



## BOARD OF DIRECTORS MEETING

Monday, May 24<sup>th</sup>, 2021

5:00 – 7:00pm

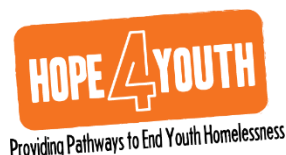
Meeting Location: Virtual/Call In

Zoom Link: <https://us02web.zoom.us/j/84802720988?pwd=SjkzaENNam11TERLck5lamhMa2hKZz09>

Meeting ID: 848 0272 0988

Passcode: 160660 | +1 312 626 6799 US (Chicago)

AGENDA	TIME
• Call to Order (Stephen Spears)	5:00pm
• Approve Agenda and Minutes (Stephen Spears)	5:03pm
• Finance & Administration Report (Julie Fliflet & Mark Nolen) <ul style="list-style-type: none"><li>○ Approval of Audit</li></ul>	5:05pm
• Program Report (Mark McNamer)	5:15pm
• Advancement & Development Report (Julie Orlando & Stephen Nash)	5:25pm
• Committee Updates <ul style="list-style-type: none"><li>○ Strategic Planning Update (Jen Stone)</li><li>○ Nominations Committee Update (Chris Warner)</li></ul>	5:35pm
• New Business <ul style="list-style-type: none"><li>○ Marina Bressler's Resignation (Stephen Spears)</li><li>○ Executive Team – Secretary Position (Stephen Spears)</li><li>○ Search Committee (Stephen Spears)</li><li>○ Board Portal Tutorial (Kyla Rathjen)</li><li>○ Other Items</li></ul>	5:40pm
• Adjourn to Executive Session	6:00pm



## **Board of Directors Meeting Minutes**

**April 26, 2021**

**5:00-7:00 pm; via Zoom call**

**Board Members Present:** Marina Bressler, Sean Haag (5:40pm), Paul Lenzmeier, Leanne Matchen, Stephen Nash, Mark Nolen, Don Phillips, Stephen Spears, Jennifer Stone, Anna VonRueden, Chris Warner

**Board Members Absent:** Sue Woodard

**Staff and Guests Present:** Julie Fliflet, Cheryl Jensen, Mark McNamer, Julie Orlando

The meeting was called to order at 5:04 pm by Stephen Spears, Chair of the Board.

### **Approve Agenda**

Motion made by Chris Warner, seconded by Marina Bressler and passed unanimously to approve the agenda.

### **Approval of the Minutes**

Motion made by Marina Bressler, seconded by Stephen Nash and passed unanimously to approve the March 22, 2021 minutes.

### **Mission Moment – Hope Place In-Depth**

Mark McNamer gave an overview of the Hope Place Transitional Living Program. Hope Place opened in 2016 as the first transitional housing facility for young adults in the north metro. Residents can stay for up to 24 months as they work towards self-sufficiency and sustainability.

### **Finance & Administration Report**

Julie Fliflet reviewed the highlights from the 1<sup>st</sup> Quarter financials that were included in the board packet. During the first quarter, H4Y secured over \$200,000 in unbudgeted COVID relief funding which has resulted in a strong start financially for 2021. Mark Nolen noted the new financial statement packet and presentation which allows for more detailed information and transparency in our financial reporting to the board.

### **Program Report**

Mark McNamer reviewed the March 2021 Program Snapshot noting that March was the busiest month we have had at the Drop-In Center in over a year with over 200 youth visits. There is currently one vacancy at Hope Place, and currently 11 active youth in the Hope Homes program. He also gave some updates on the recent grant submitted to MN Dept of Human Services Office of Economic Opportunity (OEO) and touched on some recent activities and resources associated with the Drop-In Center.

**Advancement Report**

Julie Orlando reviewed the Advancement Scorecard for March. She also gave an update on the upcoming A Night for Hope Gala and the decision to post pone until May 22<sup>nd</sup>. She updated the board on some recent projects including the newly updated website and encourage all board members to take a look if they hadn't been on the website lately. Also noted was the upcoming GiveMN Spring Forward campaign that will run May 1 – 11<sup>th</sup> and that they are working to establish a pool of matching funds for that campaign.

**Interim Executive Director Report / Strategic Planning Committee Update**

Jennifer Stone, Chair of the Strategic Planning Committee and Cheryl Jensen, Interim Executive Director noted that work had been done to review and refine the strategic priorities. Next step in the process is for the Leadership Team to work with the current draft and provide further refinements and recommendations for the strategic planning committee to react to and discuss.

**Nominations Committee Update**

Chris Warner, Chair of the Nominations Committee, indicated there is a potential new board candidate recommended by Anna VonRueden. Her name is Sara Lindgren, and she works with the Anoka-Hennepin School District. She was going to join the board meeting tonight to observe but had a last-minute conflict and was not able to join.

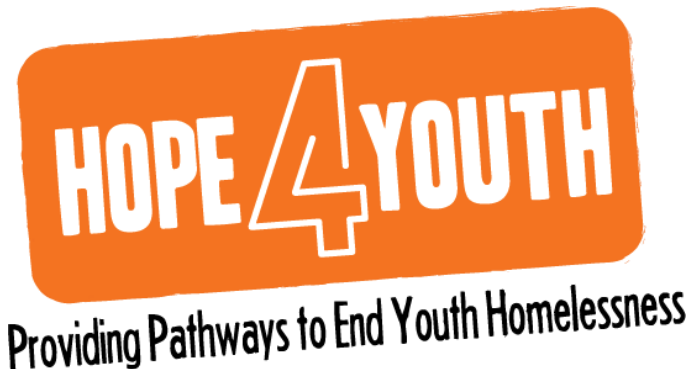
**Board Portal Tutorial and Committee Responsibilities**

These two items will be tabled to the next board meeting.

**Adjourn to Annual Meeting**

A motion was made by Mark Nolan, seconded by Jen Stone and passed unanimously to adjourn to Executive Session at 6:25pm.

Respectfully Submitted,  
Julie Fliflet  
Director of Finance & Administration



# Advancement Scorecard

## April 2021\*

\*Stats are only reflective of April (Not YTD)

### VOLUNTEER HOURS

627

Total Hours  
Up 111 hours since March

204 hours	Drop-In Center
110 hours	DIC Meals
26 hours	Hope's Closet
14 hours	One-time projects/other
244 hours	Donation Center
29 hours	HOPE Place

### DONORS

50

New donors gave  
\$18,615.23  
Up \$10,909.99 since March

5

New recurring  
monthly donors  
Up 5 since March

### DONATIONS: \$58,898.72

Down \$20,004.65 from March

\$25,100.24	Events
\$1,000.00	Grants/Foundations
\$4,086.55	Online Giving
\$10,156.84	Portal Giving
\$18,555.09	Traditional Giving

### ACTIVE VOLUNTEERS

those that have volunteered in the past 6 months

97

Active Volunteers  
Up 15 since March

13

New Volunteers  
Up 2 from March

### SOCIAL MEDIA STATISTICS

Impressions

78,595

# of times content  
appears in front of a user.  
Up 2,278 from March

Engagement

5,605

# of times a user commented,  
reacted, shared, or clicked  
on content.  
Up 658 from March

Followers

13,044

Up 179 from March

### WEBSITE STATISTICS

10,923 Page Sessions

A single website visit that can include many pageviews.  
Up 6,449 since March

652 Returning visitors

Up 23 since March

0:01:28 Average time on website

Down :48 seconds since March

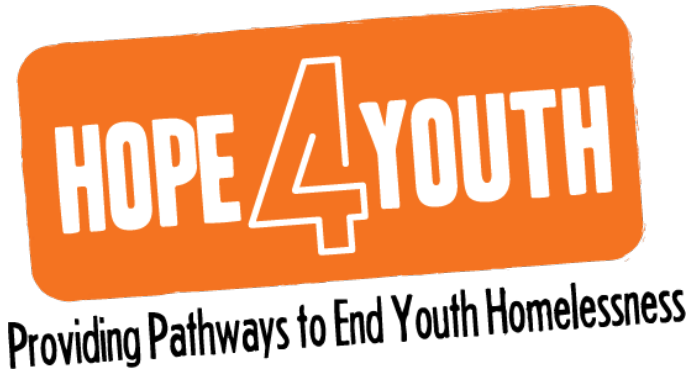
### EMAIL STATISTICS

8,205 Accepted Subscribers

Down 14 since March

22.28% Open Rate

Down 6.68% since Feb.



