

180 Degrees, Inc. and Subsidiaries

Consolidated Financial Statements and
Supplemental Information

Years Ended June 30, 2020 and 2019

A large, abstract, three-dimensional geometric shape composed of various shades of grey, resembling a stylized arrow or a modern architectural structure, pointing towards the top right.

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180 Degrees, Inc. and Subsidiaries

Years Ended June 30, 2020 and 2019

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Independent Auditor's Report

Board of Directors
180 Degrees, Inc. and Subsidiaries
Minneapolis, Minnesota

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of 180 Degrees, Inc. and Subsidiaries (the "Organization"), which comprise the consolidated statements of financial position as of June 30, 2020 and 2019, 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 Consolidated 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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of 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. 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 180 Degrees, Inc. and Subsidiaries as of June 30, 2020 and 2019, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information appearing on pages 24-27 is presented for the purpose 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 audit 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. 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 "Wipfli LLP". The signature is written in a cursive, flowing style.

Wipfli LLP

November 5, 2020
Minneapolis, Minnesota

180 Degrees, Inc. and Subsidiaries

Consolidated Statements of Financial Position

June 30, 2020 and 2019

Assets	2020	2019
Current assets:		
Cash	\$ 1,031,005	\$ 473,220
Accounts receivable, net	701,579	657,276
Pledges receivable, current portion	1,000	1,000
Loan receivable, current portion	-	41,674
Prepaid expenses and other assets	31,902	4,610
Total current assets	1,765,486	1,177,780
Property and equipment:		
Land	305,192	305,192
Buildings	5,620,297	5,563,402
Construction in progress	44,191	7,425
Equipment	466,315	442,315
Furniture and fixtures	75,305	58,920
Vehicles	145,016	145,016
Subtotal	6,656,316	6,522,270
Less - Accumulated depreciation	(2,473,686)	(2,244,452)
Net property and equipment	4,182,630	4,277,818
Other assets:		
Pledges receivable, net of current portion	990	1,940
Participation in loan	2,900,350	2,900,350
Total other assets	2,901,340	2,902,290
TOTAL ASSETS	\$ 8,849,456	\$ 8,357,888

See accompanying notes to consolidated financial statements.

180 Degrees, Inc. and Subsidiaries
Consolidated Statements of Financial Position (Continued)

June 30, 2020 and 2019

Liabilities and Net Assets	2020	2019
Current liabilities:		
Notes payable, current portion	\$ 3,121,699	\$ 51,915
Capital leases payable, current portion	12,545	11,593
Accounts payable	188,484	140,363
Accrued expenses	301,460	261,029
Total current liabilities	3,624,188	464,900
Long-term liabilities:		
Notes payable, net of current portion	1,439,348	4,551,684
Capital leases payable, net of current portion	18,918	31,463
Deferred revenue	76,700	75,000
Refundable advance liability	135,317	-
Total long-term liabilities	1,670,283	4,658,147
Total liabilities	5,294,471	5,123,047
Net assets:		
Without donor restrictions	3,460,985	3,153,641
With donor restrictions	94,000	81,200
Total net assets	3,554,985	3,234,841
TOTAL LIABILITIES AND NET ASSETS	\$ 8,849,456	\$ 8,357,888

See accompanying notes to consolidated financial statements.

180 Degrees, Inc. and Subsidiaries

Consolidated Statements of Activities

Years Ended June 30, 2020 and 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support:						
Program service revenue and government contracts	\$ 3,728,565	\$ -	\$ 3,728,565	\$ 3,906,688	\$ -	\$ 3,906,688
Contributions and grants	1,741,195	94,000	1,835,195	1,126,018	172,000	1,298,018
Special event income, net	28,748	-	28,748	74,252	-	74,252
Other income	132,834	-	132,834	135,084	-	135,084
Net assets released from restrictions	81,200	(81,200)	-	142,907	(142,907)	-
Total revenue and support	5,712,542	12,800	5,725,342	5,384,949	29,093	5,414,042
Expenses:						
Program services	4,408,638	-	4,408,638	4,331,251	-	4,331,251
Supporting services:						
Management and general	811,994	-	811,994	826,143	-	826,143
Fundraising	184,566	-	184,566	184,352	-	184,352
Total expenses	5,405,198	-	5,405,198	5,341,746	-	5,341,746
Change in net assets	307,344	12,800	320,144	43,203	29,093	72,296
Net assets at beginning of year	3,153,641	81,200	3,234,841	3,110,438	52,107	3,162,545
Net assets at end of year	\$ 3,460,985	\$ 94,000	\$ 3,554,985	\$ 3,153,641	\$ 81,200	\$ 3,234,841

See accompanying notes to consolidated financial statements.

