



Consolidated Financial Statements  
June 30, 2021 and 2020

**Simpson Housing Services, Inc.**

Independent Auditor's Report.....	1
Consolidated Financial Statements	
Consolidated Statements of Financial Position .....	3
Consolidated Statements of Activities .....	4
Consolidated Statements of Functional Expenses.....	6
Consolidated Statements of Cash Flows.....	10
Notes to Consolidated Financial Statements.....	11
Supplementary Information	
Independent Auditor's Report on Supplementary Information .....	26
Consolidating Statement of Financial Position .....	27
Consolidating Statement of Activities.....	31



## Independent Auditor's Report

To the Board of Directors  
Simpson Housing Services, Inc.  
Minneapolis, Minnesota

### Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Simpson Housing Services, Inc. (the Organization), which comprise the consolidated statements of financial position as of June 30, 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 consolidated financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 the consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued a report dated April 27, 2022, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Fargo, North Dakota  
April 27, 2022

Simpson Housing Services, Inc.  
Consolidated Statements of Financial Position  
June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 2,687,545	\$ 2,130,540
Restricted cash - other	130,664	129,715
Restricted cash - escrow and reserves	87,234	95,845
Certificates of deposit	208,749	208,749
Accounts receivable	5,461	7,101
Promises to give - current	397,227	413,600
Grants receivable	624,633	516,535
Prepaid expenses	255,231	62,375
Total current assets	4,396,744	3,564,460
Investments	2,538,422	2,533,272
Promises to Give	131,000	27,000
Property and Equipment, Net	3,295,450	3,780,134
Total assets	<u>\$ 10,361,616</u>	<u>\$ 9,904,866</u>
Liabilities and Net Assets		
Current Liabilities		
Current portion of debt	\$ 813,389	\$ 445,391
Accounts payable	14,333	13,896
Accrued expenses	552,942	440,240
Agency liability	24,603	29,181
Total current liabilities	1,405,267	928,708
Long-Term Liabilities		
Debt, net of current portion	1,946,737	3,237,415
Total liabilities	3,352,004	4,166,123
Net Assets		
Without donor restrictions		
Undesignated	3,749,711	2,791,863
Designated by the Board for endowment	57,979	57,979
Total without donor restrictions	3,807,690	2,849,842
With donor restrictions	3,201,922	2,888,901
Total net assets	7,009,612	5,738,743
Total liabilities and net assets	<u>\$ 10,361,616</u>	<u>\$ 9,904,866</u>

Simpson Housing Services, Inc.

Consolidated Statements of Activities

Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Contributions	\$ 1,159,022	\$ 1,543,406	\$ 2,702,428
In-kind contributions	161,721	-	161,721
Government contracts	6,618,736	-	6,618,736
Contract income	478,492	-	478,492
United Way	73,965	-	73,965
Rental income	402,172	-	402,172
Gross special event revenue	154,292	-	154,292
Less cost of direct benefits to donors	(58,319)	-	(58,319)
Net special events revenue	95,973	-	95,973
Other income	31,881	-	31,881
Gain on disposal of assets	212,127	-	212,127
Net investment return	5,150	-	5,150
Net assets released from restrictions	1,230,385	(1,230,385)	-
Total support and revenue	10,469,624	313,021	10,782,645
Expenses			
Program services			
Shelters	1,631,293	-	1,631,293
Family housing	3,953,554	-	3,953,554
Single services	3,141,555	-	3,141,555
Advocacy	55,975	-	55,975
Total program services	8,782,377	-	8,782,377
Support services			
Management and general	1,183,310	-	1,183,310
Fundraising	405,989	-	405,989
Total support services	1,589,299	-	1,589,299
Total operating expenses	10,371,676	-	10,371,676
Change in Operating Income	97,948	313,021	410,969
Non-Operating Activity			
In-kind contributions	134,417	-	134,417
In-kind expense	(134,417)	-	(134,417)
Paycheck Protection Program loan forgiveness income	859,900	-	859,900
Total non-operating activity	859,900	-	859,900
Change in Net Assets	957,848	313,021	1,270,869
Net Assets, Beginning of Year	2,849,842	2,888,901	5,738,743
Net Assets, End of Year	\$ 3,807,690	\$ 3,201,922	\$ 7,009,612

Simpson Housing Services, Inc.  
Consolidated Statements of Activities  
Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Contributions	\$ 2,075,374	\$ 810,477	\$ 2,885,851
In-kind contributions	345,578	-	345,578
Government contracts	5,636,944	-	5,636,944
Contract income	533,267	-	533,267
United Way	53,951	-	53,951
Rental income	448,219	-	448,219
Special event revenue	118,061	-	118,061
Less cost of direct benefits to donors	(50,099)	-	(50,099)
Net special events revenue	67,962	-	67,962
Other income	23,516	-	23,516
Net investment return	94,088	-	94,088
Net assets released from restrictions	763,822	(763,822)	-
Total support and revenue	10,042,721	46,655	10,089,376
Expenses			
Program services			
Shelters	1,138,406	-	1,138,406
Family housing	4,269,363	-	4,269,363
Single services	2,733,766	-	2,733,766
Advocacy	30,759	-	30,759
Total program services	8,172,294	-	8,172,294
Support services			
Management and general	787,949	-	787,949
Fundraising	388,597	-	388,597
Total support services	1,176,546	-	1,176,546
Total operating expenses	9,348,840	-	9,348,840
Change in Operating Income	693,881	46,655	740,536
Non-Operating Activity			
In-kind contributions	243,802	-	243,802
In-kind expense	(243,802)	-	(243,802)
Total non-operating activity	-	-	-
Change in Net Assets	693,881	46,655	740,536
Net Assets, Beginning of Year	2,155,961	2,842,246	4,998,207
Net Assets, End of Year	\$ 2,849,842	\$ 2,888,901	\$ 5,738,743

Simpson Housing Services, Inc.  
Consolidated Statements of Functional Expenses  
For the Year Ended June 30, 2021