## Program Snapshot April 2021

### HOPE 4 Youth Drop-In Center Youth Statistics

<b>191</b>	<b>70</b>	<b>15</b>
Drop-In Center Visits	Unique Youth <i>Under 18 = 2</i>	New Intakes <i>Under 18 = 0</i>

### DIC Community Referrals

Workforce Center = 5  
Stepping Stone = 2  
Housing Referrals = 8  
Other Services = 2

### Case Management Services – All Programs

57 Youth Received 96 Hours  
of Case Management  
Services

### HOPE Homes

Screening = 4  
Active Youth/Host = 12  
Total Youth Served = 16  
Supports to Youth and Host = \$2200

### HOPE Place Youth Statistics - 12 youth served

1 resident moved into HP - all units currently occupied  
4 residents continue to work on career paths (in nursing, education, manufacturing and construction)  
10 residents are in school or working  
1 is focusing on mental health & also working  
1 graduated from high school  
**Career Force Sessions at HP = 22** (4 residents actively engaged in weekly meetings)

### Drop-In Center On-Site Resources

**11**  
Crisis Calls



# Financial Statements

**HOPE 4 Youth, Inc.**

Coon Rapids, Minnesota

For the Period October 1, 2019 through December 31, 2020

Draft

HOPE 4 Youth, Inc.  
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December 31, 2020

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Draft

## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
HOPE 4 Youth, Inc.  
Coon Rapids, Minnesota

We have audited the accompanying financial statements of HOPE 4 Youth, Inc. (a nonprofit corporation) which comprise the statement of financial position as of December 31, 2020 and the related statements of activities, functional expenses and cash flows for the period October 1, 2019 through December 31, 2020, 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 the 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit includes 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 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 HOPE 4 Youth, Inc. as of December 31, 2020, and the changes in its net assets and its cash flows for the period October 1, 2019 through December 31, 2020, in accordance with the accounting principles generally accepted in the United States of America.

ABDO, EICK & MEYERS, LLP  
Minneapolis, Minnesota  
Report Date, 2021



## FINANCIAL STATEMENTS

Draft

HOPE 4 Youth, Inc.  
Statement of Financial Position  
December 31, 2020

Assets	
Cash and cash equivalents - general	\$ 792,680
Cash and cash equivalents - board designated operating reserve	500,978
Investments	39,584
Accounts, grants, and contracts receivable	83,323
Pledges receivable, net of discount of \$6,318	173,139
Inventory	70,508
Prepaid expenses	10,504
Property and Equipment, Net	<u>1,659,461</u>
 Total Assets	 <u><u>\$ 3,330,177</u></u>
Liabilities	
Accounts payable	\$ 46,764
Accrued liabilities	41,515
Mortgage payable	<u>449,251</u>
Total Liabilities	<u>537,530</u>
Net Assets	
Without Donor Restriction	
Undesignated	1,996,358
Board designated, operating reserve	<u>500,978</u>
Total Net Assets Without Donor Restriction	<u>2,497,336</u>
With Donor Restrictions	<u>295,311</u>
 Total Net Assets	 <u>2,792,647</u>
 Total Liabilities and Net Assets	 <u><u>\$ 3,330,177</u></u>

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

HOPE 4 Youth, Inc.  
Statement of Activities  
For the Period October 1, 2019 through December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains, and Other Support			
Donations, gifts, and contracts	\$ 1,430,432	\$ 144,000	\$ 1,574,432
Net assets released from restriction	435,506	(435,506)	-
Special events, net of expenses of \$78,968	183,190	-	183,190
In-kind contributions	122,457	-	122,457
Program service fees	184,697	-	184,697
hope's closet store sales	54,046	-	54,046
Interest and investment income - net of fees of \$690	14,440	-	14,440
Other revenue	11,192	-	11,192
Total Revenues, Gains, and Other Support	<u>2,435,960</u>	<u>(291,506)</u>	<u>2,144,454</u>
Expenses			
Program Services	1,603,229	-	1,603,229
Fundraising	262,461	-	262,461
Management and general	140,770	-	140,770
Total Expenses	<u>2,006,460</u>	<u>-</u>	<u>2,006,460</u>
Change in Net Assets	429,500	(291,506)	137,994
Net Assets, Beginning of Year	<u>2,067,836</u>	<u>586,817</u>	<u>2,654,653</u>
Net Assets, End of Year	<u>\$ 2,497,336</u>	<u>\$ 295,311</u>	<u>\$ 2,792,647</u>

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

HOPE 4 Youth, Inc.  
Statement of Functional Expenses  
For the Period October 1, 2019 through December 31, 2020

	Program Services	Fundraising	Mangement & General	Total
Payroll, Taxes, & Benefits	\$ 836,630	\$ 187,289	\$ 99,151	\$ 1,123,070
Contract Services and Professional Fees	180,132	19,903	17,591	217,626
Insurance	25,103	1,006	3,274	29,383
Building & Facilities	215,203	4,401	3,412	223,016
Supplies & Minor Equipment	26,343	4,053	3,460	33,856
Postage, Mailing, & Delivery	401	6,880	158	7,439
Staff, Board, & Volunteer Expenses	16,454	3,150	4,471	24,075
Program Expenses	197,583	-	-	197,583
Printing & Promotion	18,818	18,454	1,371	38,643
Travel & Transportation	4,978	579	268	5,825
Licenses, Memberships, Dues, & Fees	28,165	14,319	5,176	47,660
Depreciation	53,419	2,427	2,438	58,284
	<u>\$ 1,603,229</u>	<u>\$ 262,461</u>	<u>\$ 140,770</u>	<u>\$ 2,006,460</u>
Total Expenses	<u>\$ 1,603,229</u>	<u>\$ 262,461</u>	<u>\$ 140,770</u>	<u>\$ 2,006,460</u>

Draft

HOPE 4 Youth, Inc.  
Statement of Cash Flows  
For the Period October 1, 2019 through December 31, 2020

