment, Net	7,952,556	7,849,388
Investments	2,416,739	2,112,451
Total Noncurrent Assets	10,369,295	9,961,839
Total Assets	$ 16,898,423	$ 18,860,807
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current Maturities of Long-Term Debt	$ 711,164	$ 2,016,078
Accounts Payable	1,065,276	1,528,475
Due to Residents	290,240	253,586
Accrued Payroll and Paid Personal Leave	1,181,882	1,065,677
Other Accrued Expenses and Deferred Revenue	1,695,401	3,807,693
Total Current Liabilities	4,943,963	8,671,509
LONG-TERM LIABILITIES		
Long-Term Debt, Net of Current Maturities	1,699,352	3,925,885
Total Liabilities	6,643,315	12,597,394
NET ASSETS		
Without Donor Restrictions	10,148,744	6,172,386
With Donor Restrictions	106,364	91,027
Total Net Assets	10,255,108	6,263,413
Total Liabilities and Net Assets	$ 16,898,423	$ 18,860,807

See accompanying Notes to Consolidated Financial Statements.

MOUNT OLIVET ROLLING ACRES, INC.
(A NONPROFIT CORPORATION)
CONSOLIDATED STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021			2020		
	Without Donor Restriction	With Donor Restriction	Total	Without Donor Restriction	With Donor Restriction	Total
REVENUE						
Resident Services	$ 22,105,703	$ -	$ 22,105,703	$ 22,120,101	$ -	$ 22,120,101
Resident Services - Prior Year Modification	(86,444)	-	(86,444)	152,227	-	152,227
Other Community Services	16,118,112	-	16,118,112	15,056,874	-	15,056,874
Investment Income	329,603	19,763	349,366	257,584	13,097	270,681
Rental Income	32,640	-	32,640	32,640	-	32,640
Total Revenue	38,499,614	19,763	38,519,377	37,619,426	13,097	37,632,523
SUPPORT						
Contributions	818,712	-	818,712	426,541	-	426,541
Forgiveness of Paycheck Protection Program Loan	3,329,000	-	3,329,000	-	-	-
Special Activities	146,760	-	146,760	72,528	-	72,528
Appropriation and Reclassification of Endowment Funds and Net Assets	4,426	(4,426)	-	3,943	(3,943)	-
Total Support	4,298,898	(4,426)	4,294,472	503,012	(3,943)	499,069
Total Revenue and Support	42,798,512	15,337	42,813,849	38,122,438	9,154	38,131,592
EXPENSES						
Program Operating Costs	29,507,749	-	29,507,749	28,381,485	-	28,381,485
Maintenance Operating Costs - Dietary	528,233	-	528,233	538,319	-	538,319
Maintenance Operating Costs - Housekeeping, Laundry, Plant Operations, and Maintenance	1,139,689	-	1,139,689	1,091,085	-	1,091,085
Special Operating Costs	125,197	-	125,197	142,983	-	142,983
Administrative Operating Costs	2,562,396	-	2,562,396	2,566,163	-	2,566,163
Payroll Taxes and Fringe Benefits	3,481,116	-	3,481,116	3,423,941	-	3,423,941
Property and Related Costs	1,477,774	-	1,477,774	1,492,320	-	1,492,320
Total Expenses	38,822,154	-	38,822,154	37,636,296	-	37,636,296
CHANGE IN NET ASSETS	3,976,358	15,337	3,991,695	486,142	9,154	495,296
Net Assets - Beginning of Year	6,172,386	91,027	6,263,413	5,686,244	81,873	5,768,117
NET ASSETS - END OF YEAR	$ 10,148,744	$ 106,364	$ 10,255,108	$ 6,172,386	$ 91,027	$ 6,263,413

See accompanying Notes to Consolidated Financial Statements.

