

**OUR SAVIOUR'S COMMUNITY
SERVICES**

FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2026 AND 2025

OUR SAVIOUR'S COMMUNITY SERVICES

FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2026 AND 2025

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Our Saviour's Community Services
Minneapolis, Minnesota

Opinion

We have audited the accompanying financial statements of Our Saviour's Community Services, which comprise the statement of financial position as of March 31, 2026, 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 financial statements referred to above present fairly, in all material respects, the financial position of Our Saviour's Community Services, and the changes in 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. 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 Our Saviour's Community Services 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 Our Saviour's Community Services' ability to continue as a going concern within one year after the date that the financial statements are available to be 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 generally accepted auditing standards 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. 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 generally accepted auditing standards, 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 Our Saviour's Community Services' 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 Our Saviour's Community Services' 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 Our Saviour's Community Services 2025 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 18, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2025, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Casey, Menden, Faust & Nelson, P.A.

September 24, 2026

OUR SAVIOUR'S COMMUNITY SERVICES

STATEMENTS OF FINANCIAL POSITION

MARCH 31, 2026 AND 2025

	2026			2025
	Without Donor Restrictions	With Donor Restrictions	Total	Total (Summarized)
<u>ASSETS</u>				
Current assets:				
Cash and savings	\$ 568,275	\$ 256,150	\$ 824,425	\$ 375,124
Grants and service fees receivable	540,215	-	540,215	496,372
Pledges receivable	-	45,000	45,000	-
Certificates of deposit	5,000	-	5,000	-
Accrued interest	30	-	30	-
Accounts receivable - ERC	-	-	-	532,542
Prepaid expenses	81,745	-	81,745	75,813
Total current assets	<u>1,195,265</u>	<u>301,150</u>	<u>1,496,415</u>	<u>1,479,851</u>
Property and equipment:				
Land	18,884	181,250	200,134	200,134
Building and improvements	690,839	5,128,798	5,819,637	1,149,927
Vehicles	22,175	-	22,175	22,175
Furniture and equipment	50,203	-	50,203	29,856
Construction in progress	-	-	-	1,550,596
	<u>782,101</u>	<u>5,310,048</u>	<u>6,092,149</u>	<u>2,952,688</u>
Less accumulated depreciation	<u>345,764</u>	<u>65,396</u>	<u>411,160</u>	<u>340,467</u>
Net property and equipment	<u>436,337</u>	<u>5,244,652</u>	<u>5,680,989</u>	<u>2,612,221</u>
Other assets:				
Operating right-of-use asset	24,648	-	24,648	36,973
Less accumulated amortization	<u>11,896</u>	<u>-</u>	<u>11,896</u>	<u>22,806</u>
Total other assets	<u>12,752</u>	<u>-</u>	<u>12,752</u>	<u>14,167</u>
Long-term assets:				
Pledges receivable	-	554,000	554,000	-
Discount on pledges receivable	<u>-</u>	<u>(123,338)</u>	<u>(123,338)</u>	<u>-</u>
Total long - term assets	<u>-</u>	<u>430,662</u>	<u>430,662</u>	<u>-</u>
Total assets	<u>\$ 1,644,355</u>	<u>\$ 5,976,464</u>	<u>\$ 7,620,819</u>	<u>\$ 4,106,239</u>