Cash Flows from Operating Activities	
Change in net assets	\$ 137,994
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation expense	58,284
Net realized and unrealized investment gain	(3,183)
Loss on disposal of property and equipment	357
(Increase) decrease in assets:	
Accounts, grants, and contracts receivable	205,843
Pledges receivable	135,059
Inventory	(14,596)
Prepaid expenses	16,214
Increase (decrease) in liabilities:	
Accounts payable	2,050
Accrued salaries	5,738
Deferred revenue	(76,095)
Net Cash Provided by Operating Activities	<u>467,665</u>
Cash Flows from Investing Activities	
Purchase of property and equipment	(19,925)
Cash Flows from Financing Activities	
Principal payments on long-term debt	<u>(33,736)</u>
Change in Cash and Cash Equivalents	414,004
Cash and Cash Equivalents, Beginning of Year	<u>879,654</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 1,293,658</u></u>
Reconciliation of Cash and Cash Equivalents:	
Amounts reported within the Statement of Financial Position that sum to the total above:	
Cash and cash equivalents - general	\$ 792,680
Cash and cash equivalents - board designated operating reserve	<u>500,978</u>
Total Cash and Cash Equivalents	<u><u>\$ 1,293,658</u></u>
Supplemental Disclosure of Cash Flow Information:	
Cash paid during the year for:	
Interest	<u><u>\$ 19,609</u></u>

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

HOPE 4 Youth, Inc.  
Notes to the Financial Statements  
December 31, 2020

## Note 1: Summary of Significant Accounting Policies

### A. Nature of Activities

HOPE 4 Youth, Inc. (the Organization or HOPE) is a not-for-profit organization, incorporated on December 13, 2012 under the laws of the State of Minnesota. The Organization provides a Drop-In Center for youth ages 16 to 24 who are experiencing homelessness in the north metro suburbs. At the Drop-In Center, youth are provided with services and resources including basic needs such as food, water, clothing, personal hygiene products, and other essential survival items (which are mainly received through donations), hot meals, laundry facilities, private showers, computer and internet access, and case management. HOPE also partners with other service providers and educators in the north metro suburbs to help provide homeless youth with housing options through their housing navigation and outreach programs that prevent and address homelessness. In addition, HOPE provides access to education and employment opportunities in partnership with the Anoka County Workforce.

Since incorporation, the Organization added additional services to homeless youth by establishing a long-term transitional living facility aimed at transitioning homeless youth to permanent affordable housing. Youth receive wrap-around services on site at the "Hope Place," including full-time case management. Additionally, in 2017, HOPE entered into a lease agreement to open a resale boutique store, "Hope's Closet" in Champlin, Minnesota. Utilizing volunteers, Hope's Closet began operating in early 2018, selling donated high-quality women's clothing and home décor.

### 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 and revenues, expenses, gains, and losses are classified based on the existence or absence of donor restrictions. Accordingly, net assets of HOPE 4 Youth, Inc. and related changes are classified and reported as follows:

Net Assets Without Donor Restrictions (Unrestricted) - Those resources over which the Board of Directors has discretionary control.

Net Assets With Donor Restrictions (Restricted) - Those resources subject to donor imposed restrictions which will be satisfied by actions of the Organization or passage of time or that are to be maintained permanently by the Organization. There are no net assets to be maintained permanently.

### C. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

### D. Cash Equivalents

For the purposes of the statement of cash flows, the Organization considers investments with an original maturity of three months or less to be cash equivalents.

### E. Investments

Investments are generally recorded at fair value based upon quoted market prices, when available, or estimates of fair value. Investment income or loss and unrealized gains or losses are included in the statement of activities as increases or decreases in unrestricted net assets unless the income or loss is restricted by the donor or law.

Investments consist of money market securities and mutual funds held with a broker. Investments are classified as available-for-sale investments with unrealized gains and losses recognized in the current period.

HOPE 4 Youth, Inc.  
Notes to the Financial Statements  
December 31, 2020

## **Note 1: Summary of Significant Accounting Policies (Continued)**

### **F. Accounts Receivable**

Accounts receivable consists of transitional housing rent and services provider subsidies. Accounts receivable are stated at the amount management expects to collect from balances outstanding at year-end. Management considers all receivables fully collectible; accordingly, no allowance for doubtful accounts is recorded. If amounts become uncollectible, they are charged to activities when that determination is made. Balances that are still outstanding after management has used reasonable collection efforts are written off.

### **G. Grants Receivable**

Grants receivable consist of amounts due from government agencies or private donors, based on the terms of the related grant agreements. Management periodically reviews the status of all grants receivable for collectability. The Organization provides for losses on grants receivable using the allowance method. Grants receivable are stated as unpaid balances, less an allowance for doubtful accounts and a present value discount. Each balance is assessed based on management's knowledge of and relationship with the government agency or the donor and the age of the receivable balance. It is the Organization's policy to charge off uncollectible grants when management determines the receivable will not be collected. As of December 31, 2020, management determined that no allowance is necessary.

### **H. Pledges Receivable**

Unconditional promises to give that are expected to be collected within one year are recorded as pledges receivable at net realizable value under current assets on the statement of financial position. Unconditional promises to give that are expected to be collected in periods greater than one year are recorded at the net present value of expected cash flows under other assets on the statement of financial position. The Organization provides an allowance for estimated uncollectible contributions.

Pledges receivable are stated as unpaid balances less an allowance for doubtful accounts and a present value discount. The Organization provides for losses on pledges receivable using the allowance method. The allowance is based on experience, third-party contacts, knowledge of the donors and the industry and other circumstances, which may affect the ability of donors to meet their obligations. It is the Organization's policy to charge off uncollectible pledges when management determines the receivable will not be collected. As of December 31, 2020, management determined that no allowance is necessary.

### **I. Inventory**

Inventory consists of donated food and supplies, as well as gently used clothing and home goods for both youth that come to the Drop-In Center and to be sold at Hope's Closet. The Organization values food and supplies at \$2 per pound and donated clothing at \$4 per pound at the Drop-In Center. Donated items at Hope's Closet are valued at \$5 per pound for clothing and \$2 per pound for home goods.

### **J. Property and Equipment**

Property and equipment are recorded at cost or, in the case of contributed property, at fair value at the date of contribution. Expenditures for replacements, maintenance, and repairs that do not improve or extend the life of the respective assets are expensed as incurred. At the time assets are retired or otherwise disposed of, the cost and related accumulated depreciation are eliminated from the accounts and any resulting gain or loss is included in the statement of activities. The Organization generally capitalizes asset purchases over \$3,000.

Assets are depreciated using the straight-line method over the following useful lives:

Buildings and Improvements	5 - 39 years
Equipment and Furnishings	3 - 5 years

Depreciation expense was \$58,284 for the period ending December 31, 2020.

## **Note 1: Summary of Significant Accounting Policies (Continued)**

### **K. Revenue Recognition**

Contributions, pledges, and grants are recognized as support when the Organization is notified of the existence of a pledge or grant or receives a contribution. Contributions received are recorded as with or without donor restriction depending on the existence and nature of any restrictions. When the restriction expires, with donor restriction net assets are reclassified to without donor restriction net assets and reported in the statement of activities as net assets released from restriction.

### **L. Functional Expense Allocation**

The Organization allocates its expenses on a functional basis among its various programs and support services. Salaries and related costs are allocated between program and supporting service categories based upon the estimated time expended by the employee on the expenditure classification. Non-salary costs are directly allocated according to the actual expense, and are reviewed annually by the Finance Committee.

### **M. Promotion and Advertising**

Promotion and advertising costs are expensed as incurred and total \$21,387 in for the period ended December 31, 2020.

### **N. Income Taxes**

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Minnesota Statute 290.05. Accordingly, no provision for income taxes is included in these financial statements. Because the Organization is a public charity, contributions may qualify for tax deductions by the contributors.