MOUNT OLIVET ROLLING ACRES, INC.
(A NONPROFIT CORPORATION)
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021			
	Program	Management and General	Fundraising	Total Expenses
Salaries and Benefits	$ 17,047,385	$ 1,869,321	$ -	$ 18,916,706
Payroll Taxes	1,119,594	110,796	-	1,230,390
Professional Fees	198,262	383,404	39,953	621,619
Program Supplies and Services	13,760,282	16,351	38,436	13,815,069
Marketing	-	16,408	13,060	29,468
Office Expenses	320,340	544,358	1,375	866,073
Rent	942,645	37,132	1	979,778
Travel	111,850	7,776	-	119,626
Interest	92,789	3,554	3,171	99,514
Depreciation and Amortization	686,135	136,626	-	822,761
Insurance	267,914	49,588	-	317,502
Food	513,649	4,162	-	517,811
Repairs and Maintenance	228,966	10,013	-	238,979
Other	129,042	96,123	21,693	246,858
Total	$ 35,418,853	$ 3,285,612	$ 117,689	$ 38,822,154

	2020			
	Program	Management and General	Fundraising	Total Expenses
Salaries and Benefits	$ 16,726,491	$ 1,676,042	$ -	$ 18,402,533
Payroll Taxes	1,326,797	105,183	-	1,431,980
Professional Fees	159,373	421,567	41,250	622,190
Program Supplies and Services	12,965,914	-	-	12,965,914
Marketing	-	12,630	5,724	18,354
Office Expenses	299,074	547,089	11,365	857,528
Rent	920,579	44,395	-	964,974
Travel	116,880	11,507	-	128,387
Interest	118,634	4,868	1,771	125,273
Depreciation and Amortization	656,370	135,619	-	791,989
Insurance	191,378	32,066	-	223,444
Food	513,895	10,414	-	524,309
Repairs and Maintenance	210,455	25,444	-	235,899
Other	175,164	130,632	37,726	343,522
Total	$ 34,381,004	$ 3,157,456	$ 97,836	$ 37,636,296

See accompanying Notes to Consolidated Financial Statements.

MOUNT OLIVET ROLLING ACRES, INC.
(A NONPROFIT CORPORATION)
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ 3,991,695	$ 495,296
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	822,761	791,989
Unrealized and Realized Gain on Investments	(298,755)	(225,954)
Noncash Forgiveness of Paycheck Protection Program Loan	(3,329,000)	-
Loss on Disposal of Assets	1,901	18,678
Changes in Operating Assets and Liabilities:		
Accounts Receivable	304,313	(311,435)
Contributions Receivable	74,407	(67,242)
Prepaid Expenses	23,116	(83,571)
Accounts Payable	(463,199)	(151,211)
Accrued Payroll and Paid Personal Leave	116,205	(249,699)
Other Accrued Expenses and Deferred Revenue	(2,112,292)	313,764
Net Cash Provided (Used) by Operating Activities	(868,848)	530,615
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Redemption of Investments	163,389	41,959
Proceeds from the Sale of Property and Equipment	-	2,750
Purchases and Transfers of Property and Equipment	(927,830)	(834,230)
Purchases of Investments	(168,922)	(39,160)
Net Cash Used by Investing Activities	(933,363)	(828,681)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from and Acquisitions of Long-Term Debt	164,422	3,329,001
Principal Payments on Long-Term Debt	(366,869)	(358,338)
Net Cash Provided (Used) by Financing Activities	(202,447)	2,970,663
NET CHANGE IN CASH AND CASH EQUIVALENTS	(2,004,658)	2,672,597
Cash and Cash Equivalents - Beginning of Year	5,951,307	3,278,710
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 3,946,649	$ 5,951,307
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash Paid During the Year for Interest	$ 99,514	$ 125,273
Property, Plant, and Equipment Acquired by Debt	$ 164,422	$ 94,138

See accompanying Notes to Consolidated Financial Statements.

NOTE 1 NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

Mount Olivet Rolling Acres, Inc. (a nonprofit corporation) operates a long-term healthcare facility located in Victoria, Minnesota, along with 31 residential service programs located in the Minneapolis/St. Paul metropolitan area, a seven-county crisis support service group, and other community support services. Revenue is derived primarily from program support services, which are funded by federal, state, and county government agencies, along with residential services for room and board.