	Program Services					Support Services			
	Shelters	Family Housing	Single Services	Advocacy	Total Program Services	Management and General	Fundraising	Total Support Services	Total Expenses
Expenses									
Salaries	\$ 970,567	\$ 1,557,121	\$ 1,046,455	\$ 34,777	\$ 3,608,920	\$ 517,090	\$ 284,742	\$ 801,832	\$ 4,410,752
Employee benefits	60,868	203,926	162,906	1,656	429,356	65,826	18,031	83,857	513,213
Payroll taxes	57,949	107,915	66,939	2,532	235,335	29,326	20,418	49,744	285,079
Total salaries and related expenses	1,089,384	1,868,962	1,276,300	38,965	4,273,611	612,242	323,191	935,433	5,209,044
Rental assistance and housing support	324,886	1,413,587	1,640,305	-	3,378,778	-	-	-	3,378,778
Supplies	57,691	44,657	10,062	93	112,503	7,764	1,520	9,284	121,787
Interest	-	152,483	-	-	152,483	66,212	-	66,212	218,695
Transportation	42	13,830	8,334	-	22,206	6,221	348	6,569	28,775
Insurance	27,145	27,813	14,711	-	69,669	5,669	2,314	7,983	77,652
Professional fees	15,413	67,107	47,095	1,494	131,109	307,316	54,258	361,574	492,683
Office space	21,136	37,610	56,327	-	115,073	14,590	72	14,662	129,735
Telephone and utilities	56,629	24,545	19,113	-	100,287	33,925	1,828	35,753	136,040
Repairs and maintenance	16,860	51,089	15,354	11	83,314	18,839	184	19,023	102,337
Program events	766	5,388	3,103	14,000	23,257	1,661	5,210	6,871	30,128
Printing and postage	3,094	10,354	9,008	33	22,489	4,426	15,357	19,783	42,272
Dues and subscriptions	1,665	7,836	5,040	-	14,541	25,112	748	25,860	40,401
Professional development and recruitment	1,943	8,151	903	1,379	12,376	7,101	940	8,041	20,417
Bank charges	-	-	-	-	-	3,828	-	3,828	3,828
Special events	-	-	-	-	-	-	58,319	58,319	58,319
Miscellaneous	7,014	111,901	35,900	-	154,815	57,540	19	57,559	212,374
Total operating expenses excluding depreciation	1,623,668	3,845,313	3,141,555	55,975	8,666,511	1,172,446	464,308	1,636,754	10,303,265
Simpson Housing Services depreciation	7,625	-	-	-	7,625	10,864	-	10,864	18,489
Passage Community Housing depreciation	-	82,720	-	-	82,720	-	-	-	82,720
Simpson Properties LLC depreciation	-	25,521	-	-	25,521	-	-	-	25,521
	7,625	108,241	-	-	115,866	10,864	-	10,864	126,730

See Notes to Consolidated Financial Statements



Simpson Housing Services, Inc.  
Consolidated Statements of Functional Expenses  
For the Year Ended June 30, 2021

	Program Services				Total Program Services	Support Services			Total Expenses
	Shelters	Family Housing	Single Services	Advocacy		Management and General	Fundraising	Total Support Services	
Less expenses included with revenues on the statement of activities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (58,319)	\$ (58,319)	\$ (58,319)
Total operating expenses	1,631,293	3,953,554	3,141,555	55,975	8,782,377	1,183,310	405,989	1,589,299	10,371,676
Non-operating in-kind expense	67,208	47,046	20,163	-	134,417	-	-	-	134,417
Total expenses	<u>\$ 1,698,501</u>	<u>\$ 4,000,600</u>	<u>\$ 3,161,718</u>	<u>\$ 55,975</u>	<u>\$ 8,916,794</u>	<u>\$ 1,183,310</u>	<u>\$ 405,989</u>	<u>\$ 1,589,299</u>	<u>\$ 10,506,093</u>

Simpson Housing Services, Inc.  
Consolidated Statements of Functional Expenses  
For the Year Ended June 30, 2020

	Program Services					Support Services			
	Shelters	Navigation Center	Family Housing	Single Services	Total Program Services	Management and General	Fundraising	Total Support Services	Total Expenses
Expenses									
Salaries	\$ 636,028	\$ 1,611,340	\$ 1,027,643	\$ 21,891	\$ 3,296,902	\$ 447,643	\$ 227,960	\$ 675,603	\$ 3,972,505
Employee benefits	68,296	209,851	160,442	153	438,742	12,873	18,964	31,837	470,579
Payroll taxes	48,244	116,980	75,705	1,612	242,541	33,179	16,997	50,176	292,717
Total salaries and related expenses	752,568	1,938,171	1,263,790	23,656	3,978,185	493,695	263,921	757,616	4,735,801
Rental assistance and housing support	203,746	1,666,292	1,285,221	-	3,155,259	-	-	-	3,155,259
Supplies	56,606	59,950	15,443	179	132,178	2,241	978	3,219	135,397
Interest	-	130,736	-	-	130,736	-	-	-	130,736
Transportation	679	37,891	24,689	200	63,459	3,387	242	3,629	67,088
Insurance	13,927	22,151	12,377	-	48,455	2,156	1,499	3,655	52,110
Professional fees	8,685	75,070	12,837	-	96,592	195,129	69,311	264,440	361,032
Office space	9,994	38,021	48,378	-	96,393	12,270	83	12,353	108,746
Telephone and utilities	55,750	22,902	17,391	-	96,043	19,068	1,005	20,073	116,116
Repairs and maintenance	20,035	78,929	13,181	-	112,145	667	101	768	112,913
Program events	-	16,980	2,523	5,445	24,948	1,200	656	1,856	26,804
Printing and postage	3,453	15,765	11,838	216	31,272	4,241	29,857	34,098	65,370
Dues and subscriptions	1,237	3,333	3,797	-	8,367	12,487	19,162	31,649	40,016
Professional development and recruitment	1,181	14,118	6,040	1,063	22,402	5,082	453	5,535	27,937
Bank charges	4	-	-	-	4	3,312	-	3,312	3,316
Special events	-	-	-	-	-	-	50,099	50,099	50,099
Miscellaneous	3,115	66,334	16,261	-	85,710	13,915	1,329	15,244	100,954
Total operating expenses excluding depreciation	1,130,980	4,186,643	2,733,766	30,759	8,082,148	768,850	438,696	1,207,546	9,289,694
Simpson Housing Services depreciation	7,426	-	-	-	7,426	19,099	-	19,099	26,525
Passage Community Housing depreciation	-	82,720	-	-	82,720	-	-	-	82,720
	7,426	82,720	-	-	90,146	19,099	-	19,099	109,245

Simpson Housing Services, Inc.  
Consolidated Statements of Functional Expenses  
For the Year Ended June 30, 2020

