

RELATIONSHIP SAFETY ALLIANCE
fka: MID-MINNESOTA WOMEN'S CENTER, INC.
Brainerd, Minnesota

FINANCIAL STATEMENTS

With

INDEPENDENT AUDITOR'S REPORT

For the Year Ended September 30, 2022 and 2021

HUGH HEINECKE, CPA
Certified Public Accountants

RELATIONSHIP SAFETY ALLIANCE
fka: MID-MINNESOTA WOMEN'S CENTER, INC.
Brainerd, Minnesota

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Hugh Heinecke, CPA
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Relationship Safety Alliance
fka: Mid-Minnesota Women's Center, Inc.
Brainerd, Minnesota

We have audited the accompanying financial statements of Relationship Safety Alliance fka: Mid-Minnesota Women's Center, Inc. (a nonprofit organization), which comprise the statements of financial position as of September 30, 2022 and 2021, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, 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 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 financial statements referred to above present fairly, in all material respects, the financial position of Relationship Safety Alliance fka: Mid-Minnesota Women's Center, Inc. as of September 30, 2022 and 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Hugh Heinecke, CPA

February 21, 2023

RELATIONSHIP SAFETY ALLIANCE
fka: MINNESOTA WOMEN'S CENTER, INC.
 Brainerd, Minnesota

STATEMENT OF FINANCIAL POSITION
 As of September 30,

	<u>2022</u>	<u>2021</u>
<u>ASSETS</u>		
Current Assets		
Cash and cash equivalents - unrestricted	\$ 327,952	\$ 322,153
Short-term investments - unrestricted	613,416	645,453
Grants receivable	258,563	90,782
Prepaid expenses	15,438	11,152
Total Current Assets	<u>1,215,369</u>	<u>1,069,540</u>
Property and Equipment		
Land	60,495	60,495
Buildings	1,274,206	1,274,206
Furniture and fixtures	227,294	227,294
Vehicles	55,897	55,897
	<u>1,617,892</u>	<u>1,617,892</u>
Less accumulated depreciation	<u>(1,023,086)</u>	<u>(942,088)</u>
Net Property and Equipment	<u>594,806</u>	<u>675,804</u>
Total Assets	<u>\$ 1,810,175</u>	<u>\$ 1,745,344</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities		
Accounts payable	\$ 3,571	\$ 7,545
Accrued payroll	16,569	15,257
Accrued employee benefits	19,413	37,096
Other current liabilities	-	-
Total Current Liabilities	<u>39,553</u>	<u>59,898</u>
Net Assets		
Restricted	-	-
Unrestricted	<u>1,770,622</u>	<u>1,685,446</u>
Total Net Assets	<u>1,770,622</u>	<u>1,685,446</u>
Total Liabilities and Net Assets	<u>\$ 1,810,175</u>	<u>\$ 1,745,344</u>

See accompanying notes to financial statements.

RELATIONSHIP SAFETY ALLIANCE
fka: MID-MINNESOTA WOMEN'S CENTER, INC.
 Brainerd, Minnesota

STATEMENT OF ACTIVITIES
 For the Year Ended September 30,

	Without Donor Restrictions 2022	Without Donor Restrictions 2021
Revenues		
Grant income (MN Dept of Public Safety)	\$ 881,452	\$ 792,037
Grant income (other)	-	345,273
Court fines	16,118	37,416
Interest and dividend income	32,612	19,852
Gain/(loss) on investments	(112,480)	75,172
Contributions	329,859	253,803
Reimbursements	538	504
Fees	27,527	37,146
Forgiveness of Paycheck Protection Program loan	-	194,300
Total Revenues	<u>1,175,626</u>	<u>1,755,503</u>
Expenses		
Shelter Services	898,069	1,137,961
Child Safety Center	192,381	194,214
Total Expenses	<u>1,090,450</u>	<u>1,332,175</u>
Change in Net Assets	85,176	423,328
Beginning Net Assets	<u>1,685,446</u>	<u>1,262,118</u>
Ending Net Assets	<u>\$ 1,770,622</u>	<u>\$ 1,685,446</u>

See accompanying notes to financial statements.