### **O. Fair Value of Financial Instruments**

Due to their short-term nature, the carrying values of the Organization's current financial assets and liabilities approximate their fair value. The fair value of the Organization's borrowings, if recalculated based on current interest rates, would not significantly differ from the recorded amount.

### **P. Subsequent Events**

Subsequent events have been evaluated through Report Date, 2021, the date of the financial statements were available for issuance.

### **Q. Reclassifications**

Certain reclassifications affecting prior year net assets have been made to match current year reporting.



HOPE 4 Youth, Inc.  
Notes to the Financial Statements  
December 31, 2020

## Note 1: Summary of Significant Accounting Policies (Continued)

### R. New Accounting Pronouncements

In March 2016, the FASB issued ASU No. 2016-02, *Leases*, as a new topic, Accounting Standards Codification 842. The objective of ASU No. 2016-02 is to increase transparency and comparability among organizations by reorganizing lease assets and lease liabilities on the statement of financial position and disclosing key information about leasing arrangements. ASU No. 2016-02 is effective for annual reporting periods beginning after December 15, 2021, and shall be applied using either a full retrospective or modified retrospective approach. Early adoption is permitted. The new guidance is effective for the Organization for the year ended December, 2022. The Organization is currently evaluating the impact on the results of operations, financial condition and cash flows and has not determined the impact on its financial statements at this time.

In September 2020, the FASB issued ASU No. 2020-07 Not-for-Profit Entities (Topic 958): *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which is intended to improve the transparency in the reporting of contributed nonfinancial assets, also known as gifts-in-kind, for not-for-profit organizations. This ASU requires not-for-profit organizations to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets. In addition to separate presentation on the statement of activities, this amendment requires enhanced disclosures around each category of contributed nonfinancial assets for donor-imposed restrictions, valuation techniques, description of programs or activities in which the assets were used, and if monetized, a policy about monetizing rather than utilizing the asset(s). The amendments in this ASU should be applied on a retrospective basis and are effective for annual reporting periods beginning after June 15, 2021. Early adoption is permitted. The new guidance is effective for HOPE 4 Youth in 2022. The Organization is currently evaluating the impact this standard will have on its financial statements.

### S. Adoption of New Accounting Standard

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, "Revenue from Contracts with Customers (Topic 606)". The ASU and all subsequently issued clarifying ASUs replaced most existing revenue recognition guidance in U.S. GAAP. The ASU also required expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The Organization adopted the new standard effective October 1, 2019, the first day of the Organization's fiscal year using the modified retrospective approach.

As part of the adoption of the ASU, the Organization elected the following transition practical expedients: (i) to reflect the aggregate of all contract modifications that occurred prior to the date of initial application when identifying satisfied and unsatisfied performance obligations, determining the transaction price, and allocating the transaction price; and (ii) to apply the standard only to contracts that are not completed at the initial date of application. Because contract modifications are minimal, there is not a significant impact as a result of electing these practical expedients.

## Note 2: Pledges Receivable

The balances of all promises to give at December 31, 2020 were:

Pledges receivable expected to be collected in:

Less than one year	\$ 47,333
One to five years	132,124
Beyond five years	-
Total Pledges Receivable	<u>179,457</u>
Adjustment to present value at a discount rate of 2%	<u>(6,318)</u>
Net Pledges Receivable	<u><u>\$ 173,139</u></u>

HOPE 4 Youth, Inc.  
Notes to the Financial Statements  
December 31, 2020

### Note 3: Property and Equipment

A summary of property and equipment as of December 31, 2020 is as follows:

Land	\$ 369,000
Buildings and Improvements	1,422,736
Furniture and Equipment	16,574
Vehicles	25,297
Total Property and Equipment	<u>1,833,607</u>
Less Accumulated Depreciation	<u>(174,146)</u>
Property and Equipment, Net	<u>\$ 1,659,461</u>

### Note 4: Fair Value Measurements

Fair value measurement accounting literature establishes a fair value hierarchy based on the priority of the inputs to the valuation methodologies used to measure fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument. Investments recorded in the Statement of Financial Position are categorized based on the inputs to valuation techniques as follows:

**Level 1** - Inputs to the valuation methodology are unadjusted quoted prices for identical assets in active markets that the Organization has the ability to access.

**Level 2** - Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets
- Quoted prices for identical or similar assets or liabilities in inactive markets
- Inputs other than quoted prices that are observable for the asset or liability
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means

**Level 3** - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2020.

*Money Market Fund:* Valued at the daily closing price as reported by the fund. Mutual funds held by the Organization are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held are deemed to be actively traded.

*Equities and Fixed Income Bonds:* Valued at the daily closing price of the underlying stocks and bonds. The stocks and bond funds held by the Organization are deemed to be actively traded.

HOPE 4 Youth, Inc.  
Notes to the Financial Statements  
December 31, 2020

**Note 4: Fair Value Measurements (Continued)**

The Organization's investments reported at fair value in the accompanying statement of financial position consist of the following at December 31, 2020:

	<u>Fair Value</u>	<u>Level 1</u>
Money Market Fund	\$ 827	\$ 827
Equities	11,748	11,748
Fixed Income	<u>27,009</u>	<u>27,009</u>
 Total Investments	 <u>\$ 39,584</u>	 <u>\$ 39,584</u>

Investment income was \$14,440 for the period ended December 31, 2020.

**Note 5: Mortgage Payable**

The Organization has the following notes payable as of December 31, 2020. Interest expense incurred for the period ended December 31, 2020 was \$19,609.

Mortgage payable to a bank, due in monthly installments of \$2,327 with interest at 3.5% per annum. The note is secured by Hope's Place and matures in November 2025.	\$ 292,234
Mortgage payable to a bank, due in monthly installments of \$1,243 with interest at 3.00% per annum. The note is secured by the main office space and matures in August 2033.	<u>157,017</u>
Total mortgage payable	<u>\$ 449,251</u>

Annual maturities of the mortgages payable in the years following December 31, 2020 are as follows:

<u>Year Ending December 31,</u>	
2021	\$ 28,217
2022	29,177
2023	30,169
2024	31,172
2025	227,876
Thereafter	<u>102,640</u>
Total	<u>\$ 449,251</u>

HOPE 4 Youth, Inc.  
Notes to the Financial Statements  
December 31, 2020

**Note 6: Donor Restricted Net Assets**

Net assets with donor restrictions at December 31, 2020 are as follows:

Hope Place Mortgage	\$ 159,139
Drop in Center and Hope Place	65,163
Hope Homes Program	49,303
Ratfield Scholarship	11,706
Time Restricted Pledges and Grants	<u>10,000</u>
Total	<u><u>\$ 295,311</u></u>

**Note 7: In-kind Donations**

In-kind donations consist of donated materials and are measured at fair value at the date of donation. In-kind services represent services which meet the criteria specified in the accounting standards including, among other things, services requiring specialized skills and services that the Organization would typically purchase.

The Organization relies on contributions of both time and expertise from its pool of volunteers who donate thousands of hours of service, the total value of which cannot be easily calculated or estimated, yet these volunteers contribute significantly to the work, impact, and success of the Organization. These volunteer services have not been reflected in the accompanying financial statements because the volunteer services provided do not meet the criteria necessary for recognition under generally accepted accounting principles.

In-kind donations on the financial statements consist of donated goods that are recorded as revenue and measured at fair value at the date of donation. Donated goods are expensed to in-kind distributions on the Statement of Activities as of the date they are distributed to the recipient.