	Program Services					Support Services			
	Shelters	Navigation Center	Family Housing	Single Services	Total Program Services	Management and General	Fundraising	Total Support Services	Total Expenses
Less expenses included with revenues on the statement of activities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (50,099)	\$ (50,099)	\$ (50,099)
Total operating expenses	1,138,406	4,269,363	2,733,766	30,759	8,172,294	787,949	388,597	1,176,546	9,348,840
Non-operating in-kind expense	114,428	95,045	34,329	-	243,802	-	-	-	243,802
Total expenses	\$ 1,252,834	\$ 4,364,408	\$ 2,768,095	\$ 30,759	\$ 8,416,096	\$ 787,949	\$ 388,597	\$ 1,176,546	\$ 9,592,642

Simpson Housing Services, Inc.  
Consolidated Statements of Cash Flows  
For the Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Operating Activities		
Change in net assets	\$ 1,270,869	\$ 740,536
Adjustments to reconcile change in net assets to net cash from (used for) operating activities		
Depreciation	126,730	109,245
Paycheck Protection Program loan forgiveness income	(859,900)	-
Net investment return	(5,150)	(84,750)
Gain on disposal of property and equipment	(212,127)	-
Contributions restricted to capital campaign	(1,540,906)	(63,000)
Changes in operating assets and liabilities		
Accounts receivable	1,640	(4,616)
Grants receivable	(108,098)	(95,865)
Prepaid expenses	(192,856)	(12,486)
Accounts payable	437	(34,204)
Accrued expenses	112,702	148,119
Agency liability	(4,578)	21,109
Net Cash from (used for) Operating Activities	<u>(1,411,237)</u>	<u>724,088</u>
Investing Activities		
Change in promises to give	(87,627)	(216,521)
Purchase of property and equipment	(44,629)	(2,154,930)
Proceeds from sale of property and equipment	614,711	-
Purchase of investments	(200,330)	(500,000)
Proceeds from sale of investments	200,329	574,083
Net Cash used for Investing Activities	<u>482,454</u>	<u>(2,297,368)</u>
Financing Activities		
Payments on notes payable	(62,780)	(25,919)
Contributions restricted to capital campaign	1,540,906	63,000
Proceeds from issuance of debt	-	2,584,900
Net Cash from Financing Activities	<u>1,478,126</u>	<u>2,621,981</u>
Net Change in Cash, Cash Equivalents, and Restricted Cash	549,343	1,048,701
Cash, Cash Equivalents, and Restricted Cash, Beginning of Year	<u>2,356,100</u>	<u>1,307,399</u>
Cash, Cash Equivalents, and Restricted Cash, End of Year	<u>\$ 2,905,443</u>	<u>\$ 2,356,100</u>
Cash and Cash Equivalents	\$ 2,687,545	\$ 2,130,540
Restricted Cash - Other	130,664	129,715
Restricted Cash - Escrows and Reserves	<u>87,234</u>	<u>95,845</u>
Total cash, cash equivalents, and restricted cash	<u>\$ 2,905,443</u>	<u>\$ 2,356,100</u>
Supplemental Disclosure		
Cash paid for interest	<u>\$ 25,004</u>	<u>\$ 7,906</u>

**Note 1 - Nature of Activities and Summary of Significant Accounting Policies**

Simpson Housing Services, Inc. (the Organization) was incorporated on July 26, 1993, pursuant to the Minnesota Nonprofit Corporation Act. The Organization is dedicated to providing shelter and affordable housing with support services to homeless or imminently homeless families, men, women, and children, to assist them in their efforts to improve their life situation and to advocate for their human and civil rights. The mission is to house, support, and advocate for people experiencing homelessness. The Organization's program activities are:

Shelters

The Emergency Shelter provides shelter accommodations for up to 70 single individuals. Staff regularly meet with guests to work towards resolving housing barriers – connecting guests to resources to support ongoing stability, including a variety of housing assistance programs and supportive housing options, Veteran's services, and services to support stability in mental, chemical, and physical health.

Guests receive access to showers, laundry, toiletries, mail, and a savings program, as well as on-site mental health services, healthcare, and Veteran's services. Guests are provided three meals each day. The shelter has a savings program in which guests are encouraged to save money to apply toward more stable housing when they leave.

Family Housing

- Transitions – To provide up to two years of rental subsidy and case management services for 15 homeless families. Program emphasis is on locating permanent housing, continuing education, and employment.
- Passage Community Housing, LLC – An Organization-owned, 17-unit apartment building, providing transitional housing and case management to resident families. Program emphasis is on locating permanent housing, continuing education, and employment.
- Rapid Rehousing Program – To provide short-term rental assistance and case management services for 40 homeless families. Program emphasis is on maintaining permanent housing and employment.
- Cedar View, Youth Housing – A supportive housing project for homeless families with a youth parent. Parents must be between the ages of 18 and 24. Case management services are provided for ten families at an affordable housing project owned by Beacon Interfaith Housing Collaborative in South Minneapolis.
- Young Parent Program – To provide short-term rental assistance and case management services for 12 families. Parents must be between the ages of 18 and 24. Program emphasis is on locating permanent housing, continued education, and employment.
- Third Avenue Townhomes – A permanent supportive housing project for homeless families with a disabled family member. Case management services are provided for five families at a HUD rental certificate program Section 8 (Section 8) affordable housing project owned by Beacon Interfaith Housing Collaborative in South Minneapolis.
- Transitional Housing Program (THP) – To provide up to two years of rental subsidy and case management services for 13 homeless families. Program emphasis is on locating permanent housing, continuing education, and employment.

- Rental Assistance Program (RAP) – To provide long-term rental assistance and support services for 28 families. The program is designed to provide housing stability.
- Children and Youth Services – To provide educational support services designed to affect positive change in family dynamics and child educational success by providing parenting support, tutoring, mentoring, and direct children’s services.
- Riverside Plaza – A permanent supportive housing project for long-term homeless families. Case management services are provided for 15 families at a Section 8 affordable housing project owned by Sherman Associates in the West Bank neighborhood of Minneapolis.
- Elliot Park Apartments – A permanent supportive housing project for long-term homeless families. Case management services are provided for eight families at a Section 8 affordable housing project owned by Community Housing Development Corporation in the Elliot Park neighborhood near downtown Minneapolis.
- Family Housing Support – A permanent supportive housing project for long-term homeless families with a disabled family member. Sixty families live in site-based and scattered-site housing in Hennepin, Anoka, and Carver Counties and are provided rental assistance and case management services.

