

**SABATHANI COMMUNITY CENTER, INC.**

**INDEPENDENT AUDITOR'S REPORT  
AND  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**



**Prepared By  
Mark Anthony Felton  
Certified Public Accountant  
July 12, 2020**



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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Sabathani Community Center  
Minneapolis, Minnesota

I have audited the accompanying financial statements of Sabathani Community Center, Inc. (Sabathani), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, cash flow and functional expenses, for the year then ended, 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 these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or to error.

### **Auditor's Responsibility**

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or to 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

**Opinion**

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sabathani as of December 31, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Mark Anthony Felton*

Minneapolis, MN  
July 12, 2020

**SABATHANI COMMUNITY CENTER, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**As of December 31, 2019**

	<u>2019</u>	<u>2018</u>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 310,187	\$ 257,470
Tenant rents receivable, net of \$5,000 allowance	33,908	33,318
Accounts receivable	5,341	235
Contracts receivable	45,019	64,383
Prepaid expenses	<u>23,819</u>	<u>2,412</u>
<b>Total Current Assets</b>	<b>418,274</b>	<b>357,818</b>
<b>Long Term Assets</b>		
Investments	360,485	357,603
Construction in progress	315,197	297,386
<b>Property and Equipment</b>		
Fixed assets, net of depreciation	<u>566,908</u>	<u>693,169</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 1,660,864</u></b>	<b><u>\$ 1,705,976</u></b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 40,365	\$ 56,092
Unearned revenue - Jan rent	15,636	-
Accrued expenses	<u>24,954</u>	<u>23,700</u>
<b>Total Current Liabilities</b>	<b>80,955</b>	<b>79,792</b>
<b>Long Term Liabilities</b>		
LISC Loan	40,000	40,000
Security deposits	<u>46,249</u>	<u>52,605</u>
<b>TOTAL LIABILITIES</b>	<b>167,204</b>	<b>172,397</b>
<b>NET ASSETS</b>		
Net assets without donor restrictions	<u>1,493,660</u>	<u>1,533,579</u>
<b>Total net assets without donor restrictions</b>	<b>1,493,660</b>	<b>1,533,579</b>
Net assets with donor restrictions	<u>-</u>	<u>-</u>
<b>TOTAL NET ASSETS</b>	<b><u>1,493,660</u></b>	<b><u>1,533,579</u></b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 1,660,864</u></b>	<b><u>\$ 1,705,976</u></b>

**SABATHANI COMMUNITY CENTER, INC.**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended December 31, 2019**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>SUPPORT AND REVENUE</b>			
Contributions	\$ 286,948	\$ -	\$ 286,948
United Way	66,356		66,356
Government contracts	85,178		85,178
Rental income	1,067,040		1,067,040
Program service fees	2,410		2,410
Investment income	2,882		2,882
In-kind income	4,692		4,692
Miscellaneous	128		128
Net assets released from restrictions	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL SUPPORT AND REVENUE</b>	<u>1,515,634</u>	<u>-</u>	<u>1,515,634</u>
<b>EXPENSES:</b>			
Program expenses:			
Food Shelf	288,672		288,672
Family Resources	30,146		30,146
Horizons Youth	60,093		60,093
Senior Center	117,835		117,835
Health and Wellness	6,058		6,058
Building Operations	<u>690,755</u>		<u>690,755</u>
Total Program Expenses	1,193,559		1,193,559
Management and general	294,020		294,020
Fundraising	<u>67,973</u>		<u>67,973</u>
<b>TOTAL EXPENSES</b>	<u>1,555,553</u>		<u>1,555,553</u>
<b>CHANGE IN NET ASSETS</b>	<u>(39,919)</u>	<u>-</u>	<u>(39,919)</u>
<b>NET ASSETS AT BEGINNING OF YEAR</b>	1,533,579	-	1,533,579
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ 1,493,660</u>	<u>\$ -</u>	<u>\$ 1,493,660</u>

**SABATHANI COMMUNITY CENTER, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**For the Year Ended December 31, 2019**