During 2015, the Corporation formed two subsidiaries, which have been consolidated on these financial statements. Mount Olivet Rolling Acres Foundation, LLC, is a single member LLC with the Corporation being the only member. The principal purpose of Mount Olivet Rolling Acres Foundation, LLC is to be the legal entity that owns the mutual funds and stocks of the Corporation. The second subsidiary formed in 2015 is Care Properties, LLC, a single member LLC with Mount Olivet Rolling Acres Foundation, LLC being the only member. The principal purpose of Care Properties, LLC is to own residential housing which can then be rented to individuals that may receive program services from the Corporation. The operations of these two subsidiaries have been consolidated on these financial statements.

The accounting policies of the Corporation conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to a nonprofit corporation. The more significant accounting policies of the Corporation are described below.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of Mount Olivet Rolling Acres, Inc. and the Foundation (collectively, the Corporation). All significant intercompany balances and transactions have been eliminated.

Basis of Accounting

The Corporation prepares its consolidated financial statements on the accrual basis of accounting. Accordingly, revenues are recognized when earned and expenses are recognized when incurred.

Basis of Presentation

Net assets and revenues, support, and expenses are classified based on the existence or absence of donor-imposed restrictions. Net assets of the Corporation and changes therein are classified into the following two categories:

Without Donor Restrictions – Those resources over which the board of directors has discretionary control and are not subject to donor-imposed restrictions.

With Donor Restrictions – Those resources subject to donor-imposed restrictions which will be satisfied by actions of the Corporation or passage of time, or may be required to be held in perpetuity.

NOTE 1 NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

The Corporation has elected to present donor-restricted contributions, which are fulfilled in the same period, within the without donor restrictions net asset class.

Cash and Cash Equivalents

The Corporation considers all highly liquid instruments purchased with a maturity of less than three months to be cash equivalents. From time to time, the Corporation may have deposits at one commercial bank in excess of the limits guaranteed by the Federal Deposit Insurance Corporation (FDIC). While this represents an uninsured risk, management periodically evaluates the financial viability of the financial institutions to determine if any changes are warranted.

Resident Funds and Amounts Due to Residents

The Corporation receives and holds personal funds of residents in a fiduciary relationship whereby the Corporation is obligated to return the funds and earnings on the funds.

Third-Party Agreements and Accounts Receivable

The Corporation participates in the Medical Assistance Program which is administered by the Minnesota Department of Human Services. The Victoria campus, the Mackenthun Lane Facility, and the Jan View Facility are funded under a program labeled ICF/DD. The majority of the other facilities and programs are funded under programs labeled as DD Waivered. Payment rates are based on either historical facility costs or individual specific rates that are negotiated with the applicable government agency. Once established, rates can be adjusted by the state legislature as either a percentage increase or decrease.

Revenue which includes Resident Services and Other Community services, is initially recorded at contractual rates established under third-party agreements. The Corporation analyzes their receivables for possible losses on existing receivables that may become uncollectible. Management takes into consideration factors such as the collectability of the accounts, prior loss experience, current economic conditions, and the age of the receivable balance. An account is considered uncollectible when all collection efforts have failed. At December 31, 2021 and 2020, the management believes accounts receivable are fully collectible. The Corporation's accounts receivable are secured assets.

Property and Equipment

Property and equipment are recorded at cost or fair market value at the time of acquisition, and dispositions are accounted for when they occur. Depreciation is provided on the straight-line method over the estimated useful life of the asset. It is the policy of the Corporation to expense any capital asset with a cost of $1,000 or less.

NOTE 1 NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

Investments in publicly traded securities are stated at quoted market value. Investments in cooperatives, for which no such quoted market values are available, are carried at fair value as estimated by management using valuations provided by the Cooperatives. The Corporation's investment objective is conservative by nature, with a goal to increase the rate of return without increasing the risk of loss of principal. Gains on investments are classified as without donor restrictions unless there are donor restrictions, in which case it would be classified as with donor restrictions.