180 Degrees, Inc. and Subsidiaries
Consolidated Statement of Functional Expenses

Year Ended June 30, 2020

	Program Services									
	Residential			Community Based Programs			Total Program	Management and General	Fundraising	Total
	Brittany's Place	Clifton Halfway House	Foster Care and Youth Group Homes	Family Preservation Services	Youth Vocational					
Salaries and wages	\$ 526,196	\$ 457,227	\$ 1,174,274	\$ 92,308	\$ 243,910	\$ 2,493,915	\$ 531,545	\$ 132,730	\$ 3,158,190	
Payroll taxes	39,085	34,062	87,143	7,147	17,921	185,358	36,603	8,615	230,576	
Employee benefits	76,185	86,954	159,988	25,222	52,731	401,080	119,761	19,985	540,826	
Supplies	14,523	36,046	59,012	2,147	16,064	127,792	2,688	370	130,850	
Telephone	14,284	13,919	22,958	2,442	6,176	59,779	9,709	825	70,313	
Professional fees and services	44,670	18,428	54,668	18,535	1,978	138,279	24,536	17,215	180,030	
Insurance	19,662	15,452	48,140	4,035	7,927	95,216	10,318	723	106,257	
Repairs and maintenance	27,840	23,450	48,283	1,826	2,629	104,028	5,343	-	109,371	
Food	15,280	49,106	47,272	72	103	111,833	210	-	112,043	
Utilities	16,979	31,308	24,280	901	1,384	74,852	2,796	-	77,648	
Miscellaneous	1,002	656	1,429	104	448	3,639	688	123	4,450	
Postage	-	479	170	287	403	1,339	892	469	2,700	
Printing	1,212	1,581	3,430	648	476	7,347	2,136	1,199	10,682	
Equipment rental	-	3,213	4,754	9	9	7,985	242	-	8,227	
Travel	7,000	3,926	19,938	749	7,822	39,435	13,994	863	54,292	
Dues and subscriptions	6,238	2,183	8,668	9	71	17,169	893	1,058	19,120	
Bank charges	25,947	-	5,663	-	-	31,610	64	-	31,674	
Cost of direct benefit to donors	-	-	-	-	-	-	-	13,967	13,967	
Public relations	174	-	2,436	554	-	3,164	-	279	3,443	
Depreciation and amortization	159,871	41,943	25,824	-	1,596	229,234	-	-	229,234	
Bad debt	46,035	-	-	-	18,159	64,194	-	-	64,194	
Interest	142,311	5,510	16,894	414	1,891	167,020	317	-	167,337	
Real estate taxes	3,892	258	-	-	-	4,150	-	-	4,150	
Computer repair and maintenance	13,144	1,581	18,233	7,071	191	40,220	49,259	-	89,479	
Marketing	-	-	-	-	-	-	-	112	112	
Total expenses by function	1,201,530	827,282	1,833,457	164,480	381,889	4,408,638	811,994	198,533	5,419,165	
Less: Expenses included with revenues on the statement of activities:										
Cost of direct benefit to donors	-	-	-	-	-	-	-	(13,967)	(13,967)	
Total expenses included in the expense section on the consolidated statements of activities	\$ 1,201,530	\$ 827,282	\$ 1,833,457	\$ 164,480	\$ 381,889	\$ 4,408,638	\$ 811,994	\$ 184,566	\$ 5,405,198	

See accompanying notes to consolidated financial statements.

180 Degrees, Inc. and Subsidiaries
Consolidated Statement of Functional Expenses

Year Ended June 30, 2019

	Program Services									
	Residential			Community Based Programs			Total Program	Management and General	Fundraising	Total
	Brittany's Place	Clifton Halfway House	Foster Care and Youth Group Homes	Family Preservation Services	Youth Vocational					
Salaries and wages	\$ 435,840	\$ 417,438	\$ 1,071,656	\$ 76,219	\$ 353,351	\$ 2,354,504	\$ 553,526	\$ 87,927	\$ 2,995,957	
Payroll taxes	32,327	30,378	79,529	5,657	25,442	173,333	38,345	5,921	217,599	
Employee benefits	48,840	72,230	159,388	8,624	63,455	352,537	116,910	12,117	481,564	
Supplies	22,310	27,794	42,823	5,977	12,485	111,389	4,201	165	115,755	
Occupancy	5,893	5,920	12,676	815	4,354	29,658	-	-	29,658	
Lease termination fees	17,883	17,964	38,466	2,475	13,212	90,000	-	-	90,000	
Telephone	14,246	11,176	21,342	1,559	9,086	57,409	8,511	494	66,414	
Professional fees and services	86,551	23,990	24,788	1,314	39,980	176,623	14,615	70,392	261,630	
Insurance	18,358	17,687	49,177	2,090	10,394	97,706	11,538	748	109,992	
Repairs and maintenance	17,693	20,173	34,771	611	2,833	76,081	4,746	-	80,827	
Food	17,691	66,066	57,212	3	13	140,985	19	-	141,004	
Utilities	19,837	32,583	25,987	380	1,791	80,578	2,528	-	83,106	
Miscellaneous	1,764	-	-	-	-	1,764	-	445	2,209	
Postage	-	1,010	776	125	571	2,482	836	450	3,768	
Printing	977	878	3,010	116	3,362	8,343	917	394	9,654	
Equipment rental	-	2,688	5,205	-	-	7,893	81	-	7,974	
Travel	8,818	484	22,298	1,070	11,155	43,825	19,415	369	63,609	
Dues and subscriptions	3,166	4,502	7,741	22	276	15,707	1,521	907	18,135	
Bank charges	28,571	-	6,236	-	-	34,807	70	-	34,877	
Cost of direct benefit to donors	-	-	-	-	-	-	-	17,488	17,488	
Public relations	403	729	886	-	-	2,018	572	223	2,813	
Depreciation and amortization	160,528	42,115	25,930	-	1,603	230,176	-	-	230,176	
Bad debt	16,337	-	2,413	3,493	14,065	36,308	-	-	36,308	
Interest	143,432	5,553	17,060	417	1,906	168,368	319	-	168,687	
Real estate taxes	1,675	258	-	-	-	1,933	-	-	1,933	
Computer repair and maintenance	4,602	1,381	8,252	289	22,173	36,697	47,473	3,120	87,290	
Marketing	-	-	127	-	-	127	-	680	807	
Total expenses by function	1,107,742	802,997	1,717,749	111,256	591,507	4,331,251	826,143	201,840	5,359,234	
Less: Expenses included with revenues on the statement of activities:										
Cost of direct benefit to donors	-	-	-	-	-	-	-	(17,488)	(17,488)	
Total expenses included in the expense section on the consolidated statements of activities	\$ 1,107,742	\$ 802,997	\$ 1,717,749	\$ 111,256	\$ 591,507	\$ 4,331,251	\$ 826,143	\$ 184,352	\$ 5,341,746	

See accompanying notes to consolidated financial statements.