See accompanying notes to financial statements

OUR SAVIOUR'S COMMUNITY SERVICES

STATEMENTS OF FINANCIAL POSITION

MARCH 31, 2026 AND 2025

	2026			2025
	Without Donor Restrictions	With Donor Restrictions	Total	Total (Summarized)
<u>LIABILITIES AND NET ASSETS</u>				
Current liabilities:				
Accounts payable	\$ 102,144	\$ -	\$ 102,144	\$ 703,931
Deferred revenue	206,418	-	206,418	92,046
Accrued payroll and related	169,223	-	169,223	154,068
Security deposit	6,467	-	6,467	4,650
Current portion of note payable - OSLC Foundation	-	-	-	10,560
Lease liability, current portion	7,972	-	7,972	6,310
Total current liabilities	<u>492,224</u>	<u>-</u>	<u>492,224</u>	<u>971,565</u>
Long-term liabilities:				
Note payable - OSLC Foundation net of current maturities	80,547	-	80,547	40,247
Lease liability, net of current portion	6,099	-	6,099	5,586
Total long - term liabilities	<u>86,646</u>	<u>-</u>	<u>86,646</u>	<u>45,833</u>
Total liabilities	<u>578,870</u>	<u>-</u>	<u>578,870</u>	<u>1,017,398</u>
Net assets:				
Without Donor Restrictions:				
Undesignated	1,065,485	-	1,065,485	823,966
Board designated	-	-	-	-
Total	<u>1,065,485</u>	<u>-</u>	<u>1,065,485</u>	<u>823,966</u>
With Donor Restrictions:				
Perpetual in nature	-	-	-	-
Purpose restrictions	-	5,976,464	5,976,464	2,264,876
Underwater endowments	-	-	-	-
Total	<u>-</u>	<u>5,976,464</u>	<u>5,976,464</u>	<u>2,264,876</u>
Total net assets	<u>1,065,485</u>	<u>5,976,464</u>	<u>7,041,949</u>	<u>3,088,841</u>
Total liabilities and net assets	<u>\$ 1,644,355</u>	<u>\$ 5,976,464</u>	<u>\$ 7,620,819</u>	<u>\$ 4,106,239</u>

See accompanying notes to financial statements

OUR SAVIOUR'S COMMUNITY SERVICES

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

YEARS ENDED MARCH 31, 2026 AND 2025

	2026			2025
	Without Donor Restrictions	With Donor Restrictions	Total	Total (Summarized)
Revenues:				
Contributions	\$ 333,720	\$ -	\$ 333,720	\$ 419,444
Government grants, contracts	3,627,233	-	3,627,233	2,852,234
Medical respite	561,774	-	561,774	543,996
Rent income	78,176	-	78,176	52,782
Rooting and Rising	-	949,869	949,869	-
Other income	250,584	-	250,584	84,254
Interest income	4,810	-	4,810	12
In-kind contributions	307,722	-	307,722	255,993
Emergency shelter grant proceeds	-	2,825,182	2,825,182	1,520,342
Net assets released from restrictions	63,463	(63,463)	-	-
Total revenues	5,227,482	3,711,588	8,939,070	5,729,057
Expenses:				
Program services	4,486,083	-	4,486,083	3,846,241
Management and general	338,901	-	338,901	256,561
Fundraising	160,978	-	160,978	171,041
Total expenses	4,985,962	-	4,985,962	4,273,843
Change in net assets	241,520	3,711,588	3,953,108	1,455,214
Net assets:				
Beginning of year	823,965	2,264,876	3,088,841	1,633,627
End of year	\$ 1,065,485	\$ 5,976,464	\$ 7,041,949	\$ 3,088,841

See accompanying notes to financial statements

OUR SAVIOUR'S COMMUNITY SERVICES

STATEMENTS OF FUNCTIONAL EXPENSES

YEARS ENDED MARCH 31, 2026 AND 2025

	2026					2025	
	English Learning Center (ELC)	Our Saviour's Housing (OSH)	Total Program	General and Administrative	Fundraising	Total	Total (Summarized)
Expenses:							
Salary and wages	\$ 269,567	\$ 1,220,877	\$ 1,490,444	\$ 160,945	\$ 76,449	\$ 1,727,838	\$ 1,611,617
Stipendiary workers	-	16,800	16,800	-	-	16,800	-
Workers compensation insurance	4,085	16,886	20,971	1,470	698	23,139	20,713
Payroll taxes	22,193	97,172	119,365	12,870	6,113	138,348	121,194
Employee benefits	41,800	140,096	181,896	25,610	12,165	219,671	193,438
Other staff expenses	4,120	28,879	32,999	4,805	2,283	40,087	32,930
Communications	1,418	8,074	9,492	3,746	1,780	15,018	16,421
Computer repairs and related	4,637	27,488	32,125	10,010	4,755	46,890	29,680
Copier lease and maintenance	964	2,653	3,617	305	145	4,067	3,211
Depreciation expense	2,728	18,261	20,989	956	454	22,399	21,245
Depreciation expense - restricted	-	51,802	51,802	-	-	51,802	13,594
Amortization expense	4,072	3,088	7,160	811	385	8,356	8,275
Indirect operating expenses	7,511	37,656	45,167	17,471	8,297	70,935	41,879
Insurance expense	4,580	21,182	25,762	1,588	755	28,105	21,021
Occupancy and related	78,553	127,344	205,897	19,883	9,445	235,225	216,748
Professional fees	1,562	8,854	10,416	4,125	1,959	16,500	9,000
Program expenses	12,920	1,685,077	1,697,997	4,438	2,108	1,704,543	1,539,690
In-kind volunteer services	178,893	60,318	239,211	-	-	239,211	230,868
In-kind donated meals	-	68,511	68,511	-	-	68,511	25,125
Rooting and Rising	23,328	132,265	155,593	61,621	29,270	246,484	65,555
Telecommunications	9,677	40,192	49,869	8,247	3,917	62,033	51,639
Total expenses	<u>\$ 672,608</u>	<u>\$ 3,813,475</u>	<u>\$ 4,486,083</u>	<u>\$ 338,901</u>	<u>\$ 160,978</u>	<u>\$ 4,985,962</u>	<u>\$ 4,273,843</u>