	Program Services						Total	Support Services		TOTAL
	Food Shelf	Family Resources	Horizons Youth	Senior Center	Health & Wellness	Building Operations		Mgmt and General	Fund-raising	Total
Salaries	\$ 96,053	\$ 490	\$ 9,446	\$ 57,574	\$ -	\$ 101,618	\$ 265,180	\$ 77,439	\$ 43,539	\$ 386,158
Payroll taxes	6,889	35	677	4,129	-	7,288	19,020	5,554	3,123	27,697
Benefits	6,065	1,076	-	7,461	-	12,684	27,287	9,904	5,854	43,045
Total personnel	109,007	1,601	10,123	69,164	-	121,591	311,487	92,897	52,516	456,899
Other staff expenses	-	-	-	-	-	-	-	17,818	-	17,818
Occupancy	111,658	53	37,668	-	-	353,544	502,924	561	-	503,485
Program expenses	23,687	777	6,296	8,234	3,870	200	43,064	464	571	44,099
Professional fees	11,124	25,375	2,785	23,215	1,775	28,195	92,468	60,120	5,337	157,925
Accounting/audit	-	-	-	-	-	-	-	57,100	-	57,100
Office expenses	2,708	1,055	1,654	2,442	414	12,383	20,656	9,344	1,489	31,489
Insurance	15,922	81	1,566	9,544	-	16,845	43,958	12,837	7,217	64,012
Furniture and equipment	10,903	-	-	-	-	592	11,495	11,918	-	23,413
Transportation	3,290	65	-	-	-	825	4,180	2,962	-	7,142
Miscellaneous	373	1,139	-	5,161	-	130	6,803	107	91	7,001
Dues, licenses and subscriptions	-	-	-	75	-	1,604	1,679	921	752	3,352
Property taxes	-	-	-	-	-	-	-	23,304	-	23,304
Bad debts	-	-	-	-	-	17,114	17,114	-	-	17,114
In-kind expenses	-	-	-	-	-	4,692	4,692	-	-	4,692
Bank and credit card fees	-	-	-	-	-	-	-	3,668	-	3,668
Total expenses before depreciation	288,672	30,146	60,093	117,835	6,058	557,715	1,060,519	294,020	67,973	1,422,513
Depreciation	-	-	-	-	-	133,040	133,040	-	-	133,040
Total expenses	<u>\$ 288,672</u>	<u>\$ 30,146</u>	<u>\$ 60,093</u>	<u>\$ 117,835</u>	<u>\$ 6,058</u>	<u>\$ 690,755</u>	<u>\$1,193,559</u>	<u>\$ 294,020</u>	<u>\$ 67,973</u>	<u>\$1,555,553</u>
							76.7%	18.9%	4.4%	100.0%

**SABATHANI COMMUNITY CENTER, INC.**  
**STATEMENT OF CASH FLOWS**  
**For the Year Ended December 31, 2019**

	<u>2019</u>	<u>2018</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase (decrease) in net assets	\$ (39,919)	\$ (123,699)
<b>Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:</b>		
Depreciation	133,040	139,188
<b>(Increase) decrease in assets:</b>		
Accounts receivable	(5,106)	27,809
Rents receivable	(590)	
Grants receivable	-	25,037
Contracts receivable	19,364	(52,200)
Prepaid expenses	(21,407)	146
<b>Increase (decrease) in liabilities:</b>		
Accounts payable	(15,726)	5,327
Security deposit	(6,356)	10,805
Loan	-	-
Deferred revenue	15,636	(5,300)
Accrued payroll and benefits	1,254	(14,248)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>80,190</u>	<u>12,866</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets, construction in progress	(24,591)	(78,470)
Change in long term investments	(2,882)	(4,325)
<b>NET CASH (USED) BY INVESTING ACTIVITIES</b>	<u>(27,473)</u>	<u>(82,795)</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	<u>52,717</u>	<u>(69,928)</u>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>257,470</u>	<u>327,398</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u>\$ 310,187</u>	<u>\$ 257,470</u>

**SABATHANI COMMUNITY CENTER, INC.**  
**NOTES TO THE FINANCIAL STATEMENT**  
**As of and for the Year Ended December 31, 2019**

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

**Nature of Activities**

Sabathani Community Center, Inc. (Sabathani) was founded in 1966 by concerned residents and members of Sabathani Baptist Church in South Minneapolis. The founders wanted to provide recreation for kids in the neighborhood. At the time, there were few facilities to serve their needs.

Today, Sabathani is a multi-purpose social service center committed to making a difference in people's lives by providing access to quality programs and human services. The programs presently conducted by Sabathani include the following:

Family Resource Services

A resource center to meet basic family needs through counseling, resource education, food and clothing shelves, housing information and referrals, advocacy and case follow-up.

Horizons Youth

An after-school program that assists youth in overcoming barriers to social, emotional, and educational development. The program focuses on math and reading, plus opportunities to learn computer skills.

Health & Wellness

An integrated health and wellness initiative that focuses on preventative care and health education. The program features a pediatric clinic and health and wellness classes to encourage healthy lifestyle choices.

Senior Center

A senior center that provides a supportive social environment for the elderly. Activities include medical and legal clinics, hot meal programs, field trips, workshops, daily open lounge, as well as information, referral and advocacy services for seniors.