180 Degrees, Inc. and Subsidiaries

Consolidated Statements of Cash Flows

Years Ended June 30, 2020 and 2019

	2020	2019
Change in cash:		
Cash flows from operating activities:		
Change in net assets	\$ 320,144	\$ 72,296
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	229,234	230,176
Bad debt expense	64,194	36,308
Discount on pledges receivable	(50)	(30)
Loan forgiveness	(551,383)	-
Changes in operating assets and liabilities:		
Accounts receivable	(108,497)	(141,341)
Pledges receivable	1,000	1,000
Prepaid expenses and other assets	(27,292)	18,776
Accounts payable	48,121	47,096
Accrued expenses	40,431	29,625
Deferred revenue	1,700	(310,800)
Net cash provided by (used in) in operating activities	17,602	(16,894)
Cash flows from investing activities:		
Purchase of property and equipment	(134,046)	(168,670)
Cash flows from financing activities:		
Proceeds from Payroll Protection Program loan	686,700	-
Proceeds from notes receivable	41,674	39,360
Proceeds from notes payable	-	70,000
Payments on line of credit	-	(25,000)
Principal payments on capital leases	(11,593)	(10,705)
Principal payments on notes payable	(42,552)	(26,071)
Net cash provided by financing activities	674,229	47,584
Net change in cash	557,785	(137,980)
Cash at beginning of year	473,220	611,200
Cash at end of year	\$ 1,031,005	\$ 473,220
Supplemental cash flow information:		
Cash paid during the year for interest	\$ 167,337	\$ 168,687
Noncash financing activities:		
Line of credit converted to note payable	\$ 360,000	\$ 360,000
Loan forgiveness - Payroll protection program	551,383	-

See accompanying notes to consolidated financial statements.

180 Degrees, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies

Nature of Activities

180 Degrees, Inc. is a nonprofit organization that is multi-cultural and provides comprehensive culturally specific services that empowers its clients to improve their lives by making positive choices resulting in healthier individuals, stronger families, and safer communities. This is achieved by:

- Assisting offenders in the successful adaptation to the community.
- Providing juvenile delinquency and truancy social work services and related targeted case management services.
- Juvenile group homes located in Rochester, Albert Lea, and St. Cloud and also offer foster care placement services at these facilities.
- Mentoring services for juveniles and families.
- Providing mental health services.

The wholly-owned subsidiary, Community Re-Entry Services, LLC ("Community Re-Entry Services") is a nonprofit limited liability company that provides residential supervision of sex offenders, including drug and alcohol testing, intensive case management, and assisting the offender in finding long-term housing, and employment.

The wholly-owned subsidiary, Turning Lives Around ("TLA"), a nonprofit corporation, was formed in November 2013 as a 501(c)(2) for the exclusive purpose of holding title to property, collecting income therefrom and turning over the entire amount less expenses to 180 Degrees, Inc., which is exempt under 501(c)(3). TLA was formed in order to obtain financing through New Markets Tax Credits (NMTC) for 180 Degrees, Inc. Youth Development Campus in St. Paul. The land and buildings of the campus were transferred from 180 Degrees, Inc. to TLA and 180 Degrees, Inc. rents the buildings from TLA.

The primary programs of 180 Degrees, Inc. and Subsidiaries (the "Organization") are:

Residential Programs and Services:

Brittany's Place - Minnesota's largest shelter and supportive program for girls, 10-17, who are victims of, or at-risk for, sex trafficking. Shelters up to 12 girls on a given night, residing for 30-90 days. Additional services include youth outreach, case management, and aftercare for up to 90 days upon program exit.

Clifton Halfway House - Launched by a formerly incarcerated man, this program is a first-stop residence for 200 Minnesotan men each year exiting prison. Services include emergency residence, case management, sobriety programs, job placement, life skills, and housing navigation. The shelter serves up to 37 men with stays averaging 60 days.

Foster Care Program - Recruits and provides 24/7 support for foster families and youth across southeast Minnesota. The network provides respite or short/long-term foster care.

180 Degrees, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Nature of Activities (Continued)

Emergency Youth Shelters - Provides 24/7 emergency shelter to youth, ages 10-19 experiencing or at risk of homelessness, exploitation, and crisis. On any night, 180 Degrees, Inc. is providing shelter and services to 40 youth in Chanhassen, Eden Prairie, St. Cloud/Central MN, and Rochester/SE MN. Services include youth outreach, emergency shelter, case management, life skills, onsite education, and aftercare for up to 90 days.

Community Based Programs:

SAFE Program:

Safe Programs - The SAFE program provides African American-centric prevention and intervention programming for women and their children in the St. Paul and Minneapolis who are experiencing domestic violence. Case managers support the family and make important connections to secure food, shelter, transportation, employment, mental and chemical health, and legal aid.

Youth Vocational:

All Children Excel (ACE) Program - Provides long-term, comprehensive case management annually for 50 children in Ramsey County, ages 9 and under, who have committed prosecutable offenses. ACE staff can work with these youth until they reach age 18.

Youth Vocational Program - Provides job skill-building, job readiness, and job placement for high risk, high school age youth in 180 Degrees' shelter programs.