See accompanying notes to financial statements

OUR SAVIOUR'S COMMUNITY SERVICES

STATEMENTS OF CASH FLOWS

YEARS ENDED MARCH 31, 2026 AND 2025

	2026	2025
Reconciliation of change in net assets to net cash from operating activities:		
Change in net assets	\$ 3,953,108	\$ 1,455,214
Depreciation	70,693	21,245
Amortization of right-of-use asset	(10,910)	15,015
Grants and service fee receivable	(43,843)	(363,129)
Pledges receivable	(475,662)	-
Accounts receivable - ERC	532,542	-
Prepaid expense	(5,932)	(38,008)
Accrued interest	(30)	-
Accounts payable	(601,788)	526,019
Lease liability	12,838	676
Deferred revenue	114,372	90,502
Accrued payroll and related	15,155	57,583
Security deposit	1,817	(50)
Net cash from operating activities	<u>3,562,360</u>	<u>1,765,067</u>
Cash flows from investing activities:		
Acquisition of fixed assets	(4,690,057)	-
Certificates of deposit	(5,000)	-
Construction in progress	1,550,596	(1,531,062)
Net cash from investing activities	<u>(3,144,461)</u>	<u>(1,531,062)</u>
Cash flows from financing activities:		
Proceeds from note payable - OSLC Foundation	40,300	40,247
Principal payments notes payable - OSLC Foundation	(10,560)	(40,000)
Principal payments notes payable	1,662	(2,165)
Net cash flows from financing activities	<u>31,402</u>	<u>(1,918)</u>
Net change in cash and cash equivalents	449,301	232,087
Cash and cash equivalents:		
Beginning of year	<u>375,124</u>	<u>143,037</u>
End of year	<u>\$ 824,425</u>	<u>\$ 375,124</u>
Supplemental cash flow information:		
Cash paid for interest	\$ 2,100	\$ 1,264
Cash paid for income taxes	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to financial statements

OUR SAVIOUR'S COMMUNITY SERVICES

NOTES OF FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2026 AND 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND SIGNIFICANT OTHER INFORMATION

Organization

Our Saviour's Community Services (OSCS) is a non-profit organization incorporated under the laws of the State of Minnesota on December 1, 2004. The primary activities of OSCS are:

English Learning Center (ELC)

ELC provides basic instruction in English and math for adult immigrants and refugees new to this community. Computer classes and citizenship classes are also made available to students enrolled in the program. This program offers free classes year-round, morning and evening four days each week. Volunteers are recruited, trained, and supported as they provide classroom instructions for students.

Our Saviour's Housing (OSH)

OSH provides emergency shelter and permanent supportive housing for single adults who are homeless. Supportive case management services are also made available to residents who participate in these programs. This program offers year-round housing to participants. Volunteers and volunteer groups are recruited to provide the meals that are served in the emergency shelter.

Method of Functional Expense Allocation

ASU No. 2016-14 - *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities* requires disclosure of the description of the methods used to allocate costs among program and support functions. The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of revenue, expenses, and changes in fund balance. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management on an equitable basis. Methods of allocation included: time and effort; square footage; and deemed benefit.

Basis of Presentation

The Organization presents its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets and revenues, expenses, 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:

OUR SAVIOUR'S COMMUNITY SERVICES

NOTES OF FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2026 AND 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND SIGNIFICANT OTHER INFORMATION (Continued)

Basis of Presentation (Continued)

Without Donor Restrictions - Net assets are not subject to donor-imposed stipulations.

With Donor Restrictions - Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. Expirations of restrictions on net assets with donor restrictions are reported as net assets released from restrictions.

Comparative Financial Statements

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with Our Saviour's Community Services financial statements for the year ended March 31, 2025, from which the summarized information was derived.