The components of in-kind donations consist of the following for the period ended December 31, 2020:

Hope's Closet	\$ 38,727
Food & Water	36,275
Clothing	19,996
Personal Items/Hygiene	12,328
School Supplies & Misc.	10,296
Gift Cards	3,176
Paper Products	<u>1,659</u>
Total	<u><u>\$ 122,457</u></u>

**Note 8: Operating Leases**

The Organization has entered into several operating leases. Effective January 1, 2016, the Organization entered into a non-cancelable lease for its Drop-In Center and administrative office space located in Anoka, Minnesota. The lease is on a month to month basis, with lease payments being re-visited and agreed upon at the end of each fiscal year. Base rent was \$4,429 per month in 2018 and will increase 3% for each subsequent renewal. Rent includes real estate taxes, utilities, and most repair and maintenance costs.

The Organization entered into a lease agreement on December 1, 2017 for its boutique store, Hope's Closet, which matures on January 31, 2021. Rent payments commenced February 1, 2018. Base monthly rent payments are \$1,600 for the entire term of the lease.

The Organization leases office equipment under non-cancelable operating leases. Applicable leases for the period ended December 31, 2020 include an office printer and copier, with the lease period expiring September 2022.

HOPE 4 Youth, Inc.  
Notes to the Financial Statements  
December 31, 2020

**Note 8: Operating Leases (Continued)**

Future minimum lease payments under these leases are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2021	\$ 3,760
2022	1,620
Total	<u>\$ 5,380</u>

**Note 9: Concentrations**

The Organization maintains cash balances with banks insured by the Federal Deposit Insurance Corporation (FDIC). These deposits may, from time to time, exceed the balances insured by the FDIC. At December 31, 2020, approximately 92% of pledges receivable was due from one organization.

**Note 10: Liquidity and Availability of Resources**

The Organization's revenues are primarily derived from general contributions. Additional sources of revenue include grants from private or public entities, sponsorships, and special events.

The Organization's liquid financial assets available to meet cash needs for general expenditures within one year are summarized as follows:

Financial assets available for general expenditures within one year:	
Cash and cash equivalents	\$ 792,680
Investments	39,584
Accounts receivable	83,323
Total Financial Assets	<u>915,587</u>
Less those unavailable for general expenditure within one year, due to:	
Hope Place Mortgage	(159,139)
Drop in Center and Hope Place	(65,163)
Hope Homes Program	(49,303)
Total financial assets unavailable	<u>(273,605)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 641,982</u>

The Organization maintains a board designated operating reserve that was established to maintain an adequate level of unrestricted cash to support any unforeseen cash shortfalls of day-to-day operations and to meet the needs of expanding programs, with a target level of 3-6 months annual operating expenses in the fund. Operating and reserve funds are invested at several banks in business checking, savings, and money market accounts. The Organization has annual funding to cover its mortgage payment for Hope Place (transitional living program) and has a mortgage payment obligation for the main office located in Coon Rapids. The Organization has no other long-term obligations.

# Management Letter

**HOPE 4 Youth, Inc.**

Coon Rapids, Minnesota

For the Period October 1, 2019 through  
December 31, 2020

Board of Directors  
HOPE 4 Youth, Inc.  
Coon Rapids, Minnesota

We have audited the financial statement of HOPE 4 Youth, Inc. (the Organization) for the year ended December 31, 2020 and have issued a report thereon dated Report Date, 2021. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of the audit. We have communicated such information in our letter to you dated December 22, 2020. Professional standards require that we communicate to you the following information related to our audit.

### **Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements of the Organization for the year ended December 31, 2020, in accordance with auditing standards generally accepted in the United States of America, we considered the Organization's internal control over financial reporting as a basis for designing our auditing procedures, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses.

### **Qualitative Aspects of Accounting Practices**

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Organization are described in Note 1 to the financial statements. As described in Note 1, the Organization changed accounting policies related to revenue recognition by adopting FASB Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers, in 2020. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most significant estimates affecting the financial statements were:

- Management's estimate of the discount on pledges receivable. We evaluated the key factors and assumptions used to develop the discount in determining that it is reasonable in relation to the financial statements taken as a whole.

- Management's estimate of the depreciation of property and equipment is based on the estimated useful life of the assets. We evaluated the key factors and assumptions used to develop the depreciation in determining that it is reasonable in relation to the financial statements taken as a whole.
- Management's estimate of the expense allocation is based on management's judgment. We evaluated the key factors and assumptions used to develop the allocation in determining that it is reasonable in relation to the financial statements taken as a whole.

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users.

### **Difficulties Encountered in Performing the Audit**

We encountered no significant difficulties in dealing with management in performing and completing our audit.

### **Corrected and Uncorrected Misstatements**

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. There were no corrected or uncorrected misstatements noted during the audit.

### **Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

### **Management Representations**

We have requested certain representations from management that are included in the management representation letter dated Report Date, 2021.

