OPEN YOUR HEART TO THE HUNGRY AND HOMELESS
MINNEAPOLIS, MINNESOTA

FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

SmithSchafer

OPEN YOUR HEART TO THE HUNGRY AND HOMELESS

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Open Your Heart to the Hungry and Homeless
Minneapolis, Minnesota

Opinion

We have audited the financial statements of Open Your Heart to the Hungry and Homeless, which comprise the statement of financial position as of December 31, 2022, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Open Your Heart to the Hungry and Homeless as of December 31, 2022, 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.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Open Your Heart to the Hungry and Homeless' ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Open Your Heart to the Hungry and Homeless' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Open Your Heart to the Hungry and Homeless' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited Open Your Heart to the Hungry and Homeless' 2021 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated July 19, 2022. In our opinion, the summarized comparative financial information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Smith, Schafer and Associates, Ltd.

Minneapolis, Minnesota
June 19, 2023

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OPEN YOUR HEART TO THE HUNGRY AND HOMELESS

STATEMENTS OF FINANCIAL POSITION
December 31, 2022 and 2021

ASSETS	**2022**	2021
Current Assets		
Cash and cash equivalents	**$ 227,886**	$ 292,997
Unconditional promises to give, net	**394,502**	469,493
Prepaid expenses	**2,809**	4,181
Total Current Assets	**625,197**	766,671
Property and Equipment, net	**1,143**	11,872
Other Assets		
Investments held by others	**50,000**	-
TOTAL ASSETS	**$ 676,340**	$ 778,543
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accrued payroll and payroll taxes	**$ 11,347**	$ 9,067
Operating lease liability	**-**	10,869
Total Current Liabilities	**11,347**	19,936
Net Assets		
Without donor restrictions	**220,491**	289,114
With donor restrictions	**444,502**	469,493
Total Net Assets	**664,993**	758,607
TOTAL LIABILITIES AND NET ASSETS	**$ 676,340**	$ 778,543

See Notes to Financial Statements

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OPEN YOUR HEART TO THE HUNGRY AND HOMELESS

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
For the Year Ended December 31, 2022
With Comparative Totals for the Year Ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Totals 2022	Totals 2021
Support and Revenues				
Contributions and grants	**$ 307,206**	**$ 403,882**	**$ 711,088**	$ 771,462
Interest income	**833**	**-**	**833**	596
Total	**308,039**	**403,882**	**711,921**	772,058
Net Assets Released From Restrictions	**428,873**	**(428,873)**	**-**	-
Total Support and Revenues	**736,912**	**(24,991)**	**711,921**	772,058
Functional Expenses				
Program services	**713,800**	**-**	**713,800**	623,171
General and administrative	**64,189**	**-**	**64,189**	61,892
General fundraising	**27,546**	**-**	**27,546**	20,027
Total Functional Expenses	**805,535**	**-**	**805,535**	705,090
Increase (Decrease) in Net Assets	**(68,623)**	**(24,991)**	**(93,614)**	66,968
NET ASSETS, BEGINNING OF YEAR	**289,114**	**469,493**	**758,607**	691,639
NET ASSETS, END OF YEAR	**$ 220,491**	**$ 444,502**	**$ 664,993**	$ 758,607

See Notes to Financial Statements

OPEN YOUR HEART TO THE HUNGRY AND HOMELESS

STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2022

	Program Services	General & Administrative	Fundraising	Totals
Food and shelter grants	$ 461,315	$ -	$ -	**$ 461,315**
Salaries and benefits	122,505	40,251	12,250	**175,006**
Special project grants	50,000	-	-	**50,000**
Education grants	43,000	-	-	**43,000**
Rent	9,732	3,198	973	**13,903**
Non-campaign expenses	-	-	11,080	**11,080**
Office expenses	7,314	2,403	731	**10,448**
Printing	7,238	2,378	724	**10,340**
Professional fees	-	9,366	-	**9,366**
Grant management	3,395	3,396	-	**6,791**
Travel	2,997	985	300	**4,282**
Bank fees	2,756	906	276	**3,938**
Insurance	1,360	447	136	**1,943**
Telephone	986	324	99	**1,409**
Direct campaign expenses	-	-	858	**858**
Loss on disposal of property and equipment	553	181	55	**789**
Depreciation expense	504	165	50	**719**
Postage	124	41	12	**177**
Miscellaneous	21	7	2	**30**
FUNCTIONAL EXPENSES	$ 713,800	$ 64,189	$ 27,546	**$ 805,535**