Basis of Consolidation

The consolidated financial statements include the accounts of 180 Degrees, Inc. and its wholly-owned subsidiaries, Community Re-Entry Services and Turning Lives Around. All material intercompany transactions and accounts have been eliminated.

Basis of Presentation

The consolidated financial statements of the Organization have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States (GAAP).

180 Degrees, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Cash and Cash Equivalents

The Organization considers all highly liquid debt instruments with an original maturity of three months or less to be cash equivalents.

Accounts Receivable

Accounts receivable consist primarily of amounts due for program services. The Organization provides an allowance for bad debts, which is based on management's judgment considering historical information. Accounts past due more than 90 days are individually analyzed for collectibility. When all collection efforts have been exhausted, the accounts are written off against the related allowance. The allowance for bad debts at June 30, 2020 and 2019, was \$54,975 and \$33,307, respectively.

Pledges Receivable

Pledges receivable expected to be collected in less than one year are reported at net realizable value. Pledges receivable that are expected to be collected in future years are recorded at the present value of their net realizable value, using risk-free interest rates applicable to the years in which the promises are to be received. No allowance for pledges receivable is provided since all amounts are deemed collectible.

Property and Equipment

All major expenditures for property and equipment exceeding \$5,000 are capitalized at cost. Amortization of assets acquired under capital leases is included in accumulated depreciation. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets as follows:

Building	10-40 years
Equipment	5-10 years
Furniture and fixtures	5-10 years
Vehicles	5 years

Total depreciation and amortization expense for the years ended June 30, 2020 and 2019, was \$229,234 and \$230,176, respectively.

180 Degrees, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Donated Property and Equipment

Donated property and equipment are recorded as contributions at fair value at the date of donation. Such donations are reported as increases in net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions or net assets without donor restrictions at that time.

Participation in Loan

TLA obtained financing through New Markets Tax Credit (NMTC) program. NMTC programs were established as part of the Community Renewal Tax Relief Act of 2000. The goal of NMTC programs is to spur revitalization efforts of low-income and impoverished communities across the United States and its Territories by providing tax credit incentives to investors in certified community development entities. Investors receive the tax credit over a seven year period. A community development entity (CDE) is required to participate and has the primary mission of providing financing for revitalization projects in low-income communities.

NMTC financing allows organizations such as 180 Degrees, Inc. and Subsidiaries to receive low-interest loans or investment capital from CDEs, primarily financial institutions, which will allow their investors to receive tax credits. As a result of participation in the NMTC program, TLA has obtained the low-interest loans described in Note 7.

In connection with the NMTC program, Capital City New Markets Fund V Investment Fund, LLC (CCNMFVIF) has borrowed funds from a bank in order to make the loans to the Organization. 180 Degrees, Inc. has purchased a participation in CCNMFVIF's loan from that bank. 180 Degrees, Inc.'s initial participation in the loan totaled \$979,700 while an additional \$1,920,650 was purchased in 2015, totaling \$2,900,350, which is recorded at cost. The Organization receives a portion of the interest paid on the debt as a result of the participation. The Organization has fully participated in the loan, which cannot exceed 95% participation in total.

Net Assets

Net assets and revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization 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.

180 Degrees, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Net Assets (Continued)

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. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Revenue Recognition

Revenue is recognized as it is earned when eligible expenditures or performance, as defined in each contract, has occurred. Funds received, but not yet earned are shown as deferred revenue. 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, the Organization will record the disallowance at the time the final assessment is made.

Program service fees are recognized as the service is rendered and is reported at the estimated net realizable amounts from third-party payors and individuals.

Contributions are recognized as revenue when cash, securities, or other assets; unconditional promises to give; or a 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 met. Contributions that are restricted by the donor are reported 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 statements of activities as net assets released from restrictions.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the consolidated statements of activities. Accordingly, certain costs have been allocated among the program services and supporting activities benefited according to estimates made by management. Expenses, except for certain items on a direct allocation basis, are allocated among program and supporting service categories based on the estimated time expended by providers of professional and administrative services in those categories.

180 Degrees, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Use of Estimates

The preparation of the consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Taxes

180 Degrees, Inc. is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the "Code"). Community Re-Entry Services is a wholly owned limited liability company and is considered a disregarded entity for tax purposes. TLA is exempt from federal income taxes under Section 501(c)(2) of the Code. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation on unrelated business income. The Organization paid no income tax on unrelated business income in 2020 and 2019.

The Organization assesses whether it is more likely than not that a tax position will be sustained upon examination of the technical merits or the position, assuming the taxing authority has full knowledge of all information. If the tax position does not meet the more likely than not recognition threshold, the benefit of the tax position is not recognized in the financial statements. The Organization recorded no assets or liabilities for uncertain tax positions or unrecognized tax benefits.

Change in Accounting Policy

On June 21, 2018, the FASB issued ASU 2018-08 *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The amendments in this ASU assist in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) subject to Subtopic 958-605 or as an exchange (reciprocal) transactions subject to Accounting Standards Codifications 606 and (2) determining whether a contribution is conditional. The contribution guidance in Subtopic 958-605 requires an Organization to determine whether a transaction is conditional, which affects the timing of the revenue recognized. The Organization has applied the amendments in this ASU on a modified prospective basis. There was no change to opening balances of net assets as a result of implementing this ASU.

Subsequent Events

The Organization has evaluated events and transactions for potential recognition or disclosure in the consolidated financial statements through November 5, 2020, which is the date the consolidated financial statements were available to be issued.

180 Degrees, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 2: Liquidity and Availability of Financial Resources

The following table reflects the Organization's financial assets as of June 30, 2020, and 2019, reduced by amounts that are not available to meet general expenditures within one year of the consolidated statements of financial position date. Amounts not available include net assets with donor restrictions and pledges receivable greater than one year, less the valuation allowance.