### **Management Consultations with Other Independent Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

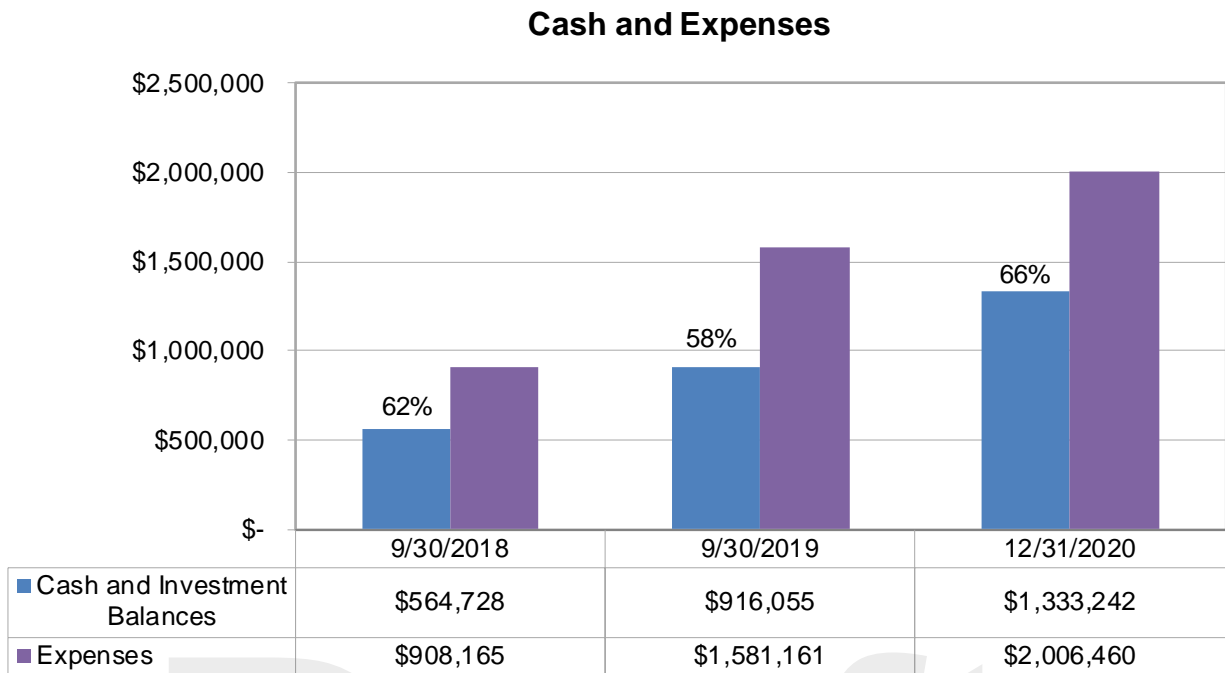
### **Other Audit Findings or Issues**

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

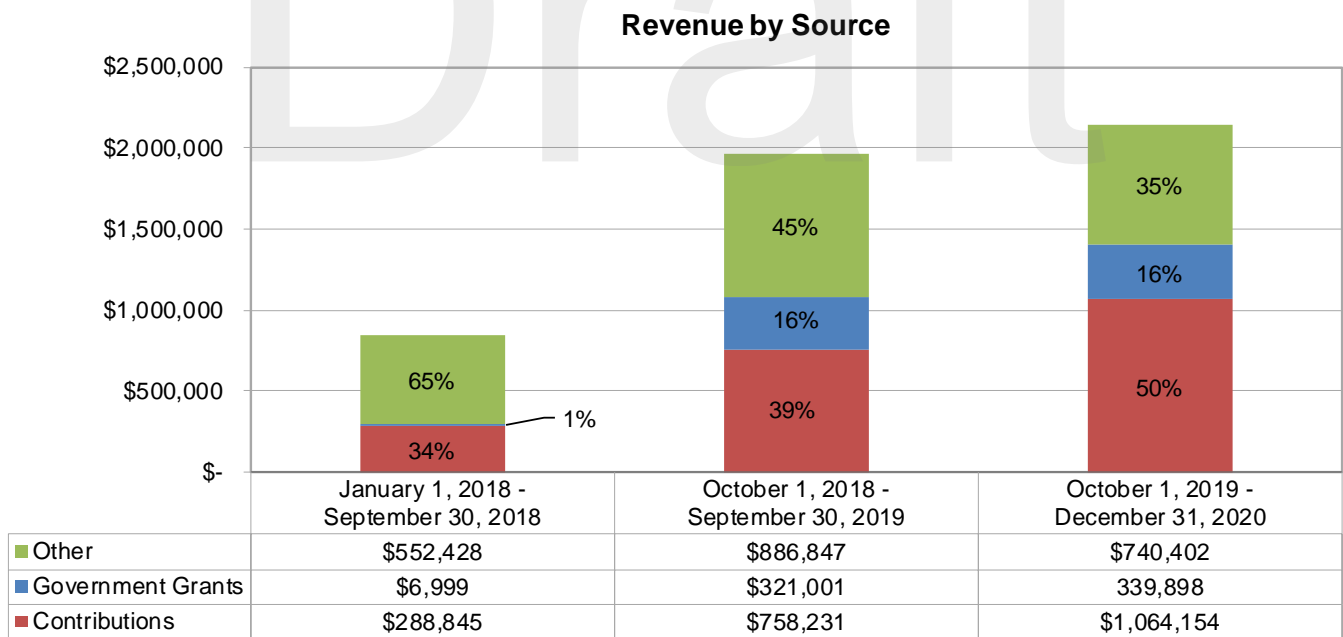


## Other Items

The following chart summarizes the cash and cash equivalents relative to operating expenses for the past three periods.

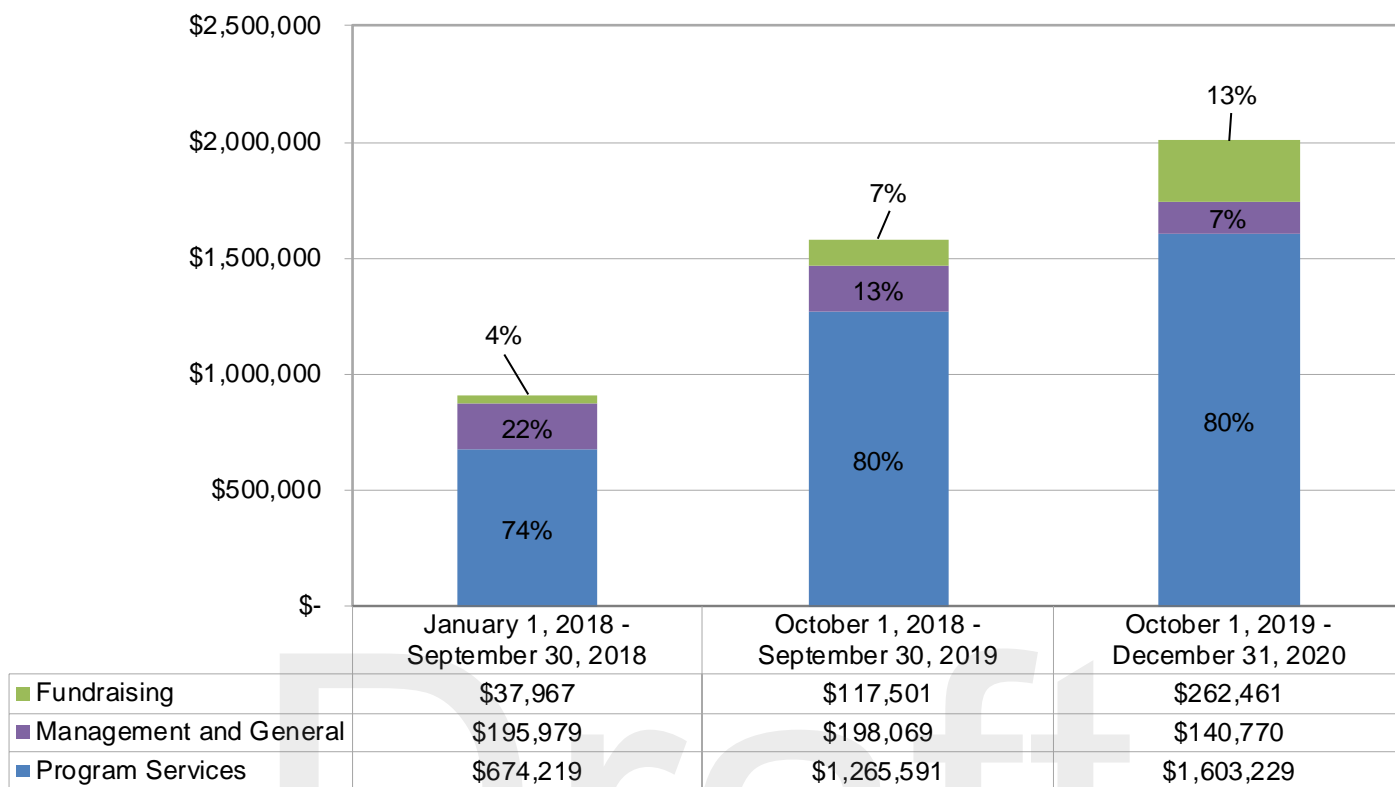


The following chart summarizes the revenue and contributions received by their source for the past three periods.



The following chart shows the expenses by function for the past three periods.

### Total Expenses Split by Program



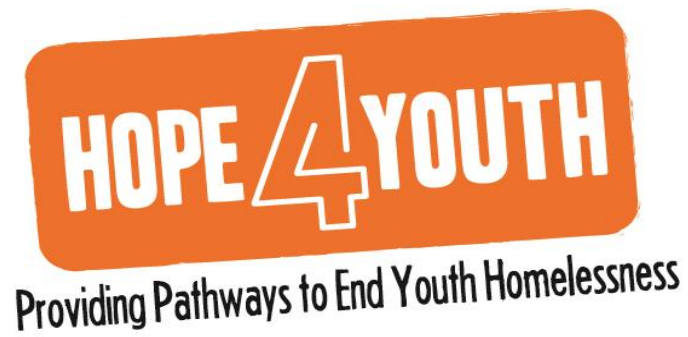
\* \* \* \* \*

This report is intended solely for the information and use of management and Board of Directors and is not intended to be and should not be used by anyone other than these specified parties.