Building Operations

Building Operations provides office and program space to nonprofit organizations and small businesses. The land and buildings were renovated for this purpose. Building Operations is operated as an independent component of the community center

**A summary of Sabathani's significant accounting policies follows:**

### **Basis of presentation**

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

### **Net Assets Classifications**

Sabathani reports information regarding its financial position and activities according to two classes of net assets:

- Net assets without donor restrictions are not subject to donor-imposed restrictions and represent funds that are fully available, at the discretion of management and the Board of Directors for Sabathani to utilize for any of its programs or supporting services.
- Net assets with donor restrictions are comprised of funds that are restricted by donors for specific purposes or time periods

### **Cash and Cash Equivalents**

For purposes of the statements of cash flows, Sabathani considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

### **Accounts Receivable**

Receivables are recorded at amounts billed and are generally due when billed. Amounts outstanding for more than 30 days are considered delinquent. Accounts receivable are usually uncollateralized, and although the lease terms allow Sabathani to charge interest on accounts receivable balance most times, it does not.

Sabathani reviews account receivable balances periodically and write off delinquent receivable when they are considered uncollectible. Sabathani provides an allowance for doubtful accounts based on historical experience and management's evaluation of outstanding accounts receivable at the end of each year.

### **Property, Plant, and Equipment**

All significant expenditures for furniture, equipment, and building improvements are capitalized at cost. Contributed items are recorded at fair market value at the date of donation.

Depreciation is provided through the use of the straight-line method over the useful life of the asset, ranging from three to thirty-five years. When the Organization commits to the disposal or abandonment of equipment, the assets are written off or down to the net realizable value. The

cost of maintenance and repairs is charged to expense as incurred. Significant renewals or betterments are capitalized.

### **Revenue Recognition**

Revenues and public support are reported as an increase in unrestricted net assets unless donor-imposed restrictions limit the use of the related asset. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are recognized as an increase or a reduction in unrestricted net assets unless explicit donor stipulations restrict their use. Expirations of temporary restrictions on net assets are reported as net assets released from restrictions.

### **Contributions**

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Donor restricted contributions, the restriction of which are met in the same year as the contributions are made, are reported as unrestricted contributions.

### **Government Grants and Contracts**

Government grants and contract funds are considered exchange contracts and are recorded as revenue when earned. Revenue is earned when eligible expenditures, as defined in each grant or contract, are made. Funds received but not yet earned are shown as refundable advances. Expenditures under government contracts are subject to review by the granting authority. To the extent, if any, that such a review reduces expenditures allowable under these contracts, Sabathani Community Center, Inc. will record such disallowance at the time the final assessment is made.

### **Donated Material and Services**

Contributed services are recorded as contributions, at fair value, when the service creates or enhances non-financial assets or donations. Some unpaid volunteers have made contributions of their time to Sabathani's programs. The amount of this contributed time is not reflected in these statements since it does not meet the requirements for recognition in the financial statements.

### **Promises to Give (Grants Receivable)**

Unconditional promises to give are recognized in the period the promises are made. Conditional promises to give are recognized when the conditions on which they depend are substantially met, that is when the conditional promise becomes unconditional.

## **Risks and Uncertainties**

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and functional expenses.

## **Functional Expenses**

The majority of expenses are directly identified with the program or supporting services to which they relate. Costs not directly identifiable by the function are allocated to program and support services based on service and effort or space occupied determined by management.

## **Tax-Exempt Status**

Sabathani is recognized by the Internal Revenue Services (IRS) as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code (the Code) and, accordingly, is generally not subject to income taxes, except for taxes on unrelated business income. Sabathani is exempt from state taxes under Minnesota Statute 290.05. Therefore, there is no provision for income taxes, and unrelated income subject to tax is considered to be insignificant.

## **Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Ultimate results could differ from those estimates.

## **Concentrations of Risk**

Sabathani provides services within the Twin Cities area. The amounts related to contracts receivable are specifically from local governments and institutions. Sabathani also maintains its cash deposits at a financial institution where balances, at times, may exceed federally insured limits. Sabathani has not experienced any losses in such accounts.

## **Revenue from Contracts with Customers**

During May 2014, the FASB issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers*. ASU 2014-09 establishes principles for recognizing revenue upon the transfer of promised goods or services to customers in an amount that reflects the expected consideration received in exchange for those goods or services. ASU 2014-09 became effective for fiscal years beginning after December 15, 2018, (The fiscal year 2019). Sabathani was already complying with this new ruling in 2018 as it relates to its office rental units. No prior adjustments were required.