See Notes to Financial Statements

OPEN YOUR HEART TO THE HUNGRY AND HOMELESS

STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2021

	Program Services	General & Administrative	Fundraising	Totals
Food and shelter grants	$ 404,018	$ -	$ -	**$ 404,018**
Salaries and benefits	108,479	36,691	14,358	**159,528**
Special project grants	20,000	-	-	**20,000**
Education grants	53,025	-	-	**53,025**
Rent	14,828	5,016	1,963	**21,807**
Non-campaign expenses	-	-	1,024	**1,024**
Office expenses	6,365	2,153	842	**9,360**
Printing	2,464	834	326	**3,624**
Professional fees	-	9,151	-	**9,151**
Grant management	5,009	5,010	-	**10,019**
Travel	3,827	1,295	507	**5,629**
Bank fees	2,460	832	326	**3,618**
Insurance	1,083	366	143	**1,592**
Telephone	750	254	99	**1,103**
Direct campaign expenses	-	-	325	**325**
Loss on disposal of property and equipment	-	-	-	**-**
Depreciation expense	545	184	72	**801**
Postage	273	92	36	**401**
Miscellaneous	45	14	6	**65**
FUNCTIONAL EXPENSES	$ 623,171	$ 61,892	$ 20,027	**$ 705,090**

OPEN YOUR HEART TO THE HUNGRY AND HOMELESS

STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2022 and 2021

	2022	2021
Cash Flows From Operating Activities		
Increase (decrease) in net assets	**$ (93,614)**	$ 66,968
Adjustments to reconcile change in		
net assets to net cash from operations:		
Loss on disposal of property and equipment	**789**	-
Depreciation	**719**	801
Provision for bad debts	**(4,709)**	823
Contributions restricted for long-term purposes	**(50,000)**	-
(Increase) decrease in:		
Unconditional promises to give	**79,700**	(16,827)
Prepaid expenses	**1,372**	(1,726)
Increase (decrease) in:		
Accrued payroll and payroll taxes	**2,280**	(4,575)
Net Cash Provided By (Used In) Operating Activities	**(63,463)**	45,464
Cash Flows From Investing Activities		
Expenditures for property and equipment	**(1,648)**	-
Purchase of investments held by others	**(50,000)**	-
Net Cash (Used In) Investing Activities	**(51,648)**	-
Cash Flows From Financing Activities		
Contributions restricted for long-term purposes	**50,000**	-
Net Increase (Decrease) in Cash and Cash Equivalents	**(65,111)**	45,464
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	**292,997**	247,533
CASH AND CASH EQUIVALENTS, END OF YEAR	**$ 227,886**	$ 292,997

See Notes to Financial Statements

Continued		**2022**		2021
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION				
Cash paid for amounts included in the measurement of lease liabilities:				
Operating cash flows from operating lease	**$**	**10,869**	$	21,499
Right-of-use assets obtained in exchanged for lease obligations:				
Operating lease	**$**	**-**	$	32,368

See Notes to Financial Statements

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1. Description of Organization and Summary of Significant Accounting Policies

Description of Organization

Open Your Heart to the Hungry and Homeless (the Organization) is a nonprofit organization that provides direct support to hunger, homeless and domestic violence organizations throughout Minnesota. The Organization partners with and provides funding and support to more than 200 different non-profits annually in urban, suburban and rural areas across Minnesota. The Organization distributes educational grants to support shelters and programs serving children and youth experiencing homelessness and helps children succeed in school. Special projects help to raise awareness and respond to needs and challenges faced by food shelves, homeless shelters and supporting living centers.

Change in Accounting Principle

During 2022, the Organization adopted FASB Accounting Standards Update (ASU) No 2016-02, ASC 842 *Leases* which requires the recognition of right-of-use (ROU) assets and lease liabilities on the statement of financial position and replaces existing lease guidance within accounting principles generally accepted in the United States of America. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Organization adopted ASU 2016-02 with a date of initial application of January 1, 2021, and recognized and measured leases existing at, or entered into after, using a modified retrospective method, with certain practical expedients available.

The Organization elected the available practical expedients to account for existing leases as either finance leases or operating leases, under the new guidance, without reassessing (a) whether the contract contain leases under the new standard, (b) whether classification of capital leases or operating leases would be different in accordance with the new guidance, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in the new guidance at lease commencement.

In addition, the Organization elected the hindsight practical expedient to determine the lease term for existing leases.

1. Description of Organization and Summary of Significant Accounting Policies (Continued)

Change in Accounting Principle (Continued)

As a result of the adoption of the new lease accounting guidance, the Organization recognized on January 1, 2021 an operating right-of-use asset and an operating lease liability of $32,368 which represents the present value of the remaining operating lease payments of $32,706 discounted using the risk free rate of 1.47%.

The standard had an impact on the Organization's statements of financial position, but did not have a significant impact on the statements of activities and changes in net assets or statements of cash flows. The most significant impact was the recognition of ROU assets and lease liabilities for operating leases.