Our audit would not necessarily disclose all weaknesses in the system because it was based on selected tests of the accounting records and related data. The comments and recommendations in the report are purely constructive in nature, and should be read in this context.

If you have any questions or wish to discuss any of the items contained in this letter, please feel free to contact us at your convenience. We wish to thank you for the opportunity to be of service and for the courtesy and cooperation extended to us by your staff.

ABDO, EICK & MEYERS, LLP  
Minneapolis, Minnesota  
Report Date, 2021



**Fiscal Year 2021**  
**Financial Statements**  
**as of April 30, 2021**



## Balance Sheet As of April 30, 2021

### ASSETS

Cash and Cash Equivalents	838,174.47
Board Designated Operating Reserve	504,727.07
Receivables	182,441.97
Prepaid Expenses	26,764.19
Inventory	70,508.28
Investments	39,830.32
Property and Equipment, net	1,644,284.59
<b>TOTAL ASSETS</b>	<b><u>3,306,730.89</u></b>

### LIABILITIES

Accounts Payable	35,154.39
Other Accrued Liabilities	40,388.13
Mortgage Payable (VB)-Hope Place	287,194.33
Mortgage Payable (Finl One)-Admin Office	153,594.13
<b>TOTAL LIABILITIES</b>	<b><u>516,330.98</u></b>

### NET ASSETS

Unrestricted-Undesignated	1,992,609.89
Unrestricted-Board Designated Operating Reserve	504,727.07
Temporarily Restricted	266,523.15
Current Year Net Surplus(Deficit)	26,539.80
<b>TOTAL NET ASSETS</b>	<b><u>2,790,399.91</u></b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>3,306,730.89</u></b>



**Statement of Revenue and Expense**  
**Fiscal Year 2021 - through April 30, 2021**

	<u>YTD Actual</u>	<u>YTD Budget</u>	<u>Over(Under) YTD Budget</u>	<u>Full Year Budget</u>	
<b><u>Revenue</u></b>					
Donations, Gifts, and Grants	\$466,197.34	\$254,667.00	\$211,530.34	\$1,125,000.00	Unbudgeted COVID relief gov't funding rec'd from: PPP #2 \$180,412; MN DHS \$18,700; and Anoka Cty \$15,000 (total \$214,112)
Special Events, net	23,116.68	130,000.00	(106,883.32)	225,000.00	Budget expected Gala to be in April - budgeted \$130K net revenue for Gala
Inkind Contributions	24,066.27	30,700.00	(6,633.73)	120,000.00	Store closed end of Jan so three less months of donated inventory at Hope's Closet
Program Service Revenue	46,744.85	52,973.00	(6,228.15)	158,920.00	Rent subsidy/funding was \$6,000 less than expected through April
Store Sales	3,765.42	15,200.00	(11,434.58)	68,400.00	Store closed end of Jan so three less months of sales @ \$3,800/mo
Investment & Other Income	4,322.44	4,553.00	(230.56)	13,660.00	
	<u>\$568,213.00</u>	<u>\$488,093.00</u>	<u>\$80,120.00</u>	<u>\$1,710,980.00</u>	
<b><u>Expense</u></b>					
Payroll, Taxes, and Benefits	330,481.69	346,287.00	(15,805.31)	1,051,440.00	Open positions not yet filled offset by unexpected E.D. payout #1 in April
Contracted Svcs & Professional Fees	68,312.13	46,843.00	21,469.13	126,490.00	Hired contractors to help with Mktg & Communications related to open position; and unexpected legal and communications expenses related to E.D. separation
Insurance	9,284.24	10,019.00	(734.76)	32,060.00	
Building and Facilities Expense	48,331.36	56,359.00	(8,027.64)	167,810.00	Store closed end of Jan so three less months of store rent @ \$3,040/mo
Supplies and Equipment	4,280.00	3,762.00	518.00	6,270.00	
Postage, Mailing & Delivery	290.35	600.00	(309.65)	5,820.00	
Staff, Board, & Volunteer Expense	3,703.68	4,332.00	(628.32)	31,440.00	
Program Expenses	43,733.47	47,524.00	(3,790.53)	172,730.00	Store closed end of Jan so less donated inventory expense
Printing and Promotion Expenses	3,681.94	3,938.00	(256.06)	15,440.00	
Travel and Transportation	336.61	760.00	(423.39)	5,280.00	
Licenses, Membrshps, Dues, & Fees	14,061.42	14,763.00	(701.58)	46,460.00	
Depreciation Expense	15,176.31	14,723.00	453.31	44,170.00	
	<u>\$541,673.20</u>	<u>\$549,910.00</u>	<u>(\$8,236.80)</u>	<u>\$1,705,410.00</u>	
<b>Net Surplus(Deficit)</b>	<u>\$26,539.80</u>	<u>(\$61,817.00)</u>	<u>\$88,356.80</u>	<u>\$5,570.00</u>	