#### Single Services

- Rapid Rehousing – To provide short-term rental assistance and case management services for single adults moving directly from shelter to stable housing. Program emphasis is on locating permanent housing and employment.
- Adult Shelter Connect (ASC) – Simpson Housing Services, in collaboration with the four other shelter providers serving single adults in Hennepin County, operate the Adult Shelter Connect office located at St. Olaf Church in Minneapolis. Single adults who are in need of emergency shelter visit Adult Shelter Connect for an assessment and placement with one of the Hennepin County shelters and referrals to other services. In 2021, we added a Diversion program at the ASC, which works to prevent homelessness by diverting potential shelter guests to other community options.
- Opportunity Housing Partnership (OHP) – A collaboration between Simpson Housing Services, Aeon, and Avivo. The partnership provides support to residents at Aeon’s OHP properties, the Lamoreaux, and the Continental. These two buildings provide 129 formerly homeless adults with a safe and permanent home and provides support services to help residents regain and maintain stability in their lives, homes, and community.
- Women’s Housing Partnership (WHP) and Single Adult Rental Assistance (SARA) – To provide 50 single adults with rental subsidy and case management needed to obtain and maintain permanent housing after experiencing long-term homelessness. The program includes intensive support services and weekly meetings with a case manager.
- 66 West, Youth Housing – A supportive housing project for youth, ages 16-24, transitioning out of homelessness. Case management services are provided for 39 youth at an affordable housing project owned by Beacon Interfaith Housing Collaborative in Edina. Program emphasis is on setting and working toward personal goals in education, employment, and wellness.

### Advocacy

The focus of public policy advocacy activities at Simpson Housing is to support changes that serve the needs of the community we serve. Our program empowers staff, participants, and volunteers to speak to state legislators about funding, housing, and economic equity legislation. We pay for staff time to organize events that promote public awareness, policy change, and initiatives of the Racial Justice Task Force.

### **Principles of Consolidation**

The consolidated financial statements include the Organization's wholly owned subsidiary, Passage Community Housing, LLC, because Simpson Housing Services, Inc. has both control of and economic interest in Passage Community Housing, LLC as well as Simpson Properties, LLC, another Simpson Housing wholly owned subsidiary formed to handle the 160 Glenwood property and capital campaign funding and expenses. All material intercompany transactions have been eliminated. Unless otherwise noted, the consolidated entities are hereinafter referred to as the Organization.

### **Cash and Cash Equivalents**

The Organization considers all cash and highly liquid financial instruments with original maturities of three months or less, and which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Restricted cash – other is considered to be cash and cash equivalents.

### **Restricted Cash – Escrows and Reserves**

Passage Community Housing, LLC has specific agreements which require the establishment of tax and insurance escrows, replacement reserves, residual receipts, and development cost escrows. Restricted cash related to these items is considered to be cash and cash equivalents.

### **Investments**

Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the consolidated statement of financial position. Net investment gain is reported in the consolidated statement of activities and consists of interest and dividend income, realized and unrealized gains and losses, less investment management and custodial fees.

### **Receivables and Credit Policies**

Accounts receivable and grants receivable are stated at net realizable value. Management determines the allowance for uncollectable accounts receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Accounts receivable are written off when deemed uncollectable. There was no allowance recorded at June 30, 2021 or 2020.

### **Promises to Give**

Unconditional promises to give expected to be collected within one year are recorded at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the consolidated statement of activities. Management determines the allowance for uncollectable promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. All promises to give are current and due within one year. There was no allowance recorded at June 30, 2021 or 2020.

### **Property and Equipment**

Property and equipment additions over \$1,500 are recorded at cost, or if donated, at fair value on the date of donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets ranging from three to 30 years. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any remaining gain or loss is included in the consolidated statement of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

The Organization reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the years ended June 30, 2021 and 2020.

### **Compensated Absences**

Under the Organization's policies and procedures, employees are granted vacation leave based on the number of years of experience they have at the Organization. Employees may carryover a maximum of 120 hours of their earned paid time off (PTO) leave benefit. Unused accumulated PTO, up to 120 hours, is paid to employees upon termination.

In May of 2020, Simpson Housing Services made a temporary change to the current PTO policy to allow employees to carry over 200 hours of PTO rather than 120 for the fiscal year end June 30, 2020. This temporary policy change put into effect due to the COVID-19 Pandemic which affected many vacation plans. After July 1, 2020, staff with over 120 hours were required to take 40 hours of PTO by October 1, 2020, and 60 hours by February 1, 2021, or make a PTO plan with supervisors to ensure that each employee's balance is under 120 hours at June 30, 2021.



## **Net Assets**

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

*Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing Board has designated, from net assets without donor restrictions, net assets for a Board-designated endowment.

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

## **Revenue and Revenue Recognition**

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

The Organization's federal and state contracts and grants are conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses. Rent income from tenants and tenant assistance payments is recognized in the month in which it is earned.

## **Contributed Property and Services**

Donated services are recognized as contributions if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Property, services, and other non-cash donations are recorded as in-kind contributions at their estimated market value at the date of donation.

In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization, but these services do not meet the criteria for recognition as contributed services.

### **Functional Allocation of Expenses**

The costs of program and supporting services activities have been summarized on a functional basis in the consolidated statements of activities. The consolidated statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The consolidated financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation, which is allocated based on full time equivalents utilizing each facility and by function. Salaries, benefits, payroll taxes, and professional fees are classified by functional area. Additionally, interest, insurance, and miscellaneous, are allocated on the basis of full-time equivalents by functional area.

### **Income Taxes**

The Organization is organized as a Minnesota nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3), qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi), and has been determined not to be a private foundation under Section 509(a)(1). Passage Community Housing, LLC and Simpson Properties, LLC maintain exempt status under the Organizations exemption since the Organization is the sole member of Passage Community Housing, LLC and Simpson Properties, LLC. The Organization is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Organization is subject to income tax on net income that is derived from business activities that are unrelated to the exempt purposes. The Organization has determined it does not have any unrelated trade or business activities.

The Organization believes that it has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the consolidated financial statements. The Organization would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

### **Estimates**

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of 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 and those differences could be material.

### **Financial Instruments and Credit Risk**

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

## Subsequent Events

The Organization has evaluated subsequent events through April 27, 2022, the date the financial statements were available to be issued.

## Note 2 - Liquidity and Availability

The Organization manages its liquidity and reserves following three guiding principles: Operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. The Organization has a liquidity policy to maintain current financial assets, less current liabilities at a minimum of 30 days operating expenses.