The Corporation has authorized the board of Mount Olivet Lutheran Church Foundation (MOLCF) to invest assets through the MOLCF in the name of the Corporation. The fair value of these assets, in the amounts of $2,407,092 and $2,102,804, are included on the consolidated statements of financial position as of December 31, 2021 and 2020, respectively.

Contributions

Contributions are considered to be available for without donor restrictions unless specifically restricted by the donor or designated by the board of directors. Amounts received that are designated for future periods, or restricted by the donor for specific purposes, are reported as with donor restrictions support that increases those net asset classes. Restricted contributions upon which restrictions are satisfied within the current year are treated as without donor restrictions.

Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give 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 promises are received. Amortization of the discount is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.

Contributed Services and Assets

The Corporation recognizes contribution revenue for certain services received at the fair value of those services, provided those services create or enhance nonfinancial assets or require specialized skills, which are provided by individuals possessing those skills and would typically need to be purchased, if not provided by donation. Contributed assets are recorded at the estimated fair market value at the date of receipt.

Functional Allocation of Expenses

Expenses are allocated based on personnel time and space utilized. Certain administrative operating costs have been allocated among the main campus, community homes, and community services based on actual expenses per department.

NOTE 1 NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses (Continued)

Program expenses fall under the following program categories:

- MCCP – Provides transitional support and crisis services for children and adults with developmental and other disabilities, as well as other community support services.
- Case Management Services – Provides contracted case management services to individuals as directed by Hennepin County.
- Other Services – Provides care and lodging for individuals with developmental and other disabilities in pleasant, safe suburban neighborhoods, including the Intermediate Care Facility (ICF/MR) group homes at our Victoria Campus and Supported Living Services (SLS) care is provided in four-person, single family community homes along with multi-bed facilities throughout Hennepin, Carver, and Scott counties.

Income Taxes

The Corporation is exempt from federal and state income taxes under Internal Revenue Code § 501(c)(3). The Corporation is subject to tax on income from any unrelated business.

The Corporation has adopted the income tax standard for uncertain tax positions. No liability was recognized by the Corporation as a result of the implementation of this standard. The Corporation files as a tax-exempt organization. The Corporation is subject to routine audits by taxing jurisdictions; however, there are currently no audits in progress for any open tax periods.

Use of Estimates

The preparation of consolidated financial statements, in conformity with GAAP, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fair Value Measurements

Accounting standards require disclosure of fair value information about financial instruments, whether or not recognized in the consolidated statements of financial position, for which an estimated value is practicable. Certain financial instruments and all nonfinancial instruments are excluded from the standard's disclosure requirements. For all financial instruments other than investments, the carrying value is a reasonable estimate of fair value because of the short-term nature of the financial instruments. Investments are carried at fair value or estimated fair value.

NOTE 1 NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements (Continued)

The Corporation follows accounting standards that define fair value, establish a framework for measuring fair value in accordance with existing GAAP, and expand disclosures about fair value measurements. The framework provides a fair value hierarchy that prioritizes inputs according to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Level inputs are defined as follows:

Level 1 – Inputs are unadjusted, quoted prices for identical assets or liabilities in active markets at the measurement date.

Level 2 – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability through corroboration with market data at the measurement date.

Level 3 – Unobservable inputs that reflect management's best estimate of what market participants would use in pricing the asset or liability at the measurement date.

The fair value measurement level within the hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used must maximize the use of observable inputs and minimize the use of unobservable inputs.

Line of Credit

The Corporation entered into a line of credit agreement with Old National Bank on July 21, 2017 which originally expired August 1, 2018, but has been subsequently extended through August 1, 2022. This agreement allows the Corporation to borrow up to $1,000,000 with interest accruing at 0.25% over the index which was 3.50% at December 31, 2021. No amount was outstanding on the line of credit at December 31, 2021 and 2020.

Subsequent Events

Subsequent events have been evaluated by management through May 12, 2022, which is the date the consolidated financial statements were issued.