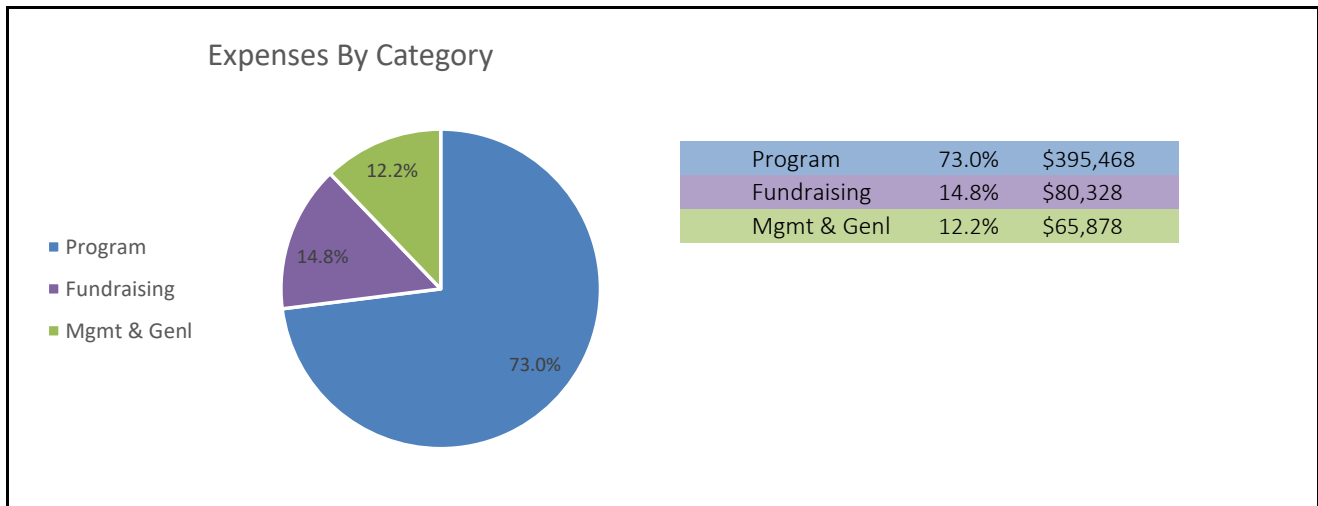
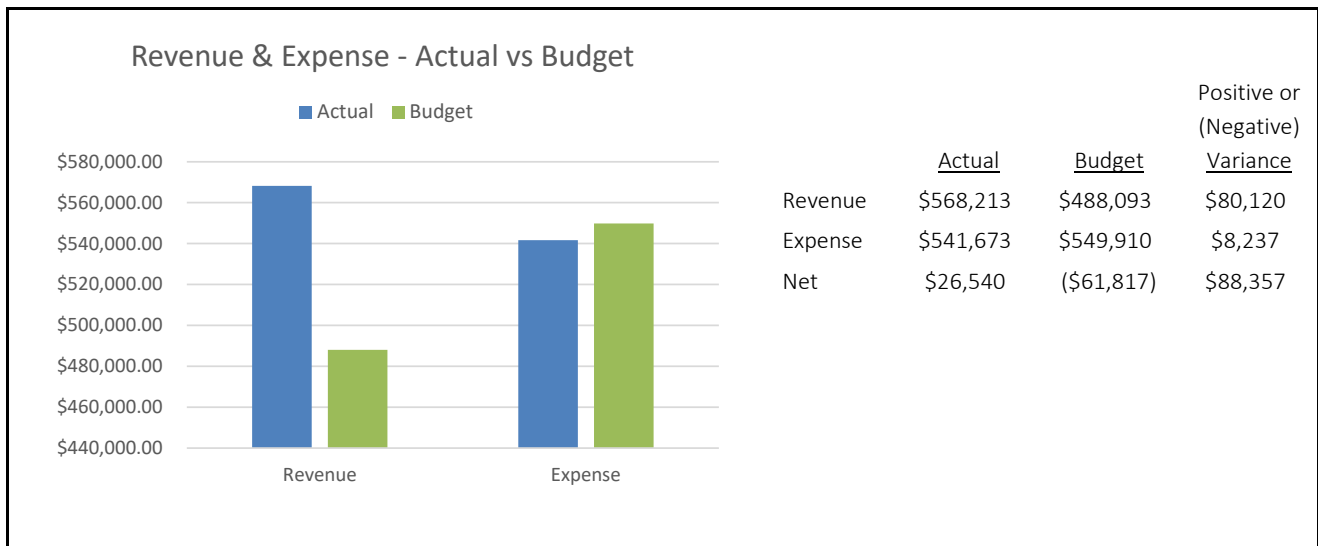
**HOPE 4 Youth**  
**Fiscal Yr 2021-Revenue and Expense Stmt-Summary by Program Area**  
**through April 30, 2021**

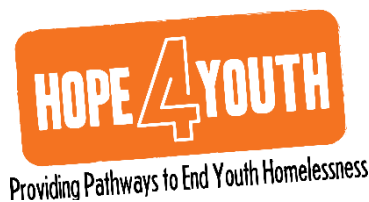
Program	73.01%
Fundraising	14.83%
Mgmt & Genl	12.16%

	Hope Place	Drop-In Center including Hope Homes	Hope's Closet	Fundraising & Special Events	Management and General	Total
<b>Revenue</b>						
Donations, Gifts, and Grants	48,995.90	74,774.81	265.70	161,748.45	180,412.48	466,197.34
Special Events, net	0.00	0.00	0.00	23,116.68	0.00	23,116.68
Inkind Contributions	43.00	21,846.87	2,176.40	0.00	0.00	24,066.27
Program Service Revenue	46,744.85	0.00	0.00	0.00	0.00	46,744.85
Store Sales	0.00	0.00	3,765.42	0.00	0.00	3,765.42
Investment & Other Income	0.00	0.00	0.00	0.00	4,322.44	4,322.44
<b>Total Revenue</b>	<b>95,783.75</b>	<b>96,621.68</b>	<b>6,207.52</b>	<b>184,865.13</b>	<b>184,734.92</b>	<b>568,213.00</b>
<b>Expense</b>						
Payroll, Taxes, and Benefits	72,908.65	136,176.38	11,242.93	63,657.39	46,496.34	330,481.69
Contracted Svcs & Professional Fees	32,494.63	12,599.69	2,057.94	8,093.19	13,066.68	68,312.13
Insurance	4,962.03	2,350.78	311.09	377.37	1,282.97	9,284.24
Building and Facilities Expense	20,007.72	21,734.87	4,373.33	1,589.88	625.56	48,331.36
Supplies and Equipment	2,143.86	1,430.65	5.42	246.78	453.29	4,280.00
Postage, Mailing & Delivery	33.33	37.80	6.40	187.10	25.72	290.35
Staff, Board, and Volunteer Expense	248.52	1,120.29	108.73	538.98	1,687.16	3,703.68
Program Expenses	3,672.11	36,246.30	3,815.06	0.00	0.00	43,733.47
Printing and Promotion Expenses	360.06	2,261.78	89.98	658.78	311.34	3,681.94
Travel and Transportation	164.13	129.64	31.08	0.00	11.76	336.61
Licenses, Memberships, Dues, & Fees	1,201.70	5,939.90	1,116.52	4,211.90	1,591.40	14,061.42
Depreciation Expense	12,833.64	887.75	362.84	766.28	325.80	15,176.31
<b>Total Expense</b>	<b>151,030.38</b>	<b>220,915.83</b>	<b>23,521.32</b>	<b>80,327.65</b>	<b>65,878.02</b>	<b>541,673.20</b>
<b>Net Surplus(Deficit)</b>	<b>(55,246.63)</b>	<b>(124,294.15)</b>	<b>(17,313.80)</b>	<b>104,537.48</b>	<b>118,856.90</b>	<b>26,539.80</b>

## HOPE 4 Youth

### Financial Dashboard for the period ending April 30, 2021





## Board Portal

HOPE 4 Youth provides the Board of Directors with a secure, central repository for board information and document storage. Every Board Member is provided with their own username and password, which is provided at their onboarding.

Should there be any difficulty accessing and using the Board Portal, please email Kyla Rathjen at [krathjen@hope4youthmn.org](mailto:krathjen@hope4youthmn.org) for assistance.

### Login to Board Portal

1. Open a new web browser (preferably Google Chrome).
2. Type <https://www.hope4youthmn.org/login> in the address bar.
3. You'll be taken to the following screen:

A screenshot of a WordPress login page. At the top center is the WordPress logo (a blue 'W' inside a circle). Below it is a white login box with a light gray border. Inside the box, there are two input fields: "Username or Email Address" and "Password". The "Password" field has a small eye icon to its right. Below the "Password" field is a checkbox labeled "Remember Me". To the right of the checkbox is a blue button labeled "Log In". Below the login box, there is a link that says "Lost your password?". At the very bottom of the page, there is a link that says "← Back to HOPE 4 Youth in Anoka, MN".

4. Enter the username and password provided to you at your onboarding.
  - If you have forgotten your username, please email Kyla Rathjen at [krathjen@hope4youthmn.org](mailto:krathjen@hope4youthmn.org).
  - If you have forgotten your password, please select "Lost your password?".
5. Select "Log In" and you'll be taken to the Board Portal.

### Board Portal - Repository

You'll find the following in the repository:

- Board Packets
- Meeting Minutes
- Committee Files
- General Board Documents
- Calendar