Basis of Accounting and Support and Revenue Recognition

The Organization's policy is to prepare its financial statements on the accrual basis of accounting in accordance with generally accepted accounting principles (GAAP).

Basis of Presentation

Financial statement presentation follows FASB ASC 958. Under FASB ASC 958, the Organization is required to report information regarding its financial position and activities, based on the existence or absence of donor imposed restrictions as either:

> *Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor restrictions.
>
> *Net Assets With Donor Restrictions* – Net assets subject to donor 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.

1. Description of Organization and Summary of Significant Accounting Policies (Continued)

Cash and Cash Equivalents

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

Unconditional Promises to Give

Unconditional promises to give are stated at the amount management expects to collect from balances outstanding at year-end. Management provides for probable uncollectible amounts through a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to unconditional promises to give. All unconditional promises to give are expected to be collected within one year of the statement of financial position date.

Property and Equipment

Property and equipment are stated at cost if purchased or fair value at the date of donation and are being depreciated using the straight-line method over the estimated useful lives of the assets, five years. The Organization’s policy is to capitalize and depreciate property and equipment purchased or obtained which has a cost in excess of $1,000 and an estimated useful life of at least one year.

Leases

When, at inception of an agreement, it is concluded an agreement includes a lease component, the Organization records an operating lease or finance lease based on the agreement. In evaluating contracts to determine if they qualify as a lease, the Organization considers factors such as if they have obtained substantially all of the rights to the underlying asset through exclusivity, if they can direct the use of the asset by making decisions about how and what purpose the asset will be used and if the lessor has substantive substitution rights. This evaluation may require significant judgment.

Operating leases are included in property and equipment as operating lease right-of-use (ROU) assets and current and long-term operating lease liabilities on the statements of financial position.

1. Description of Organization and Summary of Significant Accounting Policies (Continued)

Leases (Continued)

ROU assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent the Organization's obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. The operating lease ROU asset also includes any lease payments made prior to the commencement date and excludes any lease incentives. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

In determining the discount rate used to measure the ROU asset and lease liability, the Organization has elected to use the rate implicit in the lease or the risk-free rate based on information available at the commencement date for the lease term when determining the present value of lease payments.

The Organization's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Contributions

Contributions are recognized when the donor makes a promise to give to the Organization that is nonreciprocal, does not contain a barrier that must be overcome, and there is no right of return of assets transferred or release of a promisor's obligation to transfer assets present.

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized.

All other contributions received are recorded as net assets with donor restrictions or net assets without donor restrictions depending on the existence and/or nature of any donor restrictions.

When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

1. Description of Organization and Summary of Significant Accounting Policies (Continued)

Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. As a result, the Organization does not pay federal income tax. Therefore, no provision or liability for federal income taxes has been included in the financial statements.

Management has determined that the Organization does not have any uncertain tax positions and associated unrecognized benefits that materially impact the financial statements or related disclosures.

The Organization's federal informational returns are subject to examination by the IRS, generally for three years after they were filed.

Fair Value of Financial Instruments

The carrying amount for substantially all assets and liabilities approximates fair value due to the immediate or short-term maturity of these financial instruments. See Note 4 for discussion of fair value regarding the Organization's investments.

Concentration of Credit Risks

The Organization's financial instruments that are exposed to concentrations of credit risk consist primarily of cash and cash equivalents, investments held by others, and unconditional promises to give. The Organization keeps its cash with a high quality financial institution. At times, balances maintained at this financial institution may exceed the federally insured limit. As of December 31, 2022, there were no cash balances in excess of the federally insured limit. As of December 31, 2021, there were approximately $64,000 in cash balances in excess of the federally insured limit.

The Organization's investments are maintained primarily in mutual funds and are therefore subject to the inherent risk of investing in equity and debt based securities and general market risk.

Management routinely assesses the financial strength of its donors and as a consequence, believes that unconditional promises to give credit risk exposure is limited.

1. Description of Organization and Summary of Significant Accounting Policies (Continued)

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. The 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.

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 amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Prior-Year Summarized Comparative Information

The financial statements include certain prior-year summarized comparative financial information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2021, from which the summarized information was derived.

Reclassification

Certain reclassifications have been made to the 2021 financial statements to conform with the presentation in the 2022 financial statements. There were no changes to total net assets or changes in net assets as a result of the reclassifications for the years ended December 31, 2022 and 2021.

Subsequent Events

In preparing these financial statements, the Company has evaluated events and transactions for potential recognition or disclosure through June 19, 2023, the date the financial statements were available to be issued.

2. Liquidity and Availability

Financial assets as of December 31, 2022 and 2021, available for general expenditure within one year of the statement of financial position date consisted of cash and cash equivalents of $227,886 and $292,997, respectively. Financial assets are considered available for general expenditure if there are no restrictions limiting their use within one year of the statement of financial position date.