NOTE 2 INVESTMENTS

Investment balances consist of the following at December 31:

	2021	2020
S&P 500 Stock Fund	$ 1,532,765	$ 1,340,490
Bond Index Fund	873,327	761,314
Investment in Cooperatives	10,647	10,647
Total	$ 2,416,739	$ 2,112,451

NOTE 2 INVESTMENTS (CONTINUED)

Net investment returns as of December 31 consist of the following:

	2021	2020
Interest and Dividend Income	$ 50,611	$ 44,727
Net Realized and Unrealized Investment Gains	298,755	225,954
Total	$ 349,366	$ 270,681

NOTE 3 FAIR VALUE MEASUREMENTS

The following tables set forth by level, within the fair value hierarchy, the Corporation's investments at fair value as of December 31:

	Assets at Fair Value as of December 31, 2021			
	Level 1	Level 2	Level 3	Total
S&P 500 Stock Fund	$ 1,532,765	$ -	$ -	$ 1,532,765
Bond Index Fund	873,327	-	-	873,327
Investment in Cooperatives	-	-	10,647	10,647
Total	$ 2,406,092	$ -	$ 10,647	$ 2,416,739

	Assets at Fair Value as of December 31, 2020			
	Level 1	Level 2	Level 3	Total
S&P 500 Stock Fund	$ 1,340,490	$ -	$ -	$ 1,340,490
Bond Index Fund	761,314	-	-	761,314
Investment in Cooperatives	-	-	10,647	10,647
Total	$ 2,101,804	$ -	$ 10,647	$ 2,112,451

Fair value for Level 1 is based upon quoted prices in active markets. Fair value for Level 3 investments, which consist primarily of investments in electrical cooperatives, is estimated by management using valuation information provided by the cooperatives.

Level 3 Gains and Losses

The following table sets forth a summary of changes in the fair value of the Corporation's Level 3 assets, which consist of investments in cooperatives as of December 31:

	2021	2020
Balance, Beginning of Year	$ 10,647	$ 10,647
Change in Valuation	-	-
Balance, End of Year	$ 10,647	$ 10,647

NOTE 4 PROPERTY AND EQUIPMENT

Property and equipment along with their respective useful lives consisted of the following at December 31:

	2021	2020	Useful Lives in Years
Land	$ 1,790,365	$ 1,790,365	
Buildings and Building Improvements	12,351,692	12,074,813	5 to 27.5
Furniture, Fixtures, and Equipment	1,119,444	1,052,745	3 to 10
Paving and Improvements	1,169,192	869,858	5 to 20
Fences	106,652	97,512	7 to 20
Software	280,110	280,110	7
Transportation Equipment	1,614,615	1,565,586	4
Total Property and Equipment	18,432,070	17,730,989	
Accumulated Depreciation	(10,479,514)	(9,881,601)	
Total Property and Equipment, Net	$ 7,952,556	$ 7,849,388	

NOTE 5 LONG-TERM DEBT

Long-term debt, together with the security thereon, consisted of the following at December 31:

Description	2021	2020
Minnesota Agricultural and Economic Development Board Revenue Bonds Series 2010, dated March 30, 2010 for $1,250,000 to refinance notes. Principal and interest are payable to Old National Bank in equal monthly installments of $9,233 on the last day of each month until March 31, 2025. The interest rate is 4.050%, The bond is secured by the Victoria healthcare facility property.	$ 336,716	$ 431,772
In 2016, three property loans in the amount of $746,400 was taken out to purchase properties, which secure the loan. Principal and interest on the loans are payable to Old National Bank through 2025 and bear rates of 4.500%.	519,538	565,277
1601 Property mortgage dated September 19, 2012 for $232,500 to purchase property. Principal and interest on this note shall be payable to Old National Bank in equal monthly installments of $1,741 with the balance due on September 19, 2017. The rate of this note is 4.125%. Effective September 19, 2017, the note was extended to September 19, 2027 with monthly installments of $1,827. The rate of the extended note is 5.0% The note is secured by the property purchased.	109,854	125,769