Financial assets available to meet cash needs for general expenditures within one year consist of the following:

- Assets without donor restrictions listed below.
- Contributions with donor restrictions for use in current programs which are ongoing, major, and central to its annual operations, expected to be used in the next 12 months.

	<u>2021</u>	<u>2020</u>
Assets without donor restrictions available within 12 months		
Cash and cash equivalents	\$ 2,687,545	\$ 2,130,540
Certificates of deposit	208,749	208,749
Accounts receivable, net	5,461	7,101
Grants receivable, net	<u>624,633</u>	<u>516,535</u>
	3,526,388	2,862,925
Assets with donor restrictions available within 12 months		
Contributions expected to be collected	327,518	813,866
Investments	<u>612,096</u>	<u>575,978</u>
Total	<u>\$ 4,466,002</u>	<u>\$ 4,252,769</u>

As part of a liquidity management plan, cash in excess of daily requirements is invested in short-term investments, certificates of deposit, and money market funds

### Note 3 - Promises to Give

Unconditional promises to give are established to be collected as follows at June 30, 2021 and 2020:

	2021	2020
Amount due		
Within one year	\$ 397,227	\$ 386,600
In one to five years	131,000	27,000
Promises to give	<u>\$ 528,227</u>	<u>\$ 413,600</u>

### Note 4 - Investments

Fair value is defined as the price that would be received to sell an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. Fair value should be based on the assumptions market participants would use when pricing an asset. Generally accepted accounting principles in the United States establishes a fair value hierarchy that prioritizes investments based on those assumptions. The fair value hierarchy gives the highest priority to quoted prices in active markets (observable inputs) and the lowest priority to an entity's assumptions (unobservable inputs). The Organization groups assets at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. These levels are:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset or liability. In these situations, the Organization develops inputs using the best information available in the circumstances.

The Organization invests in mutual funds with readily determinable fair values based on daily redemption values which are classified within Level 1. The Organization invests in certificates of deposit (CDs) traded in the financial markets. Those CDs and U.S. government obligations are valued by the custodians of the securities using pricing models based on credit quality, time to maturity, stated interest rates, and market-rate assumptions and are classified within Level 2. Cash and money market funds are recorded at cost.

The following table present assets measured at fair value on a recurring basis at June 30, 2021 and 2020:

		Fair Value Measurements at Report Date Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	Total			
<u>June 30, 2021</u>				
Investments				
Certificates of deposit	\$ 398,834	\$ -	\$ 398,834	\$ -
Mutual funds	1,111,327	1,111,327	-	-
U.S. Government obligations	405,322	-	405,322	-
	<u>1,915,483</u>	<u>\$ 1,111,327</u>	<u>\$ 804,156</u>	<u>\$ -</u>
Cash and money market funds (at cost)	<u>622,939</u>			
	<u>\$ 2,538,422</u>			
Certificate of deposit (at cost)	<u>\$ 208,749</u>			
<u>June 30, 2020</u>				
Investments				
Certificates of deposit	\$ 724,351	\$ -	\$ 724,351	\$ -
Mutual funds	630,629	630,629	-	-
U.S. Government obligations	815,604	-	815,604	-
	<u>2,170,584</u>	<u>\$ 630,629</u>	<u>\$ 1,539,955</u>	<u>\$ -</u>
Cash and money market funds (at cost)	<u>362,688</u>			
	<u>\$ 2,533,272</u>			
Certificate of deposit (at cost)	<u>\$ 208,749</u>			

## **Note 5 - Restricted Cash**

Certain cash balances are restricted as of June 30, 2021 and 2020, for the following purposes:

	<u>2021</u>	<u>2020</u>
Transitional housing	\$ 106,253	\$ 106,242
Shelter guest savings	4,800	4,185
Security deposits (Passage)	19,611	19,288
Escrows and reserves (Passage)	<u>87,234</u>	<u>95,845</u>
	<u>\$ 217,898</u>	<u>\$ 225,560</u>

### **Real Estate Tax and Insurance Escrow**

The Minnesota Housing Finance Agency (MHFA) mortgage agreement requires the establishment of a property tax and insurance escrow. These amounts are held by MHFA. Amounts consisted of (\$10,062) and \$153, respectively, as of June 30, 2021, and \$4,767 and \$4,143, respectively, as of June 30, 2020, for property tax insurance escrow.

### **Replacement Reserve**

The MHFA mortgage agreement requires a certain amount to be set aside for maintenance work on the property. These amounts are held by MHFA. As of June 30, 2021 and 2020, the replacement reserve balance totaled \$48,969 and \$36,127, respectively.

### **Development Cost Escrow**

The MHFA mortgage agreement requires a certain amount to be set aside in the event the Organization cannot meet debt service requirements. These amounts are held by MHFA. As of June 30, 2021 and 2020, the development cost escrow balance totaled \$0.

### **Residual Receipts**

The MHFA mortgage agreement requires a certain amount to be set aside for excess cash payments made among other escrow and reserve accounts. These amounts are held by MHFA. As of June 30, 2021 and 2020, the replacement reserve balance totaled \$43,560 and \$55,422, respectively.

## Note 6 - Property and Equipment

Property and equipment as of June 30, 2021 and 2020, consists of the following:

	2021	2020
Land	\$ 1,678,795	\$ 1,879,295
Building	1,926,134	2,355,634
Vehicles	36,363	36,363
Building improvements	514,625	645,713
Furniture and equipment	101,628	70,409
Construction in process	10,250	-
	<u>4,267,795</u>	<u>4,987,414</u>
Less accumulated depreciation	<u>(972,345)</u>	<u>(1,207,280)</u>
	<u><u>\$ 3,295,450</u></u>	<u><u>\$ 3,780,134</u></u>

Currently, the Organization is developing plans to transform a site into a new shelter and housing facility with expanded services and the addition of 40 units of affordable, supportive housing. As part of these plans, the Organization has established a Comprehensive Campaign to raise the funds to support these building and service expansion plans, as well as offices and other strategic investments.