Contributions

Contributions are recorded as received or unconditionally pledged. Conditional contributions are recorded as Unearned Revenue. Revenue is recognized as conditions are met. The Organization has elected the Simultaneous Release Option under ASU 2018-08. Accordingly, donor-restricted contributions whose restrictions are met in the same period in which the corresponding revenue is recognized are reported as support without donor restrictions in the accompanying financial statements. All contributions are available for unrestricted use unless specifically restricted by the donor. Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

Revenue Recognition

ASU 2014-09 and all subsequent amendments to the ASU (collectively, "ASC 606"), which creates a single framework for recognizing revenue from contracts with customers that fall within its scope. Contracts consist of purchase of service agreements and cost reimbursement arrangements with the State of Minnesota, federal agencies, county and city governments, Minneapolis Public School District #1, and other nonprofit organizations. Services and cost reimbursement arrangements billed under these contracts are subject to review and adjustment by the contracting party.

OUR SAVIOUR'S COMMUNITY SERVICES

NOTES OF FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2026 AND 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND SIGNIFICANT OTHER INFORMATION (Continued)

Revenue Recognition (Continued)

These agreements can be canceled by either party, at any time, upon proper written notice. Service revenues are recorded as revenue as earned. Cost reimbursement revenues are recorded as revenue as incurred. Amounts received in advance are recorded as Unearned Revenue. The adoption of this new guidance did not have a material impact on the Organization's financial statements.

Impairment of Long-Lived Assets

The Organization periodically evaluates its long-lived assets, including its investment in real estate, for indicators of impairment. The judgments regarding the existence of impairment indicators are based on factors such as operational performance, market conditions, legal, regulatory and environmental concerns, and the Organization's intent and ability to hold the related asset. Future events could occur which would cause the Organization to conclude that impairment indicators exist, and an impairment loss is warranted. Assessing impairment can be complex and involves a high degree of subjectivity in determining if indicators are present and in estimating the future undiscounted cash flows or the fair value of an asset. In particular, these estimates are sensitive to significant assumptions, including the estimation of future purchase of services revenue, operating expenses, discount and capitalization rates, all of which could be affected by expectations about future market or economic conditions. These estimates can have a significant impact on the undiscounted cash flows or estimated fair value of an asset. As of March 31, 2026 and 2025, there were no indications of impairment, and no losses were recognized.

Concentrations, Risks and Uncertainties

Use of Estimates

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

Grants, Pledges and Service Fee Receivables

Grants, pledges, and service fee receivables are recorded at estimated net realizable value. The Organization follows a policy of providing an allowance for credit losses, which is recorded as an offset to accounts receivable. The Organization assesses credit losses on a collective basis where similar risk characteristics exist.

OUR SAVIOUR'S COMMUNITY SERVICES

NOTES OF FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2026 AND 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND SIGNIFICANT OTHER INFORMATION (Continued)

Concentration, Risks and Uncertainties (Continued)

Grants, Pledges and Service Fee Receivables (Continued)

Receivables that do not share risk characteristics with other receivables, or where known collectability issues exist, are evaluated on an individual basis. In determining the allowance for credit losses, the Organization considers historical loss rates, adjusted for current market conditions, and reasonable and supportable forecasts of future economic conditions, when applicable. Management believes all grants, pledges and service fee receivables are collectible, and accordingly, has not recorded an allowance for credit losses. While the ultimate loss may differ, management believes that any loss will not have a material impact on the Organization's financial position. Due to uncertainties in the collection process, however, it is reasonable that management's estimate of the outcome may change during the next year. That amount cannot be estimated.

All grant receivables are due within one year. All pledge receivables are due by 2030.

12.3% of accounts receivable at March 31, 2026 were due from the State of Minnesota. 90.9% of accounts receivable at March 31, 2025 were due from the State of Minnesota.

46.9% of accounts receivable at March 31, 2026 were due from the Minneapolis Public Schools. 0% of accounts receivable at March 31, 2025 were due from the Minneapolis Public Schools.

10.76% of accounts receivable at March 31, 2026 were due from Fairview Health Services. 0% of accounts receivable at March 31, 2025 were due from Fairview Health Services.

In 2026, 67.58% of OSCS's cash revenues were provided through grants and purchase of service agreements with the State of Minnesota. In 2026, 5.01% of OSCS's cash revenues were provided through a purchase of service agreement with Minneapolis Public Schools. In 2025, 48.33% of OSCS's cash revenues were provided through grants and purchase of service agreements with the State of Minnesota. In 2025, 5.97% of OSCS's cash revenues were provided through a purchase of service agreement with Minneapolis Public Schools.

