



ANSELM HOUSE

FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
JUNE 30, 2021**

ANSELM HOUSE

FINANCIAL STATEMENTS

For the Year Ended June 30, 2021
(With Comparative Totals for 2020)

Table of Contents

	<u>Page</u>
Independent Auditor's Report	1
Financial Statements:	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Anselm House
Saint Paul, Minnesota

We have audited the accompanying financial statements of Anselm House (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to 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 Anselm House as of June 30, 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.

Prior Period Financial Statements

The financial statements of Anselm House as of June 30, 2020, were audited by other auditors whose report dated October 12, 2020, expressed an unmodified opinion on those statements. The summarized comparative information presented herein as of and for the year ended June 30, 2020 has been derived from those financial statements.

*Mahoney Ulbrich
Christiansen Russ P.A.*

July 19, 2022

ANSELM HOUSE**STATEMENT OF FINANCIAL POSITION**

June 30, 2021

(With Comparative Totals for 2020)

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash and cash equivalents	\$ 479,342	\$ 491,508
Contributions receivable	6,865,445	2,159,036
Other assets	318	4,795
Investments	3,535,763	1,500,708
Property and equipment, net	<u>408,120</u>	<u>177,625</u>
Total assets	<u><u>\$ 11,288,988</u></u>	<u><u>\$ 4,333,672</u></u>
LIABILITIES AND NET ASSETS		
Accounts payable	\$ 27,642	\$ 6,450
Accrued payroll and related expenses	11,849	16,441
Accrued vacation	11,461	12,404
Security deposit	-	4,795
Refundable advance - Paycheck Protection Program (PPP) loan	-	109,800
Notes payable	<u>11,817</u>	<u>34,405</u>
Total liabilities	<u>62,769</u>	<u>184,295</u>
Net assets:		
Without donor restrictions	1,054,524	314,512
With donor restrictions	<u>10,171,695</u>	<u>3,834,865</u>
Total net assets	<u>11,226,219</u>	<u>4,149,377</u>
Total liabilities and net assets	<u><u>\$ 11,288,988</u></u>	<u><u>\$ 4,333,672</u></u>

See Accompanying Notes to Financial Statements.

ANSELM HOUSE

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2021
(With Comparative Totals for 2020)

	2021			
	Net assets without donor restrictions	Net assets with donor restrictions	Total	2020
Support and revenue:				
Contributions	\$ 946,897	\$ 6,868,658	\$ 7,815,555	\$ 757,702
Contribution - PPP loan forgiveness	109,800	-	109,800	-
Investment income	7,419	-	7,419	1,088
Rental income	3,111	-	3,111	56,220
Other revenue	18,345	-	18,345	16,564
Total support and revenue	1,085,572	6,868,658	7,954,230	831,574
Net assets released from restrictions	531,828	(531,828)	-	-
Total support, revenue, and reclassifications	1,617,400	6,336,830	7,954,230	831,574
Expenses:				
Program services	740,471	-	740,471	798,723
Support services:				
Management and general	79,261	-	79,261	91,280
Fundraising	57,656	-	57,656	150,568
Total expenses	877,388	-	877,388	1,040,571
Change in net assets	740,012	6,336,830	7,076,842	(208,997)
Net assets - beginning of year	314,512	3,834,865	4,149,377	4,358,374
Net assets - end of year	\$ 1,054,524	\$ 10,171,695	\$ 11,226,219	\$ 4,149,377

See Accompanying Notes to Financial Statements.

ANSELM HOUSE

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2021

(With Comparative Totals for 2020)

	2021				2020
	Program Services	Management and General	Fundraising	Total	Total
Salaries	\$ 507,911	\$ 40,268	\$ 36,025	\$ 584,204	\$ 591,645
Employee benefits	41,824	3,316	2,966	48,106	48,450
Payroll taxes	35,949	2,850	2,550	41,349	43,345
Total personnel expense	585,684	46,434	41,541	673,659	683,440
Consultants	24,375	20,955	-	45,330	46,052
Depreciation	6,767	376	376	7,519	6,990
Event expenses	21,260	-	2,000	23,260	30,823
Fellows program	22,351	-	-	22,351	23,295
Furniture and equipment	-	-	-	-	1,449
Insurance	3,169	173	173	3,515	3,041
Interest	-	1,412	-	1,412	3,535
Marketing costs	-	-	7,976	7,976	78,416
Miscellaneous	8,884	-	-	8,884	14,605
Occupancy	26,665	1,456	1,456	29,577	81,197
Repairs and maintenance	2,261	123	123	2,507	4,574
Student programs	17,308	-	-	17,308	15,388
Supplies	20,000	8,332	2,775	31,107	40,912
Travel	1,747	-	1,236	2,983	6,854
Total functional expenses	\$ 740,471	\$ 79,261	\$ 57,656	\$ 877,388	\$ 1,040,571

See Accompanying Notes to Financial Statements.