NOTE 5 LONG-TERM DEBT (CONTINUED)

Description	2021	2020
Erie Avenue Property mortgage dated July 10, 2017 for $263,920 to purchase property. Principal and interest on this note shall be payable to Old National Bank in equal monthly installments of $2,095 with the balance due on July 1, 2022. The rate of this note is 5.0%. The note is secured by the property purchased.	$ 205,526	$ 219,847
Westgate Property mortgage dated May 10, 2017 for $230,400 to purchase property. Principal and interest on this note shall be payable to Old National Bank in equal monthly installments of $1,829 with the balance due on May 1, 2022. The rate of this note is 5.0%. The note is secured by the property purchased.	177,281	189,890
Sherwood House property mortgage of $106,250 assumed in August 2014 with the receipt of the property. Principal payments of $1,250 are due monthly through September 2021. The rate of this mortgage is 0.000% and is secured by the property acquired.	-	11,250
56th Street Edina property mortgage for $264,400 dated December 15, 2015. Principal and interest on this note shall be payable in equal monthly installments of $1,602 with the balance due on December 10, 2035. The rate of this note is 4.000%. The note is secured by the property purchased.	206,253	217,011
In 2016, seven vehicle loans totaling $201,392 were taken out to purchase vehicles, which secure the loans. Principal and interest on the loans are payable to Old National Bank through 2021 and bear rates ranging from 4.250%-4.500%.	11,508	22,094
In 2018, four vehicle loans totaling $158,459 were taken out to purchase vehicles, which secure the loans. Principal and interest on the loans are payable to Old National Bank through 2023 and bear rates ranging from 4.000%-5.500%.	20,645	46,370
Brenden Pond property mortgage for $368,000 dated October 24, 2018. Principal and interest on this note shall be payable in equal monthly installments of $3,073 with the balance due on October 24, 2023. The rate of this note is 5.7500%. The note is secured by the property purchased.	311,404	332,082

NOTE 5 LONG-TERM DEBT (CONTINUED)

Description	2021	2020
Andover property mortgage of $272,000 dated May 21, 2018. Principal and interest on this note shall be payable in equal monthly installments of $2,234 with the balance due on May 21, 2023. The rate of this note is 5.5000%. The note is secured by the property purchased.	$ 226,025	$ 239,815
In 2019, six vehicle loans totaling $227,614 were taken out to purchase vehicles, which secure the loans. Principal and interest on the loans are payable to Old National Bank through 2024 and bear rates ranging from 4.100%-5.500%.	93,882	150,689
In 2020, three vehicle loans totaling $94,138 were taken out to purchase vehicles, which secure the loans. Principal and interest on the loans are payable to Old National Bank through 2025 and bear rates ranging from 3.240%-4.150%.	63,352	81,252
Old National Bank - The Corporation received a loan in the amount of $3,329,000 to fund payroll, rent, utilities, and interest on mortgages and existing debt through the federal Payroll Protection Program (the PPP Loan). The PPP Loan was forgiven in 2021 and recorded as support revenue on the consolidated statement of activities. The Small Business Admnistration (SBA) may review funding eligibility and usage of funds for compliance with program requirements based on dollar thresholds and other factors. The amount of 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 the Corporation's financial position.	-	3,329,000
In 2021, four vehicle loans totaling $164,422 were taken out to purchase vehicles, which secure the loans. Principal and interest on the loans are payable to Old National Bank through 2025 and bear rates or 2.89%	143,945	-
Total	2,425,929	5,962,118
Less: Current Portion	711,164	2,016,078
Less: Unamortized Issuance Costs, Net	15,413	20,155
Long-Term Debt	$ 1,699,352	$ 3,925,885

NOTE 5 LONG-TERM DEBT (CONTINUED)

Principal payments over each of the next five years and thereafter on the long-term debt obligations are as follows:

Year Ending December 31,	Amount
2022	$ 711,164
2023	781,883
2024	280,332
2025	456,801
2026	33,624
Thereafter	162,125
Total	$ 2,425,929

Interest expense on the Corporation's long-term debt, which is included in property and related costs on the consolidated statements of activities, totaled $99,514 and $125,273 for the years ended December 31, 2021 and 2020, respectively.