## **Accounting Guidance for Contributions Received and Made**

In June 2018, FASB issued ASU 2018-08, Not-for-Profit Entities (Topic 958): *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The new guidance is intended to clarify and improve accounting guidance for contributions received and contributions made. The amendments in this ASU should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a grant or donation is conditional. The standard was effective for fiscal years beginning after December 15, 2018 (the fiscal year 2019). This new ruling had no impact on Sabathani's financials in Fiscal 2019.

## **New Accounting Pronouncements not yet Effective**

During February 2016, the FASB issued ASU 2016-02, *Leases*. ASU 2016-02 was issued to increase transparency and comparability among organizations by recognizing all lease transactions (with terms over 12 months) on the balance sheet as a lease liability and a right-of-use asset (as defined).

ASU 2016-02 is effective for fiscal years beginning after December 15, 2020, (The fiscal year 2021), with earlier application permitted. Upon adoption, the lessee will apply the new standard on a modified retrospective approach with several optional practical expedients to all periods presented. The practical expedients will, in effect, continue to account for leases that commenced before the effective date per previous standards unless the lease is modified, except that lessees are required to recognize a right-of-use asset and a lease liability for all operating leases based on the present value of the remaining minimum rental payments.

## **Reclassifications**

There were no reclassifications identified for the fiscal year ended December 31, 2019.

## NOTE 2: RECEIVABLES

Tenant rent receivables are recognized in the financial statements based on occupancy. Contracts receivable are recognized in the financial statements based on eligible expenses incurred related to cost-reimbursement contracts. Pledges receivable are recognized when an unconditional promise is made. Accounts receivable are recognized when the earnings process is complete. The amount of uncollectible accounts is determined at yeard-end using an aging schedule. On December 31, 2019 and 2018, the following status of tenant rent receivables was recognized in the financial records.

	<u>2019</u>	<u>2018</u>
Rent receivable	\$38,908	\$ 38,318
Less: Allowance for doubtful accounts	<u>5,000</u>	<u>5,000</u>
Tenant receivables, net of allowance	33,908	33,318

Contracts receivable	45,019	64,383
Accounts receivable	<u>5,341</u>	<u>235</u>
Total receivables	<u>\$84,268</u>	<u>\$97,936</u>

### NOTE 3: INVESTMENTS

Sabathani maintains a diversified investment portfolio that includes unrestricted investments. At December 31, the amount of investments that were restricted and unrestricted were as follows:

	<u>2019</u>	<u>2018</u>
Marketable Debt Securities	\$319,848	\$215,569
Money Market Funds	40,637	142,034
Total Investments	<u>\$360,485</u>	<u>\$357,603</u>

The following table presents information on investments for the year ended December 31,

	<u>2019</u>	<u>2018</u>
Beginning Balance	\$ 357,603	\$ 353,278
Distributions	---	---
Investment Returns	<u>2,882</u>	<u>4,325</u>
Investment Balance	<u>\$ 360,485</u>	<u>\$ 357,603</u>

#### NOTE 4: FAIR VALUE

Sabathani adopted FASB standards for, "fair value" as defined as the price that an organization would receive upon selling an investment in an orderly transaction to an independent buyer in the principal or most advantageous market for the investment. Various inputs are used in determining the value of investments.

The three-tier hierarchy of inputs is summarized in the three broad levels listed below:

• Level 1:	Quoted prices in active markets for identical investments
• Level 2:	Other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.)
• Level 3:	Significant unobservable inputs

The following is a summary of the inputs used to determine the fair value of the investments at December 31, 2019:

Investments	Market Value Total	Level 1	Level 2	Level 3
Money Market Funds	\$319,848	\$319,848	\$ ---	\$ ---
Marketable Debt Securities	<u>40,637</u>	<u>40,637</u>	---	---
Total Investments	<u>\$360,485</u>	<u>\$360,485</u>	\$ ---	\$ ---

The following is a summary of the inputs used to determine the fair value of the investments at December 31, 2018:

Investments	Market Value Total	Level 1	Level 2	Level 3
Money Market Funds	\$215,569	\$215,569	\$ ---	\$ ---
Marketable Debt Securities	<u>142,034</u>	<u>142,034</u>	---	---
Total Investments	<u>\$357,603</u>	<u>\$357,603</u>	\$ ---	\$ ---

#### NOTE 5: CONSTRUCTION IN PROGRESS

A total of \$315,197 of fixed assets, not used in operations, reflects investments made in the costs necessary to build a senior facility on the Sabathani property. This multi-million long term project that is in the initial planning phase is expected to not become available until 2024 at the earliest.