## Note 7 - Notes and Mortgage Payable

The Organization has various debt agreements for interest-bearing and non-interest-bearing loans. The following schedule of debt reflects the balance of outstanding loans at June 30, 2021 and 2020:

	2021	2020
5% Mortgage note payable to Minnesota Housing Finance Agency (MHFA). Payable in monthly amounts of \$2,631, including interest, with the last payment due September 2021. Secured by assets of Passage Community Housing, LLC. Lien Priority 1.	\$ 6,931	\$ 34,176
0% Installment note payable to MHFA is due if units are not used for low income housing through September 2021. If the Organization is not in default of the loan through that date, the note is due in one lump sum in September 2021. Secured by assets of Passage Community Housing, LLC. Lien Priority 2.	35,000	35,000

Simpson Housing Services, Inc.  
Notes to Consolidated Financial Statements  
June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
0% Installment note payable to City Finance Agency is due if units are not used for low income housing through September 2021. If the Organization is not in default of the loan through that date, the note is due in one lump sum in September 2021. Secured by assets of Passage Community Housing, LLC. Lien Priority 3.	\$ 425,730	\$ 425,730
1% Installment note payable to City Finance Agency is due if units are not used for low income housing through July 2033. If the Organization is not in default of the loan through that date, the note is due in one lump sum, including interest, in July 2033. Secured by assets of Passage Community Housing, LLC. Lien Priority 4.	300,000	300,000
0% Installment note payable to MHFA is due if units are not used for low income housing through September 2021. If the Organization is not in default of the loan through that date, the note is due in one lump sum in September 2021. Secured by assets of Passage Community Housing, LLC. Lien Priority 5.	148,500	148,500
0% Installment note payable to MHFA is due if units are not used for low income housing through September 2021. If the Organization is not in default of the loan through that date, the note is due in one lump sum in September 2021. Secured by assets of Passage Community Housing, LLC. Lien Priority 6.	120,500	120,500
4.15% Mortgage note payable to Bremer Bank for land and building at 160 Glenwood. Due in monthly installments of \$9,250, which reflects a 25-year amortization period with a balloon payment of \$1,410,162 due June 29, 2027.	1,689,465	1,725,000
1% Paycheck Protection Program loan, due in monthly installments of \$48,393 starting November 2020, including interest to April 2022, unsecured (1).	-	859,900
0% Installment note payable to Wells Fargo Bank Minnesota, NA is due if units are not used for low income housing through September 2021. If the Organization is not in default of the loan through that date, the note is due in one lump sum in September 2021. Secured by assets of Passage Community Housing, LLC. Lien Priority 7.	<u>34,000</u>	<u>34,000</u>
	2,760,126	3,682,806
Less current portion	<u>(813,389)</u>	<u>(445,391)</u>
Long-term portion	<u>\$ 1,946,737</u>	<u>\$ 3,237,415</u>



Order of lien priority was agreed upon in the Management and Assumption Agreement between MHFA and Passage Community Housing, LLC.

- (1) The Organization was granted a \$859,900 loan under the Paycheck Protection Program (PPP) administered by a Small Business Administration (SBA) approved partner. The loan was uncollateralized and fully guaranteed by the Federal government. The Organization initially recorded a note payable and subsequently recorded forgiveness when the loan obligation was legally released by the SBA. The Organization recognized \$859,900 of loan forgiveness income for the year ended June 30, 2021.

Future principal payments required are as follows:

Years Ending June 30,	Amount
2022	\$ 813,389
2023	43,478
2024	45,317
2025	47,234
2026	49,231
Thereafter	1,761,477
	<u>\$ 2,760,126</u>

In-kind interest expense of \$120,850 for below-market loans has been recorded as an in-kind contribution and included in interest expense for the years ended June 30, 2021 and 2020.

## Note 8 - Leases

The Organization leases office space and office equipment under non-cancelable operating leases. Minimum future rental payments under the non-cancelable leases for each year during the remaining lease terms are as follows:

Years Ending June 30,	Office Space	Office Equipment	Total
2022	\$ 36,282	\$ 19,565	\$ 55,847
2023	-	8,526	8,526
2024	-	2,517	2,517
2025	-	1,289	1,289
	<u>\$ 36,282</u>	<u>\$ 31,897</u>	<u>\$ 68,179</u>

Lease expense for the year ended June 30, 2021 and 2020, was \$105,583 and \$100,440, respectively.

**Note 9 - Board-Designated Endowment**

As of June 30, 2021 and 2020, \$57,979 of net assets without donor restrictions were included in an endowment created by and designated by the Board of Directors. The Board has designated this endowment for major capital expenditures or new projects or programs. In a 12-month period, expenditures from the Board-designated endowment may not exceed 10% of the overall value of the fund. All expenditures from the fund must be approved by the Board.

**Note 10 - Net Assets With Donor Restrictions**

Net assets with donor restrictions are restricted for the following purposes or periods as June 30, 2021 and 2020:

	2021	2020
Subject to expenditure for specified purpose		
Child and youth services	\$ 142,555	\$ 420,734
Shelter	11,222	148,913
Emerson Legacy Fund	99,972	100,912
Day 1 Family Fund	1,224,203	1,780,091
Comprehensive Campaign	1,663,906	181,000
Subject to the passage of time	60,064	257,251
	<u>\$ 3,201,922</u>	<u>\$ 2,888,901</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended June 30, 2021 and 2020, consist of the following:

	2021	2020
Satisfaction of purpose restrictions		
Child and youth services	\$ 278,179	\$ 194,956
Shelter	137,691	2,639
Emerson Legacy Fund	940	7,800
Day 1 Family Fund	555,888	555,888
Comprehensive Campaign	58,000	-
Expiration of time restrictions	199,687	2,539
	<u>\$ 1,230,385</u>	<u>\$ 763,822</u>

#### **Note 11 - Donated Materials and Interest**

The fair value of donated materials included in special event revenue and as supporting services expenses for the years ended June 30, 2021 and 2020, totaled \$44,865 and \$34,135, respectively. The fair value of donated materials included as non-operating revenue and expense for the years ended June 30, 2021 and 2020, totaled \$134,417 and \$243,802, respectively. The fair value of donated materials (primarily meals) included as program service expense for the years ended June 30, 2021 and 2020, totaled \$40,871 and \$224,728.

The estimated value of donated interest expense on non-interest bearing or below market mortgages and notes payable has been included as program services expenses for the years ended June 30, 2021 and 2020. For the years ended June 30, 2021 and 2020, this totaled to \$120,850 for both years.

#### **Note 12 - Retirement Plan**

The Organization has a simple IRA plan for all eligible employees. The annual employer's matching contribution is mandatory. The contributions made by the Organization totaled \$57,219 and \$53,982 for the years ended June 30, 2021 and 2020, respectively.