RELATIONSHIP SAFETY ALLIANCE
fka: MID-MINNESOTA WOMEN'S CENTER, INC.
 Brainerd, Minnesota

STATEMENT OF FUNCTIONAL EXPENSES
 For the Year Ended September 30, 2022

	<u>Program Services</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Total</u>
Personnel	\$ 559,491	\$ 73,918	\$ 19,900	\$ 653,309
Payroll taxes	44,274	7,761	2,090	54,125
Fringe benefits	111,195	4,885	2,436	118,516
Employee and volunteer welfare fund	22,596	-	-	22,596
Contracted services	100	13,800	-	13,900
Travel and meetings	1,490	-	-	1,490
Training	1,988	-	-	1,988
Building and ground supplies	9,681	-	-	9,681
Depreciation	76,948	4,050	-	80,998
Household supplies	4,111	-	-	4,111
Repairs and maintenance	1,155	-	-	1,155
Utilities	25,107	1,321	-	26,428
Child care program	232	-	-	232
Food/personal needs/clothing	10,513	-	-	10,513
Advertising	3,301	-	1,100	4,401
Dues and subscriptions	11,958	-	-	11,958
Printing	4,834	-	254	5,088
Mailing	3,161	-	166	3,327
Office supplies and postage	7,441	413	413	8,267
Telephone	18,644	981	-	19,625
Insurance	26,809	-	-	26,809
Special projects	-	-	8,848	8,848
Rebranding project	-	3,085	-	3,085
Total Expenses	<u>\$ 945,029</u>	<u>\$ 110,214</u>	<u>\$ 35,207</u>	<u>\$ 1,090,450</u>

See accompanying notes to financial statements.

RELATIONSHIP SAFETY ALLIANCE
fka: MID-MINNESOTA WOMEN'S CENTER, INC.
 Brainerd, Minnesota

STATEMENT OF FUNCTIONAL EXPENSES
 For the Year Ended September 30, 2021

	<u>Program Services</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Total</u>
Personnel	\$ 811,773	\$ 81,490	\$ 19,700	\$ 912,963
Payroll taxes	74,435	8,556	2,069	85,060
Fringe benefits	91,114	4,786	2,388	98,288
Employee and volunteer welfare fund	15,009	-	-	15,009
Contracted services	765	13,550	-	14,315
Travel and meetings	1,210	-	-	1,210
Training	3,021	-	-	3,021
Building and ground supplies	8,484	-	-	8,484
Depreciation	65,915	3,469	-	69,384
Household supplies	19,039	-	-	19,039
Repairs and maintenance	1,209	-	-	1,209
Utilities	23,032	1,212	-	24,244
Child care program	269	-	-	269
Food/personal needs/clothing	10,329	-	-	10,329
Advertising	743	-	248	991
Dues and subscriptions	10,921	-	-	10,921
Printing	4,215	-	222	4,437
Mailing	1,578	-	83	1,661
Office supplies and postage	6,707	373	373	7,453
Telephone	20,920	1,101	-	22,021
Insurance	15,476	-	-	15,476
Special projects	-	-	5,825	5,825
Miscellaneous	566	-	-	566
Total Expenses	<u>\$1,186,730</u>	<u>\$ 114,537</u>	<u>\$ 30,908</u>	<u>\$ 1,332,175</u>

See accompanying notes to financial statements.

RELATIONSHIP SAFETY ALLIANCE
fka: MID-MINNESOTA WOMEN'S CENTER, INC.
 Brainerd, Minnesota

STATEMENT OF CASH FLOWS
 For the Year Ended September 30,

	<u>2022</u>	<u>2021</u>
Net Cash Flows From Operating Activities:		
Change in net assets	\$ 85,176	\$ 423,328
Adjustment to reconcile net income to net cash from operations:		
Depreciation	80,998	69,384
Decrease/(increase) in:		
Grants receivable	(167,781)	19,291
Prepaid expenses	(4,286)	(376)
Increase/(decrease) in:		
Accounts payable	(3,974)	548
Accrued payroll	1,312	(6,482)
Accrued employee benefits	(17,683)	3,422
Other accrued liabilities	-	-
Net Cash Provided by Operations	<u>(26,238)</u>	<u>509,115</u>
Cash Flows From Investing Activities:		
Short-term investments, net	32,037	(92,911)
Purchase of fixed assets	<u>-</u>	<u>(97,283)</u>
Net Cash Used By Investing Activities	<u>32,037</u>	<u>(190,194)</u>
Cash Flows From Financing Activities:		
Forgiveness of Paycheck Protection Program loan	<u>-</u>	<u>(194,300)</u>
Net Cash Used By Investing Activities	<u>-</u>	<u>(194,300)</u>
Net Decrease in Cash	5,799	124,621
Cash - Beginning of Year	<u>322,153</u>	<u>197,532</u>
Cash - End of Year	<u>\$ 327,952</u>	<u>\$ 322,153</u>

Supplemental Information:

Interest paid	\$ <u>-</u>	\$ <u>-</u>
Income tax paid	\$ <u>-</u>	\$ <u>-</u>

See accompanying notes to financial statements.