	2020	2019
<hr/>		
Financial assets at year-end:		
Cash	\$ 1,031,005	\$ 473,220
Accounts receivable, net	701,579	657,276
Pledges receivable	1,990	2,940
Loan receivable	-	41,674
<hr/>		
Total financial assets	1,734,574	1,175,110
<hr/>		
Less amounts not available to be used within one year:		
Pledges receivable after one year	(990)	(1,940)
Net assets with donor restrictions	(94,000)	(81,200)
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Totals	\$ 1,639,584	\$ 1,091,970
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The Organization does not have a formal investment or cash management policy but generally maintains liquid financial assets sufficient to cover 60 days of general expenditures.

In the event of an unanticipated liquidity need, the Organization could also draw upon \$70,000 of available line of credit.

Note 3: Concentration of Credit Risk

The Organization maintains cash balances at financial institutions where the accounts are insured by the Federal Deposit Insurance Corporation (FDIC) for up to \$250,000 at each institution. At certain times during the year cash balances may be in excess of FDIC coverage. The Organization has not experienced any losses in such accounts, and believes it is not exposed to any significant credit risk on cash.

180 Degrees, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 4: Concentration of Funding

During the years ended June 30, 2020 and 2019, the Organization's major sources of support and revenue were as follows:

	2020	2019
Federal program funding	\$ 334,306	\$ 296,171
Minnesota Department of Corrections	626,182	643,010
Minnesota Department of Health Services	576,094	807,619
Hennepin County	594,651	483,655
Ramsey County	427,899	475,263

Note 5: Pledges Receivable

The outstanding balance of pledges receivable as of June 30, 2020 and 2019, consisted of the following:

	2020	2019
Amount outstanding	\$ 2,000	\$ 3,000
Less: Discount of 1% to net present value	(10)	(60)
Totals	\$ 1,990	2,940
Amounts due in:		
Less than one year	\$ 1,000	1,000
One to five years	990	1,940
Totals	\$ 1,990	\$ 2,940

Note 6: Loan Receivable

The Organization entered into a loan receivable agreement structured as a contract for deed with a private purchaser to sell one of their properties in Hayward on August 2017 for a purchase price of \$120,000. The purchaser paid a down payment of \$30,000 and financed the remaining balance with a loan receivable for \$90,000 with monthly payments of \$1,000, that includes interest at 5%, with a balloon payment of \$52,000 due on August 1, 2022. The purchaser paid off the loan receivable during the year ended June 30, 2020 and the Organization remitted the legal title to the property and the deed of conveyance was delivered to the purchaser during the year ended June 30, 2020.

The purchaser made principal payments of \$41,674 and \$39,360 on the loan during the years ending June 30, 2020 and 2019, respectively, for a remaining loan balance of \$- and \$41,674 at June 30, 2020 and 2019, respectively.

180 Degrees, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 7: Lines of Credit

On March 28, 2019, the Organization entered into a line of credit with Propel Nonprofits in the amount of \$70,000 with interest at 6.5%. This line of credit matures May 31, 2021, and is collateralized by all business assets. As of June 30, 2020 and 2019, \$- was outstanding on this line of credit.

Note 8: Notes Payable

The Organization had the following notes payable as of June 30, 2020 and 2019:

	2020	2019
Propel Nonprofits	\$ 398,160	\$ 422,119
CDBG loan	10,450	14,042
City of St. Paul Star loan	69,937	84,938
Capital City New Markets Fund V, LLC:		
Note A	3,053,000	3,053,000
Note B	1,029,500	1,029,500
Totals	4,561,047	4,603,599
Less: current portion	(3,121,699)	(51,915)
Notes payable, net of current portion	\$ 1,439,348	\$ 4,551,684

Required payments of principal on the notes payable at June 30, 2020, including current maturities, are summarized as follows:

2021	\$ 3,121,699
2022	413,533
2023	50,591
2024	49,058
2025	40,795
Thereafter	885,371
Total	\$ 4,561,047

180 Degrees, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 8: Notes Payable (Continued)

Propel Nonprofits Loan

The Organization has a loan agreement with Propel Nonprofits with monthly payments of \$4,645, which include interest at 5.5%, maturing on March, 31, 2022. A balloon payment will be paid for the remaining outstanding principal and accrued unpaid interest on March 31, 2022. The note is secured by all business assets.

CDBG Loan

The Organization has a loan agreement with the North East Neighborhoods Development Corporation with monthly payments of \$331, which include interest at 3%, maturing on March 1, 2023. The note is secured by real property.

City of St. Paul Star Loan

The Organization has a loan agreement with the City of St. Paul with monthly payments of \$1,380, which includes interest at 2%, maturing on December 1, 2024. The note is secured by real property.

Capital City New Market Fund V LLC Loans:

TLA is a qualified active low-income community business (QALICB) pursuant to the NMTC Program under Section 45D of the Internal Revenue Code. TLA has several notes payable consisting of loans provided by community development entities under the NMTC Program. The loan agreement also provides for several non-financial and financial covenants to include the following:

- Limitations on additional indebtedness.
- TLA shall not own additional property and property shall only be used for the project St. Paul Youth Development Campus.
- TLA shall not discontinue conducting business nor materially change the nature of the business.
- TLA shall maintain a debt service coverage ratio.