ANSELM HOUSE

STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2021
(With Comparative Totals for 2020)

	2021	2020
Cash flows from operating activities:		
Change in net assets	\$ 7,076,842	\$ (208,997)
Adjustments to reconcile the change in net assets to net cash from operating activities:		
Depreciation	7,519	6,990
Realized and unrealized loss on investments, net	14,241	15,692
Forgiveness of PPP loan	(109,800)	-
Discount of contributions receivable	(18,680)	(2,934)
Donation of stock	(1,028,586)	(32,335)
Changes in operating assets and liabilities:		
Contributions receivable	(4,687,729)	112,766
Other assets	(318)	-
Security deposits	4,795	-
Accounts payable	21,192	1,291
Accrued expenses	(5,535)	10,159
Security deposits	(4,795)	-
Net cash from operating activities	<u>1,269,146</u>	<u>(97,368)</u>
Cash flows from investing activities:		
Proceeds from the sale of investments	2,176,888	27,665
Purchases of investments	(3,197,598)	(14,934)
Proceeds from donated stock	-	32,335
Purchase of property and equipment	(238,014)	-
Net cash from investing activities	<u>(1,258,724)</u>	<u>45,066</u>
Cash flows from financing activities:		
Proceeds from PPP loan	-	109,800
Payments of note payable	(22,588)	(21,303)
Net cash from financing activities	<u>(22,588)</u>	<u>88,497</u>
Net increase (decrease) in cash and cash equivalents	(12,166)	36,195
Cash and cash equivalents - beginning of year	<u>491,508</u>	<u>455,313</u>
Cash and cash equivalents - end of year	<u>\$ 479,342</u>	<u>\$ 491,508</u>
Supplemental cash flow information:		
Cash paid for interest expense	<u>\$ 1,412</u>	<u>\$ 1,820</u>

See Accompanying Notes to Financial Statements.

ANSELM HOUSE

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2021
(With Comparative Totals for 2020)

1. ORGANIZATION

Anselm House (the Organization) is a nonprofit 501(c)(3) organization located in Saint Paul, Minnesota. The Organization offers curricular programs to students and faculty at the University of Minnesota, providing them resources to connect their faith and learning, along with a host of public events (some open to the wider Twin Cities community). We accomplish these goals through the following programmatic activities:

Fellows Program - Each year, small cohorts of students participate in our Colin MacLaurin Fellows Program, an intentional community living life at the intersection of faith and study. Through shared meals, staff-led conversations, retreats, worship, and thoughtful Christian curriculum, the program equips students to integrate their education and faith in ways that strengthen both moral and intellectual character. A subset of fellows live together in residential community, pursuing intentional Christian formation as a living and learning community. In this community they have further opportunities outside of regular meetings for prayer, discussion, and community.

Study Center - At our Study Center, located on the west side of the St. Paul campus, you will always find coffee brewing and conversations underway. Students gather for weekly espresso hours, study in quiet corners, and host discussions with faculty over dinner. Our academically trained staff are on-hand and our library is always open.

Public Events - Through events large and small, we annually convene more than 3,000 people to engage and be challenged by wide-ranging ideas and perspectives in the area of health and medicine, science and engineering, education, law and public affairs, and liberal arts and business.

Community Discussions - Through semester-long reading groups and weekly community meals that gather people from across denominations, we foster ongoing conversations and long-term relationships where faith and knowledge can be integrated with life.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Statement Presentation - The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities. The Organization is required to report information regarding its financial position and activities according to the following net asset categories:

ANSELM HOUSE

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2021
(With Comparative Totals for 2020)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- *Net Assets Without Donor Restrictions* - This class of net assets is not subject to donor-imposed restrictions and may be expended in performing the objectives of the Organization at the discretion of management and the Board of Directors.
- *Net Assets With Donor Restrictions* - This class of net assets is subject to stipulations imposed by donors and grantors that will be met by the passage of time or by actions of the Organization specified by the donor. 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.

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make 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 those estimates.

The most significant estimates used in preparation of the financial statements are the useful lives of property and equipment and the allocation of functional expenses.

Cash and Cash Equivalents - For purposes of the statements of cash flows, the Organization considers investment instruments purchased with original maturities of three months or less to be cash equivalents.

Investments - Investments are recorded at fair value. Investment income or loss including gains and losses on investments, interest, and dividends, is included in the statement of activities as increases in net assets without donor restrictions unless the income or loss is restricted by the donor.