Cash Concentrations

The FDIC insured levels are \$250,000 per financial institution. The Organization's bank balances exceeded federally insured levels during 2026.

OUR SAVIOUR'S COMMUNITY SERVICES

NOTES OF FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2026 AND 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND SIGNIFICANT OTHER INFORMATION (Continued)

Income Taxes

The Organization is exempt from federal and state income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code. The Organization is classified as a publicly supported charitable organization under Section 509(a)(1) of the Code and contributions to the Organization qualify as a charitable tax deduction by the contributor. The Organization is required to assess whether it is more likely than not that a tax position will be sustained upon examination of the technical merits of 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 that position is not recognized in the financial statements.

The Organization has determined there are no amounts to record as assets or liabilities related to uncertain tax positions. Federal returns remain subject to examination by the Internal Revenue Service for three years. No interest or penalties are reflected in the 2026 or 2025 financial statements.

Federal and state taxing authorities generally have the right to examine returns for three years from the date of filing. Any interest or penalties incurred by the Organization would be included in operating expenses in the accompanying financial statements. No interest or penalties are reflected in the 2026 and 2025 financial statements.

Compensated Absences

The Organization's employees earn paid time off based on length of service. Employees are typically compensated for any unused vacation upon termination. A liability for accrued compensated absences of \$96,468 and \$91,289 is reflected in the statement of financial position at March 31, 2026 and 2025.

Cash Equivalents

Investment instruments purchased with a maturity of three months or less are considered to be cash equivalents. Certificates of deposit and other securities with original maturities over three months are classified as short-term investments. At March 31, 2026 and 2025, there were no cash equivalents.

ASU 2016-18 requires that restricted cash and cash equivalents be included in the beginning and ending cash and cash equivalents in the statement of cash flows. The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the statements of financial position that sum to the total in the statements of cash flows as of March 31:

OUR SAVIOUR'S COMMUNITY SERVICES

NOTES OF FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2026 AND 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND SIGNIFICANT OTHER INFORMATION (Continued)

Cash Equivalents (Continued)

	2026	2025
Cash and cash equivalents	\$ 568,275	\$ 375,124
Restricted cash:		
Restricted cash - Rooting and Rising	256,150	-
Total cash, cash equivalents and restricted cash as shown in the statements of cash flows	<u>\$ 824,425</u>	<u>\$ 375,124</u>

Property and Equipment

OSCS's policy is to capitalize fixed asset additions greater than \$1,000. Property and equipment are stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and the resulting gain or loss is recognized in income for the period. The cost of maintenance and repairs is expensed as incurred; significant renewals and betterments are capitalized. Deduction is made for retirements resulting from renewals or betterments.

Depreciation expense totaled \$74,201 in 2026 and \$34,839 in 2025, respectively.

The estimated useful lives of property and equipment is as follows:

	Useful Lives
Building and improvements	10 to 40
Vehicles	10
Furniture and equipment	3 to 7

Donated Goods and Services

The programs of Our Saviour's Community Services are enriched by the time and talents of many dedicated community volunteers. Two of OSCS's program areas would be substantially diminished or nonexistent without donated goods and services:

OUR SAVIOUR'S COMMUNITY SERVICES

NOTES OF FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2026 AND 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND SIGNIFICANT OTHER INFORMATION (Continued)

Donated Goods and Services (Continued)

The English Learning Center programs are taught entirely by trained volunteer instructors. In fiscal year 2026, volunteer instructors contributed 4,950 hours of their time teaching in the OSCS's classrooms and virtual sessions. In fiscal year 2025, volunteer instructors contributed 4,493 hours of their time teaching in the OSCS's classrooms.

Volunteer instructor services were valued at \$36.14 per hour in 2026 and \$38.16 per hour in 2025 based on research performed by Independent Sector, a nonprofit organization performing research on giving and volunteering in the United States of America.

The Emergency Shelter at Our Saviour's Housing is served by a wide variety of community volunteer groups who purchase, prepare, and serve the evening meal to shelter residents each night of the year. These groups vary widely in their size and composition; sometimes several adults are responsible for the meal and sometimes the groups consist of adults and youth. Each group prepares food for a minimum of 21 people each night. Donated meals are valued in the accompanying financial statements at \$9.28 per meal in 2026 and \$9.06 per meal in 2025. In fiscal year 2026, volunteers contributed 1,669 hours of their time to Our Saviour's Housing. In fiscal year 2025, volunteers contributed 1,557 hours of their time to Our Saviour's Housing. Volunteer services were valued at \$36.14 and \$38.16 per hour in 2026 and 2025 based on research performed by Independent Sector.