TLA has two loan agreements with Capital City New Market Fund V, LLC as follows:

\$3,053,000 loan (Note A) with an interest rate of 3.3656% per annum and interest-only payments due on the 20th day of each month through December 20, 2020. A balloon payment will be paid for the remaining outstanding principal and accrued unpaid interest on December 31, 2020, through the process described under future transactions below. The note is secured by a mortgage on real and personal property owned by TLA. No prepayments may be made prior to the end of the NMTC recapture period, which is seven years.

180 Degrees, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 8: Notes Payable (Continued)

\$1,029,500 loan (Note B) with an interest rate of 3.3656% per annum and interest-only payments due on the 1st day of each month through December 31, 2020. Beginning January 20, 2021, provided Note A has been paid in full, accrued interest and principal payments of \$5,363 per month will be paid through December 31, 2043, which is the maturity date of the loan. A balloon payment will be paid for the remaining outstanding principal and accrued unpaid interest on December 31, 2043. The note is secured by a mortgage on real and personal property owned by TLA. Capital City New Market Fund V, LLC reserves the right, but not the obligation, to sell the note to TLA within six months after the NMTC compliance period (seven years), for a put price of \$1,000.

In the event of a default, the Organization is required to purchase additional participations from the bank in an amount equal to the outstanding principal balance of the note less the amount of the participations previously purchased.

Future Transactions

After the seven-year NMTC period expires, it is anticipated that 180 Degrees, Inc. will be the holder of 95% of an interest in a loan from Central Bank to the CDE through the participation agreement described in Note 1. At this time, the remaining 5% of the principal balance, or \$152,650, will be paid by TLA and the remaining 95% of such loan will then be eliminated by common ownership for reporting purposes because the remaining portion of the loan will be owed by TLA to 180 Degrees, Inc. through the participation agreement.

Note 9: Capital Lease Obligation

The Organization leases office equipment under capital leases with monthly payments ranging from \$494 to \$722 with various expiration dates through March 2023. The following is an analysis of the book value of the leased assets included in equipment at June 30, 2020 and 2019:

	2020	2019
Leased assets cost	\$ 60,126	\$ 60,126
Less: Accumulated depreciation	(32,149)	(17,070)
Net book value	\$ 27,977	\$ 43,056

180 Degrees, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 9: Capital Lease Obligation (Continued)

Minimum future lease obligations under the capital leases are as follows at June 30, 2020:

2021	\$	13,972
2022		12,881
2023		6,636
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Total		33,489
Less: Amounts representing interest		(2,026)
<hr/>		
Present value of minimum lease payments	\$	31,463
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Interest expense recognized under capital leases was \$2,221 and \$2,964 for the years ended June 30, 2020 and 2019, respectively.

Note 10: Deferred Revenue

The Organization was awarded a conditional grant with the North East Neighborhood Development Corporation (NENDC) on February 22, 2016. The conditions of this grant will be met upon owning the related property until January 28, 2023, using it for the specified program purpose, and complying with the requirements of the HUD Community Development Block Grant (CDBG). In the year the conditions are met, the \$75,000 will be recognized as revenue.

Note 11: Net Assets with Donor Restrictions

Net asset balances are restricted by donors for the following purposes as of June 30:

	2020	2019
<hr/>		
Subject to expenditure for specified purpose:		
Brittany's Place	\$ 40,000	\$ 21,200
General Support - COVID 19	54,000	-
Youth Advancement	-	60,000
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Totals	\$ 94,000	\$ 81,200
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180 Degrees, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 11: Net Assets with Donor Restrictions (Continued)

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, 2020 and 2019:

	2020	2019
Subject to expenditure for specified purpose:		
Brittany's Place	\$ 21,200	\$ -
Youth Development Campus	-	50,800
Youth Advancement	60,000	92,107
Totals	\$ 81,200	\$ 142,907

Note 12: Employee Benefit Plan

The Organization offers a 401(k) employee benefit plan that offers each eligible employee the opportunity to defer payroll dollars in a pretax, individual 401(k) account up to the maximum allowed by law. The Organization will match 100% of the employee's contribution for the first 3% and will match 50% of the employees 4th and 5th percent contribution, for a maximum employer match of 4%. Employer contributions were \$63,579 and \$57,069 to the 401(k) plan for the years ended June 30, 2020 and 2019, respectively. The employees' assets are immediately vested in the plan.

Note 13: Related Parties

The Organization purchased database services from a company owned by a member of the Organization's Board of Directors in the amounts of \$6,000 and \$81,970 during the years ending June 30, 2020 and 2019, respectively. The Organization owed \$- and \$43,524 to this company as of June 30, 2020 and 2019, respectively.

Note 14: Refundable Advance Liability

At June 30, 2020, the Organization had a refundable advance liability of \$135,317. This amount resulted from the issuance of an award of \$686,700 from the Small Business Administration's (SBA) Paycheck Protection Program (PPP) as a result of legislation passed to assist businesses in navigating the Coronavirus pandemic. The Organization has determined the award is a conditional grant in accordance with FASB 958-605 and has applied the policy as described in Note 1. Accordingly, the award is reported as a refundable advance liability until the conditions are substantially met or explicitly waived.

180 Degrees, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 14: Refundable Advance Liability (Continued)

The Organization has interpreted the condition of the award to be the incurrence of eligible expenditures, adjusted for any decrease in full time equivalents and or salary/wage limitations. Should the conditions of the award not be substantially met or explicitly waived, all or a portion of the award will be treated as a loan bearing interest at 1% and repayable in monthly amounts of principal and interest of \$28,912, beginning November 2020, with final maturity in April 2022. The Organization anticipates that the conditions of the award will be substantially met and the full amount of the award will be recognized as revenue. The Organization has recognized \$551,383 as revenue for the year ended June 30, 2020.