Fair Value Measurements - The Organization determines fair value, when necessary, based on the assumptions that market participants would use when pricing the asset or liability. Valuation techniques require using inputs representing the assumptions that would be made by market participants in pricing the asset or liability. Valuation inputs are categorized using the following fair value hierarchy:

ANSELM HOUSE

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2021
(With Comparative Totals for 2020)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - inputs that are observable, directly or indirectly, other than the quoted prices included in Level 1; and
- Level 3 - unobservable inputs.

Property and Equipment - Property and equipment are carried at cost if purchased, and at fair value at the date of gift if donated. Additions with a cost of less than \$1,000 are expensed. Donations of property and equipment 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. Unless the donor has stipulated how long the corresponding property or equipment must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Anselm House reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. No impairment loss was considered necessary for 2021 and 2020.

Contributions - The Organization recognizes contributions when cash, securities or other assets or an unconditional promise to give are 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 are recorded when received as net assets without donor restrictions or net assets with donor restrictions depending on the existence and/or nature of any donor restrictions. Upon expiration of the time restriction or when purpose restrictions have been met, they are reclassified to net assets without donor restrictions. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized.

ANSELM HOUSE

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2021
(With Comparative Totals for 2020)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions receivable are stated at the amount management expects to collect from outstanding balances. Funding received in advance of the incurrence of project expenditures or performance of required services is recorded as a refundable advance. Management provides for probable uncollectible amounts through a charge to expense and a credit to a valuation allowance based on its assessment of the current status of individual accounts.

Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to grants or contributions receivable. As of June 30, 2021, management has estimated that all of the contributions and grants receivable are collectable. Accordingly, no allowance has been provided.

Contributions receivable are expected to be collected in the year ended June 30, 2022.

Credit Risks - The Organization maintains accounts at financial institutions which are insured by the Federal Deposit Insurance Corporation up to \$250,000 per institution. Although at times the amount on deposit in these accounts may exceed the federally insured limit, the Organization has never experienced any losses. At June 30, 2021, deposits exceeded the insured limit by approximately \$242,000.

Functional Allocation of Expenses - The cost of providing programs and the Organization's supporting services have been summarized on a functional basis in the Statement of Activities and the Statement of Functional Expenses. Many expenses can be directly identified with a particular function. The expenses that are allocated include salaries and wages, payroll taxes and benefits, which are allocated based on individual job functions. Indirect costs are allocated based on management's estimates, considering the nature of the expense and how it relates to the functional area. General and management costs include those expenses that are not directly related to a specific function, but provide for the overall support and direction of the Organization.

Income Taxes - The Organization is exempt from income taxes under Internal Revenue Code Section 501(c)(3) and applicable Minnesota Statutes, except to the extent it has taxable income from activities that are not related to its exempt purpose. Management believes the Organization did not have any unrelated business income in 2021.

ANSELM HOUSE

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2021
(With Comparative Totals for 2020)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Management believes that the Organization has appropriate support for any tax positions taken, and accordingly, does not have any uncertain tax positions that are material to the financial statements.

Reclassifications - Certain reclassifications have been made to the June 30, 2020 financial statements in order for them to conform to the June 30, 2021 presentation. These reclassifications had no effect on change in net assets or net assets.

Comparative Totals - 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 generally accepted accounting principles. Accordingly, such information should be read in conjunction with Anselm House's financial statements for the year ended June 30, 2020, from which the summarized information was derived.

3. LIQUIDITY AND AVAILABILITY

For purposes of analyzing resources available to meet general expenditures over the next 12-month period, the Organization considers all expenditures related to its ongoing activities, as well as activities undertaken to support those activities, to be general expenditures.

The Organization adopts an annual budget and anticipates collecting sufficient revenue to fund general expenditures and pay debt. Management considers contributions without donor restrictions and contributions with donor restrictions for use in current programs which are ongoing, major and central to the Organization's annual operations to be available to meet cash needs for general expenditures. Budget to actual results are monitored each month.

ANSELM HOUSE

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2021
(With Comparative Totals for 2020)

3. LIQUIDITY AND AVAILABILITY (Continued)

Financial assets available for general expenditure within one year of the statement of financial position date are as follows:

	2021	2020
Cash and cash equivalents	\$ 479,342	\$ 491,508
Contributions receivable	6,865,445	2,159,036
Investments	3,535,763	1,500,708
Financial assets as of June 30,	<u>10,880,550</u>	<u>4,151,252</u>
Net assets with donor restrictions	10,171,695	3,834,865
Less amounts to be released in the succeeding year	<u>(70,832)</u>	<u>(321,555)</u>
Amounts unavailable for general expenditures	<u>10,100,863</u>	<u>3,513,310</u>
Total financial assets available within one year	<u>\$ 779,687</u>	<u>\$ 637,942</u>

4. INVESTMENTS

In June 2019, the Organization received \$1,517,843 and an additional \$1,990,635 was received during the year ended June 30, 2021 from one major donor, which is restricted for the acquisition of a facility on the Minneapolis campus designed for Christian hospitality, learning and faith-building, and to develop Christian leaders following Christ's model of servant leadership.