NOTE 6 RESTRICTIONS AND LIMITATIONS ON NET ASSET BALANCES

As of December 31, the Corporation's net assets with donor restrictions were allocated as follows:

	2021	2020
Accumulated Earnings on Endowment Funds	$ 57,763	$ 42,426
Invested in Perpetuity	48,601	48,601
Total	$ 106,364	$ 91,027

NOTE 7 ENDOWMENT FUNDS

The Corporation's endowment funds consists of donor established funds for the ongoing support of the Corporation. As required by GAAP, net assets associated with donor established endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Corporation follows UPMIFA. UPMIFA governs an institution such as the Corporation's, management and investment of endowment funds. The board of directors has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Corporation retains in perpetuity (a) the original value of the gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the funds. The remaining portion of the donor-restricted endowment funds that is not retained in perpetuity is appropriated for expenditure by the Corporation in a manner consistent with the standard of prudence prescribed by UPMIFA.

NOTE 7 ENDOWMENT FUNDS (CONTINUED)

In accordance with UPMIFA, the Corporation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the funds
2. The purposes of the Corporation and the donor-restricted endowment funds
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the Corporation
7. The investment policies of the Corporation

Investment Return Objectives, Risk Parameters, and Strategies

The Corporation has adopted investment and spending policies, approved by the board of directors, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well-diversified asset mix, which includes equity and debt securities, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution of 5%, while growing the funds if possible. Therefore, the Corporation expects its endowment assets, over time, to produce an average rate of return in excess of 5% annually. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment funds; investment assets, and allocation between asset classes and strategies are managed to not expose the funds to unacceptable levels of risk.

Spending Policy

The Corporation has a policy of appropriating for distribution each year 5% of its endowment funds' average fair value of the prior 12 quarters through the calendar year-end proceeding the fiscal year in which the distribution is planned. In establishing this policy, the Corporation considered the long-term expected return on its investment assets, the nature, and duration of the individual endowment funds, many of which must be maintained in perpetuity because of donor-restrictions, and the possible effects of inflation. The Corporation expects the current spending policy to allow its endowment funds to grow at a nominal rate annually. This is consistent with the Corporation's objective to maintain the purchasing power of the endowment assets, as well as to provide additional real growth through new gifts and investment return.

NOTE 7 ENDOWMENT FUNDS (CONTINUED)

Changes in Endowment Funds Net Assets/Surplus

Changes in endowment funds net assets for the years ended December 31 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets, January 1, 2020	$ -	$ 81,873	$ 81,873
Investment Income	-	1,740	1,740
Net Appreciation	-	11,357	11,357
Reclassification and Appropriation for Expenses	-	(3,943)	(3,943)
Endowment Net Assets, December 31, 2020	-	91,027	91,027
Investment Income	-	1,515	1,515
Net Appreciation	-	18,248	18,248
Reclassification and Appropriation for Expenses	-	(4,426)	(4,426)
Endowment Net Assets, December 31, 2021	$ -	$ 106,364	$ 106,364

NOTE 8 COMMITMENTS AND CONTINGENCIES

Operating Leases

The Corporation leases various office equipment under operating leases. The leases require monthly payments ranging from $545 to $2,243. Lease expense charged to property and related costs on the operating leases was $47,515 and $42,597 for the years ended December 31, 2021 and 2020, respectively.

In January 1998, the Corporation entered into an agreement to lease residential property through October 2004. The lease agreement was renewed in 2019 and extended through December 2022 and requires monthly payments of $2,850.

During 2015, a new agreement was entered into that increased the amount of commercial property space being rented, along with extending the terms of the agreement to run through November 30, 2023. The lease calls for monthly base rent ranging from $17,153 to $20,097 plus a proportionate share of common area expenses to be paid on the first of each month.