Reclassifications

Certain reclassifications have been made to the fiscal year 2025 financial statements to conform to the fiscal year 2026 presentation. These reclassifications had no net income effect.

NOTE 2 - FINANCIAL ASSETS AND LIQUIDITY RESOURCES

The Organization receives contributions from donors that contain restrictions. Those restrictions require that resources be used in a certain manner in a future period. Therefore, the Organization must maintain adequate resources to meet those responsibilities to its donors and certain financial assets may not be available for general expenditure within one year. As part of its liquidity management, the Organization has a policy to structure its financial assets to be available as general expenditures, liabilities, and other obligations become due.

The below reflects the Organization's financial assets as of the statement of the financial position date, reduced by amounts that are not available for general use due to contractual or donor-imposed restrictions within one year of the statement of financial position date. Amounts that are not available also include the board designated amounts that could be utilized if the Organization approved the use:

OUR SAVIOUR'S COMMUNITY SERVICES

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YEARS ENDED MARCH 31, 2026 AND 2025

NOTE 2 - FINANCIAL ASSETS AND LIQUIDITY RESOURCES (Continued)

	2026	2025
Financial assets at end of year	\$ 1,840,302	\$ 871,496
Less those unavailable for general expenditures within one year, due to:		
Contractual or donor-imposed restrictions:		
Restricted by donor with time or purpose restrictions	(731,812)	(347,664)
Board designations:		
Designated by Board	-	-
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,108,490</u>	<u>\$ 523,832</u>

NOTE 3 - CERTIFICATES OF DEPOSIT

The Organization holds investments in bank certificates of deposits. In general, these investments are exposed to minimal risks. Amortized cost plus accrued interest approximates fair value. These securities mature during 2026.

ASU No. 2016-13 Financial Instruments – Credit Losses (Topic 326) requires a financial asset (or a group of financial assets) measured at amortized cost basis to be presented at the net amount expected to be collected. These certificates of deposit mature from May 2026 to September 2026.

A summary is as follows:

	2026	2025
Certificates of deposit, at cost	\$ 5,000	\$ -
Accrued interest	30	-
Allowance for credit lossess	<u>-</u>	<u>-</u>
Fair value	<u>\$ 5,030</u>	<u>\$ -</u>

OUR SAVIOUR'S COMMUNITY SERVICES

NOTES OF FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2026 AND 2025

NOTE 4 - NOTES PAYABLE

A summary of notes payable is as follows:

	<u>2026</u>	<u>2025</u>
Note payable to OSLC Foundation in monthly payments of \$3,438.50, commencing on April 1, 2023, including interest at 3.00% per annum, through June 30, 2025, unsecured.	\$ -	\$ 10,560
Note payable to OSLC Foundation up to an aggregate of \$80,000, no more than four requests for disbursement of funds may be made and the final disbursement requested no later than March 31, 2026, interest only payments at 3% every six months, commencing on July 21, 2025, principal fully repaid no later than September 30, 2027, unsecured.	80,547	40,247
Less current maturities	<u>-</u>	<u>10,560</u>
Long-term debt	<u>\$ 80,547</u>	<u>\$ 40,247</u>

Future maturities on this obligation are as follows:

<u>Year ending March 31,</u>	
2027	\$ -
2028	80,547
2029	-
2030	-
2031	-
	<u>\$ 80,547</u>

OUR SAVIOUR'S COMMUNITY SERVICES

NOTES OF FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2026 AND 2025

NOTE 5 - OUR SAVIOUR'S LUTHERAN CHURCH

The services of OSCS grew out of the outreach programs of Our Saviour's Lutheran Church (OSLC). Amounts paid OSLC are as follows:

OSCS leases facilities from OSLC under short-term lease agreements cancellable upon ninety days' notice by either party. OSCS elected ASC 842's practical expedient for short term leases. As such the leases are not reflected on the balance sheet as a right of use asset. Rent expense under this agreement totaled \$32,519 in 2026 and \$32,167 in 2025.