#### **Note 13 - Related Party Transactions**

The Organization receives contributions from Board members and other related parties. Contributions received from Board members, staff, and other related parties were \$45,803 and \$47,550 in the years ended June 30, 2021 and 2020, respectively.

#### **Note 14 - Contingency**

##### **COVID-19 Pandemic**

During the year-end June 30, 2021 and 2020, the United States and global markets experienced significant volatility resulting from uncertainty caused by the world-wide coronavirus pandemic. The Organization is closely monitoring its investment portfolio and its liquidity and is actively working to minimize the impact of this volatility. The Organization's consolidated financial statements do not include adjustments to fair value of investments that have resulted from this volatility.

Furthermore, the Organization has been impacted by the overall effects of the world-wide coronavirus pandemic. The Organization is closely monitoring its operations, liquidity, and capital resources and is actively working to minimize the current and future impact of this unprecedented situation. As of the date of issuance of these consolidated financial statements, the full impact to the Organization's financial position is not known.



Supplementary Information  
June 30, 2021 and 2020

**Simpson Housing Services, Inc.**



## Independent Auditor's Report on Supplementary Information

The Board of Directors  
Simpson Housing Services, Inc.  
Minneapolis, Minnesota

We have audited the consolidated financial statements of Simpson Housing Services, Inc. as of and for the years ended June 30, 2021 and 2020, and our report thereon dated April 27, 2022, which expressed an unmodified opinion on those consolidated financial statements, appears on pages 1 and 2. Our audit was conducted for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The supplementary information on pages 27 through 32 is presented for the purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

A handwritten signature in black ink that reads "EideBailly LLP".

Fargo, North Dakota  
April 27, 2022

Simpson Housing Services, Inc.  
Consolidating Statement of Financial Position  
June 30, 2021

	Simpson Housing Services, Inc.	Passage Community Housing, LLC	Simpson Properties LLC	Eliminations	Total
Assets					
Current Assets					
Cash and cash equivalents	\$ 1,989,016	\$ 3,069	\$ 695,460	\$ -	\$ 2,687,545
Restricted cash - other	111,053	19,611	-	-	130,664
Restricted cash - escrow and reserves	-	87,234	-	-	87,234
Certificates of deposit	208,749	-	-	-	208,749
Accounts receivable	578,038	5,461	-	(578,038)	5,461
Promises to give	117,600	-	279,627	-	397,227
Grants receivable	624,633	-	-	-	624,633
Prepaid expenses	250,231	-	5,000	-	255,231
Total current assets	3,879,320	115,375	980,087	(578,038)	4,396,744
Investments	2,538,422	-	-	-	2,538,422
Long-Term Pledges	6,000	-	125,000	-	131,000
Property and Equipment, Net	481,866	673,926	2,139,658	-	3,295,450
Total assets	<u>\$ 6,905,608</u>	<u>\$ 789,301</u>	<u>\$ 3,244,745</u>	<u>\$ (578,038)</u>	<u>\$ 10,361,616</u>

Simpson Housing Services, Inc.  
Consolidating Statement of Financial Position  
June 30, 2021

	Simpson Housing Services, Inc.	Passage Community Housing	Simpson Properties LLC	Eliminations	Total
<b>Liabilities and Net Assets</b>					
<b>Current Liabilities</b>					
Current portion of debt	\$ -	\$ 770,661	\$ 42,728	\$ -	\$ 813,389
Accounts payable	3,197	11,136	578,038	(578,038)	14,333
Accrued expenses	479,564	73,378	-	-	552,942
Agency liability	24,603	-	-	-	24,603
Total current liabilities	507,364	855,175	620,766	(578,038)	1,405,267
<b>Long-Term Liabilities</b>					
Debt, net of current portion	-	300,000	1,646,737	-	1,946,737
Total liabilities	507,364	1,155,175	2,267,503	(578,038)	3,352,004
<b>Net Assets</b>					
Without donor restrictions					
Undesignated	4,467,806	(365,874)	(352,221)	-	3,749,711
Designated by the Board for endowment	57,979	-	-	-	57,979
Total without donor restrictions	4,525,785	(365,874)	(352,221)	-	3,807,690
With donor restrictions	1,872,459	-	1,329,463	-	3,201,922
Total net assets	6,398,244	(365,874)	977,242	-	7,009,612
Total liabilities and net assets	\$ 6,905,608	\$ 789,301	\$ 3,244,745	\$ (578,038)	\$ 10,361,616

Simpson Housing Services, Inc.  
Consolidating Statement of Financial Position  
June 30, 2020

	Simpson Housing Services, Inc.	Passage Community Housing, LLC	Simpson Properties LLC	Eliminations	Total
Assets					
Current Assets					
Cash and cash equivalents	\$ 2,074,358	\$ 1,182	\$ 55,000	\$ -	\$ 2,130,540
Restricted cash - other	110,427	19,288	-	-	129,715
Restricted cash - escrow and reserves	-	95,845	-	-	95,845
Certificates of deposit	208,749	-	-	-	208,749
Accounts receivable	546,376	7,101	-	(546,376)	7,101
Promises to give	388,600	-	25,000	-	413,600
Grants receivable	516,535	-	-	-	516,535
Prepaid expenses	57,374	-	5,001	-	62,375
Total current assets	3,902,419	123,416	85,001	(546,376)	3,564,460
Investments	2,533,272	-	-	-	2,533,272
Long-Term Pledges	27,000	-	-	-	27,000
Property and Equipment, Net	868,560	756,645	2,154,929	-	3,780,134
Total assets	<u>\$ 7,331,251</u>	<u>\$ 880,061</u>	<u>\$ 2,239,930</u>	<u>\$ (546,376)</u>	<u>\$ 9,904,866</u>



Simpson Housing Services, Inc.  
Consolidating Statement of Financial Position  
June 30, 2020