Investments consist of the following at June 30:

	2021	2020
Cash and cash equivalents	\$ 3,536	\$ 1,500,708
Short-term bonds	3,295,227	-
Undivided interest in farmland	<u>237,000</u>	<u>-</u>
Total investments	<u>\$ 3,535,763</u>	<u>\$ 1,500,708</u>

In 2021, the Organization received a contribution from an individual for the individual's share of farmland. In June 2021, an appraisal of the farmland valued the contribution at \$237,000. The farmland was sold in October 2021.

ANSELM HOUSE

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2021
(With Comparative Totals for 2020)

4. INVESTMENTS (Continued)

Investment income consists of the following:

	2021	2020
Realized and unrealized gains (losses), net	\$ (14,241)	\$ (15,692)
Interest and dividend income	25,870	19,546
Investment service fees	(4,210)	(2,766)
Investment income, net	<u>\$ 7,419</u>	<u>\$ 1,088</u>

5. PROPERTY AND EQUIPMENT

Property and equipment consists of:

	2021	2020	Estimated useful life-years
Buildings	\$ 239,293	\$ 239,293	39
Furniture and equipment	14,147	7,238	3 - 10
Building acquisition	231,105	-	-
Less accumulated depreciation	(76,425)	(68,906)	
	<u>\$ 408,120</u>	<u>\$ 177,625</u>	

The \$231,105 in building acquisition costs are related to the planned purchase of a new building. The building was purchased in October 2021.

6. PAYCHECK PROTECTION PROGRAM LOAN

In April 2020, the Organization signed an unsecured \$109,800 note payable to Bremer Banks, N.A. with interest at 1.0%. The note was funded through the Paycheck Protection Program (PPP), a program developed by the Federal government in response to the COVID-19 pandemic. All or a portion of this note was forgivable if the Organization used the proceeds from the note for payroll costs and other expenses in accordance with the requirements of the PPP. The loan and accrued interest was fully forgiven in May 2021. The PPP loan has been recorded as a conditional contribution until the requirements for forgiveness was met.

ANSELM HOUSE

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2021
(With Comparative Totals for 2020)

7. NOTE PAYABLE

The note is payable to Bremer Bank with interest at 5.76% and is secured by the building. Monthly principal and interest payments of \$1,310 are due through December 2021, at which time any outstanding principal and interest are due. The mortgage was paid off in December 2021.

8. NET ASSETS

Net assets with donor restrictions consist of the following:

	2021	2020
Purpose restricted:		
Minneapolis campus facility acquisition	\$ 10,100,863	\$ 3,513,310
Funding Associate Director position	20,832	201,541
Fellows programming	50,000	80,000
Time restricted	-	40,014
	<u>\$ 10,171,695</u>	<u>\$ 3,834,865</u>

9. LEASE COMMITMENTS

The Organization had an operating lease for a residential unit, requiring monthly base rent of \$4,875 through August 2020. The Organization sublet a residential unit to 9 individuals. The tenants paid from \$519 to \$559 a month. The lease was not renewed in August 2020 and all subleases were not renewed after August 2020.

The Organization rented office space on a month-to-month basis for \$800 a month and in September 2019 additional space was leased requiring base rent of \$4,590. The lease was terminated in December 2019.

10. CONCENTRATIONS AND CONTINGENCIES

In March 2020, the state of Minnesota began to enact measures to combat the global pandemic resulting from a novel strain of coronavirus known as COVID-19. Measures have included regulatory restrictions on citizen and business activities as well as recommendations for further voluntary curtailment of activities. As a result, the Organization was not able to provide all in-person programs. The future effects of these issues are unknown.

ANSELM HOUSE

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2021
(With Comparative Totals for 2020)

10. CONCENTRATIONS AND CONTINGENCIES (Continued)

The Organization received approximately 82% of its support and revenue from three foundations during the year ended December 31, 2021.

11. RELATED PARTY TRANSACTIONS

In June 2020, Friends of Anselm House was created and will be a type 1 supporting organization of Anselm House. Friends of Anselm House was created to purchase and operate the Minneapolis campus facility. The facility was purchased by Friends of Anselm House in October 2021. The facility was purchased with funds raised by Anselm House (see Note 8) and a mortgage payable in the amount of \$6,000,000.

12. SUBSEQUENT EVENTS

Management has evaluated subsequent events through July 19, 2022, the date on which the financial statements were available for issue, and identified no further significant events or transactions to disclose.