In January 2022, Our Saviour's Lutheran Church Foundation loaned \$80,000 to Our Saviour's Community Services. The loan bears interest at an annual rate of 3%. Until March 31, 2023, no payments of principal or interest were due, with the exception of two semi-annual interest payments in the amount of \$1,200, which were paid on September 30, 2022 and March 31, 2023. Repayment of the loan commenced April 1, 2023 in 24 monthly installments of \$3,439. Monthly payments were made for April, May and June 2023.

In July 2023, Our Saviour's Lutheran Church Foundation modified the terms of the loan. Loan payments were deferred for three months. During the deferral period OSCS was to pay \$526.95 in interest and monthly payments resumed in October 2023. The maturity date was June 2025 rather than March 2025. The final payment was paid in June 2025.

In December 2024, Our Saviour's Lutheran Church Foundation entered into an agreement with Our Saviour's Community Services to make loans up to an aggregate of \$80,000. No more than four requests for disbursement may be made, and the last disbursement requested no later than March 31, 2026. On January 21, 2025, the Organization received a disbursement request of \$40,000. On March 30, 2026, the Organization requested the final disbursement. The loan bears interest at an annual rate of 3%. Interest payments are to be paid every six months, commencing on July 21, 2025. The principal is to be fully repaid no later than September 30, 2027.

Our Saviour's Community Services is in a joint capital campaign now called Rooting and Rising, formerly referred to as Property Reimagining, with Our Saviour's Lutheran Church.

NOTE 6 - PLEDGES RECEIVABLE

Our Saviour's Community Services is in a joint capital campaign now called Rooting and Rising, formerly referred to as Property Reimagining, with Our Saviour's Lutheran Church. The campaign is to transform the campus at 24th Street and Chicago Avenue in South Minneapolis. The campaign launched in 2026. It is anticipated that construction will begin on the new multi-story building in late fall 2027 to early 2028. In the fall of 2026, Our Saviour's Lutheran Church is expected to transfer ownership of a building and adjacent lot to Indigenous Protector Movement. The new building is anticipated to open early in 2029.

OUR SAVIOUR'S COMMUNITY SERVICES

NOTES OF FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2026 AND 2025

NOTE 6 - PLEDGES RECEIVABLE (Continued)

The project's estimated cost is \$41,000,000. The sources of funding are \$5,500,000 of philanthropic funding and public sources and MHFA tax credits of \$35,500,000.

Pledges receivable consists of unconditional promises to give from donors, recorded at present value of the pledged amount. As of March 31, 2026, total pledges receivable were \$599,000, with \$45,000 expected to be received within one year and the remainder over subsequent periods. Pledges receivable greater than one year are discounted at the ten-year T-bill rate. At March 31, 2026, pledge discounts totaled \$123,338. The Organization assesses credit losses on a collective basis where similar risk characteristics exist. Receivables that do not share risk characteristics with other receivables, or where known collectability issues exist, are evaluated on an individual basis. In determining the allowance for credit losses, the Organization considers historical loss rates, adjusted for current market conditions, and reasonable and supportable forecasts of future economic conditions, when applicable. No allowance for credit losses was recorded at March 31, 2026, as all recorded revenue amounts were deemed to be collectible.

NOTE 7 - MINNESOTA DEPARTMENT OF HUMAN SERVICES GRANT EMERGENCY SHELTER FACILITIES CAPITAL

In March 2024, the Organization received a grant, not-to-exceed \$4,645,174, through the State of Minnesota to construct a 2nd story addition and renovate the emergency shelter housing facility at 2219 Chicago Avenue. The planning, design, and renovation project commenced in March 2024. The Organization remits invoices to the State of Minnesota monthly for reimbursement of project costs. \$2,825,182 and \$1,522,203 of grant proceeds are reflected in the statements of activities and changes in net assets as of March 31, 2026 and 2025. \$ -0- and \$1,550,596 is reflected as Construction in Progress as of March 31, 2026 and 2025. As a condition of this grant, the Organization has a contingent liability to the State of Minnesota for five years, after project completion. During the period of construction and renovation the Organization is reflecting the Construction in Progress as assets with donor restrictions in the accompanying financial statements. Management's completion date is December 31, 2025.

NOTE 8 - SUPPLEMENTAL CASH FLOW DISCLOSURES - NON-CASH ACTIVITY

In-kind contributions of donated services and meals consist of non-cash contributions. In-kind contributions totaled \$307,722 in 2026. In-kind contributions totaled \$255,993 in 2025.

NOTE 9 - BENEFIT PLANS

The Organization provides a tax deferred annuity plan for its employees under Section 401k of the Internal Revenue Code. Employer retirement plan contributions totaled \$47,798 in 2026 and \$51,207 in 2025.