#### NOTE 6: PROPERTY AND EQUIPMENT

Fixed assets consisted of the following amounts at December 31:

	<u>2019</u>	<u>2018</u>
Land, Building and Improvements	\$ 4,645,106	\$ 4,645,106
Furniture and Equipment	82,351	75,571
Vehicles	<u>16,911</u>	<u>16,911</u>
Total Investment	4,744,368	4,737,588
Accumulated Depreciation (less)	<u>4,177,460</u>	<u>4,044,395</u>
Net Book Value	<u>\$ 566,908</u>	<u>\$ 693,193</u>

Depreciation expenses of \$132,010 and \$139,188 were recorded for the years ending December 31, 2019 and 2018 respectively.

#### NOTE 7: RETIREMENT PLAN

Sabathani maintains a 401(k) defined contribution pension plan covering substantially all of its employees. This plan provides benefits to employees based on the individual account balance each employee has accumulated in the plan at retirement. Sabathani matched employee contributions at 4%. The amount of the match was for the years' ended December 31, 2019 and 2018. The amount of the match was \$2,394 and \$5,828 for 2019 and 2018, respectively.

#### NOTE 8: NET ASSETS WITH RESTRICTIONS

There were no net assets with restrictions as of December 31, 2019.

#### NOTE 9: NET ASSETS RELEASED FROM RESTRICTIONS

No net assets were released from restriction in 2019. Net assets released from restrictions consisted of the following amounts at December 31:

	<u>2019</u>	<u>2018</u>
Program Support	\$ -----	\$ 30,037
Expiration of Time Restrictions	-----	-----
Net assets released from restrictions	<u>\$ -----</u>	<u>\$ 30,037</u>

#### NOTE 10: SUBSEQUENT EVENTS

Sabathani has evaluated subsequent events through the date the financial statements were issued, June 12, 2020.

#### NOTE 11: INCOME TAX UNCERTAINTIES

Sabathani follows the guidance in the income tax standard regarding the recognition and measurement of uncertain tax positions. The guidance clarifies the accounting for uncertainty in income taxes recognized in the entity's financial statements. The guidance further prescribes recognition and measurement of tax provisions taken or expected to be taken on a tax return that is not certain to be realized. The application of this standard has no impact on Sabathani's financial statements.

Sabathani's tax returns are subject to review and examination by federal, state, and local authorities. The tax returns for the years 2014 to 2019 are open to examination by federal, state, and local authorities.

#### NOTE 12: PROJECT FINANCING LOAN

A non-recourse forgivable loan with the Local Support Initiative Corporation (LISC), for pre-development construction financing for senior housing dated March 2017. The original amount of \$40,000 is provided with an interest rate of 0%. Repayment required on the earlier to occur of: (i) the close of construction financing, or (ii) December 31, 2018 the maturity date.

An extension is available and was used to extend the due date to December 31, 2019. The terms of the loan include required repayment to LISC in full. However, in the event that LISC is satisfied that Sabathani has made best efforts to move the Project forward to development, completion, and/or successful operation, including but not limited to the obtainment and close of all required financing for the Project, and if LISC and Sabathani shall have mutually agreed in writing that the development of the Project cannot proceed due to a lack of financing, or a completed Project cannot generate sufficient revenue to repay the Project Investment, or for some other reason beyond Sabathani's control the Project Investment cannot be repaid, repayment of the portion of the Project Investment that is unable to be repaid shall not be required.

Total amount due      \$ 40,000

#### NOTE 13: LIQUIDITY

The SCC strives to maintain liquid financial assets sufficient to cover 90 days of general expenditures. The following table reflects the SCC's financial assets at December 31,

	2018	2018
Cash and equivalents	\$310,187	\$257,470
Tenant receivable, net of allowance	33,908	33,318
Accounts receivable	5,341	235
Contracts receivable	45,019	64,383
Total Financial assets	394,455	355,406
Less: Donor imposed restrictions	(---)	(---)
Financial assets available to meet cash needs for general expenditures within one year	<u>\$394,455</u>	<u>\$355,406</u>

SCC regularly monitors liquidity required to meet its operating needs and other commitments. In addition, to financial assets available to meet general expenditures over the next three months, SCC prepares a budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources.

#### NOTE 14: CONTRIBUTED SERVICES AND MATERIALS

Contributed services are recorded as contributions, at fair value, when the service creates or enhances non-financial assets or donations. Some unpaid volunteers have made contributions of their time to Sabathani's programs. The amount of this contributed time is not reflected in these statements since it does not meet the requirements for recognition in the financial statements.

During 2019 and 2018, Sabathani recognized \$4,692 and zero, respectively, of in-kind donations, which are recorded in the In-kind Income and In-kind Expense accounts.