RELATIONSHIP SAFETY ALLIANCE
fka: MID-MINNESOTA WOMEN'S CENTER, INC.
Brainerd, Minnesota

NOTES TO FINANCIAL STATEMENTS
As of September 30, 2022 and 2021

1. NATURE OF THE ORGANIZATION

Relationship Safety Alliance fka: Mid-Minnesota Women's Center, Inc. (the Center) maintains a 24 hour shelter and provides support for at-risk women and children in central Minnesota. The Center also maintains a facility that provides safe visits and exchanges for children.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Center conform to accounting policies generally accepted in the United States of America. The following is a summary of the more significant accounting policies:

Basis of Presentation – 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 Center and changes therein are classified and reported as follows:

- *Net Assets Without Donor Restrictions* - Those resources not subject to donor-imposed restrictions. The Center has discretionary control over these resources.
- *Net Assets With Donor Restrictions* – Those resources subject to donor-imposed restrictions which will be satisfied by actions of the Center or passage of time. 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 has been fulfilled, or both

Donor restricted contributions whose restrictions are met in the same year as the gift is made are reported as contributions in the statement of operations and changes in net assets without donor restrictions.

Basis of Accounting – The financial statements of the Center have been prepared on the accrual basis of accounting.

Cash and Cash Equivalents - This balance includes checking and savings accounts and petty cash.

Short-Term Investments – Short-term investments includes investments in stocks and mutual funds with readily determinable fair values and certificates of deposit with initial maturities of three months or more. These investments are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets.

Donated Services and Materials - The Center receives donated services from a variety of unpaid volunteers assisting the Center in providing support to at-risk women and children. Except for the matching amounts required on some grants, no amounts have been recognized in the accompanying statement of activities because the criteria for recognition of such volunteer effort have not been satisfied. Donated services for the grant match amounts are valued at rates comparable to local wages. Any donated materials are recorded at fair market value on the date of the donation.

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

Property and Equipment – The Center capitalizes property and equipment over \$750. Lesser amounts are expensed. Purchased property and equipment are stated at cost. Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred.

RELATIONSHIP SAFETY ALLIANCE
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 Brainerd, Minnesota

NOTES TO FINANCIAL STATEMENTS
 As of September 30, 2022 and 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Advertising - Expenditures for advertising are charged to expense as incurred.

Revenue Recognition – Grant revenue from the Minnesota Department of Public Safety is recognized as performance obligations are met. Payment is received after the performance obligation has been met.

Functional Expenses – Functional expenses have been allocated among program services, management and general, and fundraising based on an analysis of personnel time and space utilized for the related activities.

Income Taxes – The Center is a not-for-profit organization exempt from federal and state income taxes under section 501(c)(3) of the Internal Revenue Code and is not considered a private foundation under Section 509(A). The Center provides shelter and support to at-risk women and children in central Minnesota.

The Organization's Forms 990, *Return of Organization Exempt from Income Tax*, for the years ending September 30, 2020, 2021, and 2022 are subject to examination by the IRS, generally for three years after they were filed.

Subsequent Events - In preparing these financial statements, the Center has evaluated events and transactions for potential recognition or disclosure through February 21, 2023, the date the financial statements were available to be issued.

3. INVESTMENTS

The fair value of short-term investments totaled \$613,416 and \$645,453 as of September 30, 2022 and 2021, respectively.

The following schedule summarizes their classification in the statement of activities for the years ended September 30, 2022 and 2021. All activity was unrestricted.