Note 15: Risks and Contingencies

Beginning in March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic, followed by multiple jurisdictions in the United States declaring a state of emergency. As a result the Organization has reduced office hours and employees have mostly been working remotely. The Organization cannot reasonably estimate the length or severity of this pandemic or the future impact of the economic changes as a result of the pandemic.

Supplementary Information

180 Degrees, Inc. and Subsidiaries
Consolidating Statement of Financial Position

June 30, 2020

Assets	180 Degrees, Inc.	Community Re-entry Services	Turning Lives Around	Eliminations	Total
Current assets:					
Cash	\$ 929,621	\$ -	\$ 101,384	\$ -	\$ 1,031,005
Accounts receivable, net	715,662	-	-	(14,083)	701,579
Pledges receivable, current portion	1,000	-	-	-	1,000
Prepaid expenses and other assets	31,777	125	-	-	31,902
Due from parent/subsidiaries	229,028	-	1,109,700	(1,338,728)	-
Total current assets	1,907,088	125	1,211,084	(1,352,811)	1,765,486
Property and equipment:					
Land	34,270	-	270,922	-	305,192
Buildings	1,992,722	-	3,627,575	-	5,620,297
Construction in progress	44,191	-	-	-	44,191
Equipment	465,575	740	-	-	466,315
Furniture and fixtures	75,305	-	-	-	75,305
Vehicles	145,016	-	-	-	145,016
Subtotal	2,757,079	740	3,898,497	-	6,656,316
Less - Accumulated depreciation	(1,604,168)	(740)	(868,778)	-	(2,473,686)
Net property and equipment	1,152,911	-	3,029,719	-	4,182,630
Other assets:					
Pledges receivable, net of current portion	990	-	-	-	990
Participation in loan	2,900,350	-	-	-	2,900,350
Total other assets	2,901,340	-	-	-	2,901,340
TOTAL ASSETS	\$ 5,961,339	\$ 125	\$ 4,240,803	\$ (1,352,811)	\$ 8,849,456
Liabilities and Net Assets					
Current liabilities:					
Notes payable, current portion	\$ 50,039	\$ -	\$ 3,071,660	\$ -	\$ 3,121,699
Capital leases payable, current portion	12,545	-	-	-	12,545
Accounts payable	188,484	-	-	-	188,484
Accrued expenses	1,635,078	-	-	(1,333,618)	301,460
Due to parent/subsidiaries	-	19,193	-	(19,193)	-
Total current liabilities	1,886,146	19,193	3,071,660	(1,352,811)	3,624,188
Long-term liabilities:					
Notes payable, net of current portion	418,058	-	1,021,290	-	1,439,348
Capital leases payable, net of current portion	18,918	-	-	-	18,918
Deferred revenue	1,700	-	75,000	-	76,700
Refundable advance liability	135,317	-	-	-	135,317
Total long-term liabilities	573,993	-	1,096,290	-	1,670,283
Total liabilities	2,460,139	19,193	4,167,950	(1,352,811)	5,294,471
Net assets:					
Without donor restrictions	3,407,200	(19,068)	72,853	-	3,460,985
With donor restrictions	94,000	-	-	-	94,000
Total net assets	3,501,200	(19,068)	72,853	-	3,554,985
TOTAL LIABILITIES AND NET ASSETS	\$ 5,961,339	\$ 125	\$ 4,240,803	\$ (1,352,811)	\$ 8,849,456

See Independent Auditor's Report.

180 Degrees, Inc. and Subsidiaries
Consolidating Statement of Financial Position

June 30, 2019

Assets	180 Degrees, Inc.	Community Re-entry Services	Turning Lives Around	Eliminations	Total
Current assets:					
Cash	\$ 427,408	\$ -	\$ 45,812	\$ -	\$ 473,220
Accounts receivable, net	673,320	-	-	(16,044)	657,276
Pledges receivable, current portion	1,000	-	-	-	1,000
Loans receivable, current portion	41,674	-	-	-	41,674
Prepaid expenses and other assets	4,485	125	-	-	4,610
Due from parent/subsidiaries	110,111	-	963,156	(1,073,267)	-
Total current assets	1,257,998	125	1,008,968	(1,089,311)	1,177,780
Property and equipment:					
Land	34,270	-	270,922	-	305,192
Buildings	1,935,827	-	3,627,575	-	5,563,402
Construction in progress	7,425	-	-	-	7,425
Equipment	441,575	740	-	-	442,315
Furniture and fixtures	58,920	-	-	-	58,920
Vehicles	145,016	-	-	-	145,016
Subtotal	2,623,033	740	3,898,497	-	6,522,270
Less - Accumulated depreciation	(1,514,026)	(740)	(729,686)	-	(2,244,452)
Net property and equipment	1,109,007	-	3,168,811	-	4,277,818
Other assets:					
Pledges receivable, net of current portion	1,940	-	-	-	1,940
Participation in loan	2,900,350	-	-	-	2,900,350
Total other assets	2,902,290	-	-	-	2,902,290
TOTAL ASSETS	\$ 5,269,295	\$ 125	\$ 4,177,779	\$ (1,089,311)	\$ 8,357,888
Liabilities and Net Assets					
Current liabilities:					
Notes payable, current portion	\$ 48,323	\$ -	\$ 3,592	\$ -	\$ 51,915
Capital leases payable, current portion	11,593	-	-	-	11,593
Accounts payable	140,363	-	-	-	140,363
Accrued expenses	1,331,147	-	-	(1,070,118)	261,029
Due to parent/subsidiaries	-	19,193	-	(19,193)	-
Total current liabilities	1,531,426	19,193	3,592	(1,089,311)	464,900
Long-term liabilities:					
Notes payable, net of current portion	458,734	-	4,092,950	-	4,551,684
Capital leases payable, net of current portion	31,463	-	-	-	31,463
Deferred revenue	-	-	75,000	-	75,000
Total long-term liabilities	490,197	-	4,167,950	-	4,658,147
Total liabilities	2,021,623	19,193	4,171,542	(1,089,311)	5,123,047
Net assets:					
Without donor restrictions	3,166,472	(19,068)	6,237	-	3,153,641
With donor restrictions	81,200	-	-	-	81,200
Total net assets	3,247,672	(19,068)	6,237	-	3,234,841
TOTAL LIABILITIES AND NET ASSETS	\$ 5,269,295	\$ 125	\$ 4,177,779	\$ (1,089,311)	\$ 8,357,888