When considering which assets are available to meet current needs, the availability of the net assets and the financial flexibility of the Organization would be under estimated without including certain assets with donor restrictions in the total available. Financial assets available and estimated to be released for the program activities within one year of the statement of financial position were $394,502 and $469,493, respectively.

As part of the Organization's liquidity management plan, financial assets are structured to be available as its general expenditures, liabilities and other obligations come due.

3. Investments Held by Others

The Organization's investments are held by The St. Paul & Minnesota Foundation (SPMF), the Organization has granted SPMF variance power of their investments. SPMF has complete access to invest the funds as they feel is appropriate. The Organization will receive, based on market performance, 4.25% - 5.5% of the current market value of the funds held by SPMF annually. SPMF held $50,000 of the Organization's investments as of December 31, 2022.

4. Fair Value Measurements

Accounting standards establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

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

4. Fair Value Measurements (Continued)

Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data. 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

If the asset or liability has a specific (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

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

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

The 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, 2022.

Money market funds: Money market funds are reported at carrying value which equals fair value due to the immediate availability of amounts held in such amounts.

The methods described above may produce fair values that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different valuation methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table reflects the Organization's investments within the fair value hierarchy at December 31, 2022:

	As of December 31, 2022			
	Assets Measured at Fair Value	Fair Value Hierarchy Level		
		Level 1	Level 2	Level 3
Money market funds	$ 50,000	$ 50,000	$ -	$ -

5. Unconditional Promises to Give

Unconditional promises to give as of December 31, 2022 and 2021 consisted of the following:

	2022	2021
Unconditional promises to give	$ 409,247	$ 488,947
Less: Allowance for uncollectible accounts	14,745	19,454
Unconditional Promises to Give, net	$ 394,502	$ 469,493

6. Property and Equipment

Property and equipment as of December 31, 2022 and 2021 consisted of the following:

	2022	2021
Furniture, fixtures and equipment	$ 3,665	$ 5,972
Less: Accumulated Depreciation	2,522	4,969
Property and Equipment, net of depreciation	1,143	1,003
Operating lease right-of-use asset	-	10,869
Property and Equipment, net	$ 1,143	$ 11,872

Depreciation expense for the years ended December 31, 2022 and 2021 was $719 and $801, respectively.

7. Net Assets with Donor Restrictions

Net assets with donor restrictions consisted of the amounts restricted for time of $444,502 and $469,492 as of December 31, 2022 and 2021, respectively. As of December 31, 2022, the amount included $50,000 of endowment funds to be held in perpetuity.

Net assets in the amount of $428,873 and $450,886 were released from restriction for the years ended December 31, 2022 and 2021, respectively, by meeting the donor's time restriction requirements.

8 Functional Expenses

The 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. All expenses were allocated on the basis of estimates of time and effort.

9. Lease Commitments

Office Lease

The Organization leased its office location pursuant to a non-cancelable lease through June 2022 requiring base monthly rents of $2,100.

Rent expense for the years ended December 31, 2022 and 2021 consisted of the following:

	2022	2021
Operating lease cost	**$ 13,903**	$ 21,807

The weighted average remaining lease term for operating leases as of December 31, 2021 was 6 months. The weighted average discount rate for operating leases as of December 31, 2021 was 1.47%.

10. Retirement Plan

The Organization maintains a SIMPLE IRA retirement plan. The plan covers all of the Organization's employees who have met certain eligibility requirements. Under a SIMPLE IRA plan, employees may make contributions to traditional Individual Retirement Arrangements (IRA's), subject to certain statutory limits. The Organization matches its employees' contributions, dollar-for-dollar up to 3% of each participating employee's salary. The Organization contributed $3,902 and $3,710 to the SIMPLE IRA plan for the years ended December 31, 2022 and 2021, respectively.

11. Endowment Funds

The Organization's endowment consists of money market accounts. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor imposed restrictions.

The Organization's Board has interpreted the Minnesota's Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization retains in perpetuity (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

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

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

From time to time, the fair value of associated with individual donor-restricted endowment funds may fall below the level that the donor requires the Organization to retain as a balance for perpetual duration (underwater endowments). We have interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. There were no underwater endowments as of December 31, 2022.

As further discussed in Note 3, the Organization has given variance power over the invested funds to SPMF. The investments of the endowment fund are rebalanced and maintained by SPMF.

11. Endowment Funds (Continued)

It is the policy of the Organization to distribute earnings over the basis in the endowment for general operations.

The changes in endowment net assets with donor restrictions held in perpetuity for the year ended December 31, 2022 consisted of the following:

	2022	2021
Endowment donor restricted net assets, beginning of year	$ -	$ -
Contributions	50,000	-
Endowment donor restricted net assets, end of year	$ 50,000	$ -