	Simpson Housing Services, Inc.	Passage Community Housing	Simpson Properties LLC	Eliminations	Total
<b>Liabilities and Net Assets</b>					
<b>Current Liabilities</b>					
Current portion of debt	\$ 378,185	\$ 27,245	\$ 39,961	\$ -	\$ 445,391
Accounts payable	8,591	5,305	546,376	(546,376)	13,896
Accrued expenses	373,010	67,230	-	-	440,240
Agency liability	29,181	-	-	-	29,181
Total current liabilities	788,967	99,780	586,337	(546,376)	928,708
<b>Long-Term Liabilities</b>					
Debt, net of current portion	481,715	1,070,661	1,685,039	-	3,237,415
Total liabilities	1,270,682	1,170,441	2,271,376	(546,376)	4,166,123
<b>Net Assets</b>					
Without donor restrictions					
Undesignated	3,113,689	(290,380)	(31,446)	-	2,791,863
Designated by the Board for endowment	57,979	-	-	-	57,979
Total without donor restrictions	3,171,668	(290,380)	(31,446)	-	2,849,842
With donor restrictions	2,888,901	-	-	-	2,888,901
Total net assets	6,060,569	(290,380)	(31,446)	-	5,738,743
Total liabilities and net assets	\$ 7,331,251	\$ 880,061	\$ 2,239,930	\$ (546,376)	\$ 9,904,866

Simpson Housing Services, Inc.  
Consolidating Statement of Activities  
Year Ended June 30, 2021

	Simpson Housing Services, Inc.	Passage Community Housing, LLC	Simpson Properties LLC	Eliminations	Total
<b>Without Donor Restrictions Activities</b>					
Support and revenue					
Contributions	\$ 1,159,022	\$ -	\$ -	\$ -	\$ 1,159,022
In-kind contributions	40,871	120,850	-	-	161,721
Government contracts	6,618,736	-	-	-	6,618,736
Contract income	514,187	-	-	(35,695)	478,492
United Way	73,965	-	-	-	73,965
Rental income	185,277	216,895	-	-	402,172
Gross special event revenue	154,292	-	-	-	154,292
Less cost of direct benefit to donors	(58,319)	-	-	-	(58,319)
Net special events revenue	95,973	-	-	-	95,973
Other income	30,194	1,687	-	-	31,881
Gain on disposal of assets	212,127	-	-	-	212,127
Net investment return	5,150	-	-	-	5,150
Net assets released from restriction	1,199,427	-	30,958	-	1,230,385
Total support and revenue	10,134,929	339,432	30,958	(35,695)	10,469,624
Expenses					
Program services					
Shelters	1,631,293	-	-	-	1,631,293
Family housing	3,586,465	402,784	-	(35,695)	3,953,554
Single services	3,141,555	-	-	-	3,141,555
Advocacy	55,975	-	-	-	55,975
Total program services	8,415,288	402,784	-	(35,695)	8,782,377
Support services					
Management and general	819,435	12,142	351,733	-	1,183,310
Fundraising	405,989	-	-	-	405,989
Total support services	1,225,424	12,142	351,733	-	1,589,299
Total operating expenses	9,640,712	414,926	351,733	(35,695)	10,371,676
Change in Net Assets Without Donor Restrictions	494,217	(75,494)	(320,775)	-	97,948
Non-Operating Without Donor Restrictions Activity					
In-kind contributions	134,417	-	-	-	134,417
In-kind expense	(134,417)	-	-	-	(134,417)
PPP loan forgiveness income	859,900	-	-	-	859,900
Total unrestricted non-operating activity	859,900	-	-	-	859,900
Change in Net Assets Without Donor Restrictions	1,354,117	(75,494)	(320,775)	-	957,848
With Donor Restrictions Activity					
Support and revenue					
Contributions	182,985	-	1,360,421	-	1,543,406
Net assets released from restriction	(1,199,427)	-	(30,958)	-	(1,230,385)
Change in Net Assets With Donor Restrictions	(1,016,442)	-	1,329,463	-	313,021
Change in Net Assets	337,675	(75,494)	1,008,688	-	1,270,869
Net Assets, Beginning of Year	6,060,569	(290,380)	(31,446)	-	5,738,743
Net Assets, End of Year	\$ 6,398,244	\$ (365,874)	\$ 977,242	\$ -	\$ 7,009,612

Simpson Housing Services, Inc.  
Consolidating Statement of Activities  
Year Ended June 30, 2020

	Simpson Housing Services, Inc.	Passage Community Housing, LLC	Simpson Properties LLC	Eliminations	Total
Without Donor Restrictions Activities					
Support and revenue					
Contributions	\$ 2,050,374	\$ -	\$ 25,000	\$ -	\$ 2,075,374
In-kind contributions	224,728	120,850	-	-	345,578
Government contracts	5,636,944	-	-	-	5,636,944
Contract income	570,047	-	-	(36,780)	533,267
United Way	53,951	-	-	-	53,951
Rental income	209,540	238,679	-	-	448,219
Gross special event revenue	118,061	-	-	-	118,061
Less cost of direct benefit to donors	(50,099)	-	-	-	(50,099)
Net special events revenue	67,962	-	-	-	67,962
Other income	26,008	4,308	-	(6,800)	23,516
Net investment return	94,088	-	-	-	94,088
Net assets released from restriction	763,822	-	-	-	763,822
Total support and revenue	9,697,464	363,837	25,000	(43,580)	10,042,721
Expenses					
Program services					
Shelters	1,138,406	-	-	-	1,138,406
Family housing	3,863,656	449,287	-	(43,580)	4,269,363
Single services	2,733,766	-	-	-	2,733,766
Advocacy	30,759	-	-	-	30,759
Total program services	7,766,587	449,287	-	(43,580)	8,172,294
Support services					
Management and general	731,417	137	56,395	-	787,949
Fundraising	388,546	-	51	-	388,597
Total support services	1,119,963	137	56,446	-	1,176,546
Total operating expenses	8,886,550	449,424	56,446	(43,580)	9,348,840
Change in Net Assets Without Donor Restrictions	810,914	(85,587)	(31,446)	-	693,881
Non-Operating Without Donor Restrictions Activity					
In-kind contributions	243,802	-	-	-	243,802
In-kind expense	(243,802)	-	-	-	(243,802)
Total non-operating activity without donor restrictions	-	-	-	-	-
Change in Net Assets Without Donor Restrictions	810,914	(85,587)	(31,446)	-	693,881
With Donor Restrictions Activity					
Support and Revenue					
Contributions	810,477	-	-	-	810,477
Net assets released from restriction	(763,822)	-	-	-	(763,822)
Change in Net Assets With Donor Restrictions	46,655	-	-	-	46,655
Change in Net Assets	857,569	(85,587)	(31,446)	-	740,536
Net Assets, Beginning of Year	5,203,000	(204,793)	-	-	4,998,207
Net Assets, End of Year	\$ 6,060,569	\$ (290,380)	\$ (31,446)	\$ -	\$ 5,738,743