Office and residential lease expense for the years ended December 31, 2021 and 2020 totaled $509,785 and $510,113, respectively.

The minimum future lease payments for each of the next five years on the operating leases are as follows:

Year Ending December 31,	Amount
2022	$ 334,711
2023	221,071
Total	$ 555,782

NOTE 9 ECONOMIC DEPENDENCY

The Corporation obtains a substantial portion of its revenue from the state of Minnesota and the seven metropolitan counties of Minneapolis/St. Paul. Revenues generated from these contracts totaled $38,170,011 and $37,361,842 for the years ended December 31, 2021 and 2020, respectively.

NOTE 10 PENSION PLAN

The Corporation participates in a tax-deferred investment plan under §403(b) of the Internal Revenue Code. The plan covers all employees that meet certain age and length of service requirements. Employer matching contributions to the plan are made at rates between 2% and 4% of each participant's eligible compensation depending on the hours and years of service the employee provided that the participating employee contributes 1% to 4% of their compensation through a salary reduction agreement. For the years ended December 31, 2021 and 2020, the amount of the employer matching contribution was $230,828 and $209,237, respectively. The amount is included in payroll taxes and fringe benefits on the consolidated financial statements.

NOTE 11 METRO CRISIS COORDINATION PROGRAM ACCRUED EXPENSES

The Corporation provides a variety of services to individuals through a contract with Hennepin County and a Cooperative Agreement with Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington counties. The contract provides for payments to cover both direct and indirect costs associated with the program, in addition to a 2% fee. Payments are accelerated to cover annual county target goals. The excess of payments over costs incurred, and the service fee, are applied to the counties' subsequent year obligation. As of December 31, 2021 and 2020, the excess, included in other accrued expenses and deferred revenue, totaled $1,444,800 and $3,257,361, respectively.

NOTE 12 REVENUE

The following table shows the Corporation's revenue disaggregated according to the timing of goods or services:

	2021	2020
Revenue Recognized over Time:		
Resident Services - SLS Revenue	$ 13,274,077	$ 13,586,527
Resident Services - ICF Revenue	3,055,956	2,878,007
Resident Services - Room and Board Revenue	1,130,668	1,154,732
Other Community Services - Crisis Beds Revenue	329,672	258,141
Other Community Services - CCM Revenue	4,558,558	4,653,062
Other Community Services - MCCP Revenue	15,788,440	14,798,733
Rental and Transport Revenue	32,640	32,640
Total Revenue	$ 38,170,011	$ 37,361,842

NOTE 12 REVENUE (CONTINUED)

The Corporation did not have any revenue recognized at point in time.

NOTE 13 CONTRACT LIABILITY

The Corporation's contract liabilities consist of:

	Balance at January 1, 2020	Refunds Issued	Revenue Recognized Included in December 31, 2020 Balance	Cash Received in Advance of Performance	Balance at December 31, 2020
Other Community Services - MCCP Contract	$ 3,295,033	$ -	$ 14,798,733	$ 14,761,061	$ 3,257,361

	Balance at January 1, 2021	Refunds Issued	Revenue Recognized Included in December 31, 2021 Balance	Cash Received in Advance of Performance	Balance at December 31, 2021
Other Community Services - MCCP Contract	$ 3,257,361	$ -	$ 15,788,440	$ 13,975,879	$ 1,444,800

NOTE 14 LIQUIDITY DISCLOSURE

The Corporation regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. As of December 31, 2021 and 2020, the following assets could be made readily available within one year to meet general expenditures:

		2021		2020
Cash and Cash Equivalents		$ 3,946,649		$ 5,951,307
Accounts Receivable		2,172,504		2,476,803
Contribution Receivable		-		74,407
Investments	$ 2,406,092		$ 2,101,804	
Less: Portion with Donor Restrictions	(106,364)		(91,027)	
Investments Available within One Year		2,299,728		2,010,777
Total		$ 8,418,881		$ 10,513,294