See Independent Auditor's Report.

180 Degrees, Inc. and Subsidiaries

Consolidating Statement of Activities

Year Ended June 30, 2020

	180 Degrees, Inc.	Community Re-entry Services	Turning Lives Around	Eliminations	Total
Revenue and support:					
Program service revenue and government contracts	\$ 3,728,565	\$ -	\$ -	\$ -	\$ 3,728,565
Contributions and grants	1,835,195	-	-	-	1,835,195
Special event income, net of expenses of \$13,967	28,748	-	-	-	28,748
Other income	132,834	-	372,150	(372,150)	132,834
Total revenue and support	5,725,342	-	372,150	(372,150)	5,725,342
Expenses:					
Salaries and wages	3,158,190	-	-	-	3,158,190
Payroll taxes	230,576	-	-	-	230,576
Employee benefits	540,826	-	-	-	540,826
Supplies	130,850	-	-	-	130,850
Occupancy	372,150	-	-	(372,150)	-
Telephone	70,313	-	-	-	70,313
Professional fees and services	180,030	-	-	-	180,030
Insurance	106,257	-	-	-	106,257
Repairs and maintenance	109,371	-	-	-	109,371
Food	112,043	-	-	-	112,043
Utilities	77,648	-	-	-	77,648
Miscellaneous	4,450	-	-	-	4,450
Postage	2,700	-	-	-	2,700
Printing	10,682	-	-	-	10,682
Equipment rental	8,227	-	-	-	8,227
Travel	54,292	-	-	-	54,292
Dues and subscriptions	19,022	-	98	-	19,120
Bank charges	3,103	-	28,571	-	31,674
Public relations	3,443	-	-	-	3,443
Depreciation and amortization	90,142	-	139,092	-	229,234
Bad debt	64,194	-	-	-	64,194
Interest	29,564	-	137,773	-	167,337
Real estate taxes	4,150	-	-	-	4,150
Computer repair and maintenance	89,479	-	-	-	89,479
Marketing	112	-	-	-	112
Total expenses	5,471,814	-	305,534	(372,150)	5,405,198
Change in net assets	253,528	-	66,616	-	320,144
Net assets at beginning of year	3,247,672	(19,068)	6,237	-	3,234,841
Net assets at end of year	\$ 3,501,200	\$ (19,068)	\$ 72,853	\$ -	\$ 3,554,985

See Independent Auditor's Report.

180 Degrees, Inc. and Subsidiaries

Consolidating Statement of Activities

Year Ended June 30, 2019

	180 Degrees, Inc.	Community Re-entry Services	Turning Lives Around	Eliminations	Total
Revenue and support:					
Program service revenue and government contracts	\$ 3,906,688	\$ -	\$ -	\$ -	\$ 3,906,688
Contributions and grants	1,298,018	-	-	-	1,298,018
Special event income, net of expenses of \$17,488	74,252	-	-	-	74,252
Other income	135,084	-	263,500	(263,500)	135,084
Total revenue and support	5,414,042	-	263,500	(263,500)	5,414,042
Expenses:					
Salaries and wages	2,995,957	-	-	-	2,995,957
Payroll taxes	217,599	-	-	-	217,599
Employee benefits	481,564	-	-	-	481,564
Supplies	115,755	-	-	-	115,755
Occupancy	293,158	-	-	(263,500)	29,658
Lease termination fees	90,000	-	-	-	90,000
Telephone	66,414	-	-	-	66,414
Professional fees and services	261,630	-	-	-	261,630
Insurance	109,992	-	-	-	109,992
Repairs and maintenance	80,827	-	-	-	80,827
Food	141,004	-	-	-	141,004
Utilities	83,106	-	-	-	83,106
Miscellaneous	2,209	-	-	-	2,209
Postage	3,768	-	-	-	3,768
Printing	9,654	-	-	-	9,654
Equipment rental	7,974	-	-	-	7,974
Travel	63,609	-	-	-	63,609
Dues and subscriptions	18,009	-	126	-	18,135
Bank charges	6,306	-	28,571	-	34,877
Public relations	2,813	-	-	-	2,813
Depreciation and amortization	91,084	-	139,092	-	230,176
Bad debt	36,308	-	-	-	36,308
Interest	30,808	-	137,879	-	168,687
Real estate taxes	1,933	-	-	-	1,933
Computer repair and maintenance	87,290	-	-	-	87,290
Marketing	807	-	-	-	807
Total expenses	5,299,578	-	305,668	(263,500)	5,341,746
Change in net assets	114,464	-	(42,168)	-	72,296
Net assets at beginning of year	3,133,208	(19,068)	48,405	-	3,162,545
Net assets at end of year	\$ 3,247,672	\$ (19,068)	\$ 6,237	\$ -	\$ 3,234,841

See Independent Auditor's Report.