	2022	2021
Interest and dividend income	\$ 32,612	\$ 19,852
Net realized and unrealized income/(losses)	(112,480)	75,172
Total investment return	\$ (79,868)	\$ 95,024

4. FIXED ASSETS

The following schedule summarizes the changes in fixed assets for the year ended September 30, 2022:

	Balance 9-30-21	Additions	Deletions/ Adjustments	Balance 9-30-22
Land	\$ 60,495	\$ -	\$ -	\$ 60,495
Buildings	1,274,206	-	-	1,274,206
Furniture & fixtures	227,294	-	-	227,294
Vehicles	55,897	-	-	55,897
	1,617,892	-	-	1,617,892
Accumulated depreciation	(942,088)	(80,998)	-	(1,023,086)
Totals	\$ 675,804	\$ (80,998)	\$ -	\$ 594,806

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets and for the years ended September 30, 2022 and 2021, totaled \$80,998 and \$69,384, respectively.

RELATIONSHIP SAFETY ALLIANCE
fka: MID-MINNESOTA WOMEN'S CENTER, INC.
 Brainerd, Minnesota

NOTES TO FINANCIAL STATEMENTS
 As of September 30, 2022 and 2021

5. FAIR VALUE MEASUREMENTS

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

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

Level 2 – Inputs to the valuation methodology include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

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

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

Following is a description of the valuation methodologies used for assets measured at fair value.

Mutual funds – Valued at daily closing price as reported by the fund. Mutual funds held by the Organization are open-ended mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset values (NAV) and to transact at that price. The mutual funds held by the Organization are deemed to be actively traded.

Common stocks – Valued at daily closing price as reported on the active market on which the individual securities are traded. The common stocks held by the Organization are deemed to be actively traded.

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of September 30, 2022:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	\$ 39,675	\$ -	\$ -	\$ 39,675
Mutual funds	338,532	-	-	338,532
Corporate bonds	74,528	-	-	74,528
Common stocks	160,681	-	-	160,681

6. COMPENSATED ABSENCES

The Center's full-time employees can accumulate up to 240 hours of vacation time. Depending upon their length of employment, full-time employees earn from 8 to 16 hours per month. Regular part-time employees receive pro-rated vacation hours. Accrued vacation and compensation payable as of September 30, 2022 and 2021 have been presented. Sick leave is earned at a rate of 8 hours per month and can accumulate to 400 hours. Unused sick leave is not paid out upon separation from the Center, and therefore no amount has been accrued.

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 Brainerd, Minnesota

NOTES TO FINANCIAL STATEMENTS
 As of September 30, 2022 and 2021

7. EMPLOYEE TAX-DEFERRED ANNUITY PLAN

The Center has a tax deferred annuity plan for certain employees. Under the terms of the plan, for full-time employees of between one and five years, the Center matches employee contributions to a tax-deferred annuity in an annual amount not to exceed 3 percent of the employee's salary. For full-time employees of more than five years, the Center contributes 5 percent if the employee contributes at least 3 percent. Contributions made by the Center to the plan were \$19,823 and \$11,918 for the years ended September 30, 2022 and 2021, respectively.

8. LEASES

During 2020, the Center entered into two leases for copiers. The leases require minimum monthly payments of \$93 through May 2025. Total rental payments were \$2,232 and \$2,232 for the years ended September 30, 2022 and 2021, respectively. Future payments on the leases are as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2023	\$ 2,232
2024	2,232
2025	<u>1,488</u>
Total	<u>\$ 5,952</u>

9. PAYCHECK PROTECTION PROGRAM LOAN

On April 15, 2020, the Organization received a Paycheck Protection Program (PPP) loan in the amount of \$194,300. On November 4, 2020, the Organization received notice that the entire amount of the PPP loan had been forgiven, as of that date.

10. LIQUIDITY

As of September 30, 2022 and 2021, the Organization had working capital of \$1,175,816 and \$1,009,642 and average day's cash and investments on hand of approximately 393 and 277 days, respectively.

Financial assets available for general expenditure within one year of the balance sheet date consist of the following:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 327,952	\$ 322,153
Investments	613,416	645,453
Grants receivable	<u>258,563</u>	<u>90,782</u>
Total	<u>\$1,199,931</u>	<u>\$1,058,388</u>

11. ORGANIZATION NAME CHANGE

The Organization, at its January 10, 2022 board meeting, officially adopted new articles of incorporation changing the name of the Organization from Mid-Minnesota Women's Center, Inc. to Relationship Safety Alliance. All necessary filings required for this name change are in the process of being finalized.