OUR SAVIOUR'S COMMUNITY SERVICES

NOTES OF FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2026 AND 2025

NOTE 10 - LEASES

The following table presents the components of the Organization's right-of-use assets and liabilities related to leases and their classification in the statement of financial position at March 31, 2026 and 2025:

Component of Lease Balances	Classification in Statements of Financial Position	2026	2025
Assets:			
Operating office lease right-of-use asset	Other assets	\$ -	\$ -
Operating copier lease right-of-use asset	Other assets	24,648	36,973
Total operating right-of-use assets		24,648	36,973
Accumulated amortization right-of use assets	Other assets	(11,896)	(22,806)
Net operating right-of-use assets		<u>\$ 12,752</u>	<u>\$ 14,167</u>
Liabilities:			
Operating lease liability:			
	Other current liabilities	\$ 7,972	\$ 6,310
	Other long-term liabilities	6,099	5,586
Total operating lease liability		<u>\$ 14,071</u>	<u>\$ 11,896</u>
Total lease liability		<u>\$ 14,071</u>	<u>\$ 11,896</u>

The Organization determines if an arrangement is a lease at inception of the contract. The right of-use asset represents the Organization's right to use the underlying asset for the lease term and the lease liabilities represent the Organization's obligation to make lease payments arising from the leases. Right-of-use assets and lease liabilities are recognized at commencement date based on the present value of the lease payments over the lease term. The Organization used their estimated incremental borrowing rate, which is derived from information available at the lease commencement date, in determining the present value of lease payments.

The Organization has copier leases. The term of the lease varies between 3 and 5 years, commencing on June 2022 and continuing through March 2028. The monthly straight line copier rent is \$776. Total rent charged to operations was \$9,583 and \$9,866 for the years ended March 31, 2026 and 2025, respectively.

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NOTES OF FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2026 AND 2025

NOTE 10 - LEASES (Continued)

The following table presents the components of the Organization's lease expense and their classification in the statement of activities and changes in net assets for the year ended March 31, 2026 and 2025:

Component of Lease Expense	Classification in Statements of Activities and Changes in Net Assets	2026	2025
Operating lease expense	Operating expenses	\$ 9,583	\$ 9,866
Total lease expense		<u>\$ 9,583</u>	<u>\$ 9,866</u>

The weighted-average lease terms and discount rates for operating leases are presented in the following table:

	2026	2025
Weighted-average remaining lease term (years):		
Operating office lease	<u>0.00</u>	<u>0.00</u>
Operating copier lease	<u>1.79</u>	<u>2.21</u>
Weighted-average discount rate:		
Operating office lease	<u>0.00%</u>	<u>0.00%</u>
Operating copier lease	<u>7.71%</u>	<u>6.26%</u>

OUR SAVIOUR'S COMMUNITY SERVICES

NOTES OF FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2026 AND 2025

NOTE 10 - LEASES (Continued)

Future maturities of operating lease liabilities at March 31, 2026 are presented in the following table:

<u>Year</u>	<u>Amount</u>
2027	\$ 8,745
2028	5,875
2029	478
2030	-
2031	-
Total lease payments	15,098
Less: Imputed interest	<u>1,027</u>
Total lease obligations	14,071
Less: Current obligations	<u>7,972</u>
Long-term lease obligations	<u><u>\$ 6,099</u></u>

NOTE 11 - EMPLOYEE RETENTION TAX CREDITS

During January 2024, the Organization hired Congregation Consulting Services Inc. to analyze the Organization's ERC credit eligibility, calculate and file the 941-X Adjusted Employer's Quarterly Federal Tax Returns for the second quarter 2020 through the third quarter 2021. The Organization has reviewed these calculations and believes they are correct.

Accounts receivable – ERC for the years ended March 31, 2026 and 2025 was \$0 and \$532,542, respectively, relating to these credits. In September 2023, the IRS suspended processing ERC claims due to fraudulent claims filed. The IRS is continuing to review ERC applications and is applying stronger standards to ensure ERC claims are valid. The new IRS protocol delayed the receipt of the remaining ERC credit. On July 21, 2025, the Organization received \$342,526 of the ERC credits from the IRS along with interest of \$101,398. In August 2025 the Organization received the remainder of the ERC receivable balance of \$68,243.

NOTE 12 - SUBSEQUENT EVENTS

Subsequent events have been evaluated through September 24, 2026, which is the date the financial statements were available to be issued.