

Plymouth Christian Youth Center

Minneapolis, Minnesota

Consolidated Financial Statements

Auditor's Report

For the Years Ended

June 30, 2021 and 2020



CERTIFIED PUBLIC ACCOUNTANTS

CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT.....	1
EXHIBIT A: Consolidated Statements of Financial Position – June 30, 2021 and 2020.....	2
EXHIBIT B: Consolidated Statements of Activities and Changes in Net Assets – For the Years Ended June 30, 2021 and 2020	3
EXHIBIT C: Consolidated Statement of Functional Expense – For the Year Ended June 30, 2021 with Comparative Totals for the Year Ended June 30, 2020	4
EXHIBIT D: Consolidated Statement of Functional Expense - For the Year Ended June 30, 2020	5
EXHIBIT E: Consolidated Statements of Cash Flows – For the Years Ended June 30, 2021 and 2020	6
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS	7-20

ADDITIONAL INFORMATION

STATEMENT OF AUDITOR'S RESPONSIBILITY.....	21
SCHEDULE 1: Consolidating Schedule of Revenue, Expense and Change in Net Assets For the Year Ended June 30, 2021	22
SCHEDULE 2: Consolidating Schedule of Financial Position—June 30, 2021.....	23



Carpenter, Evert & Associates

Certified Public Accountants

7760 France Avenue S. Suite 940 Bloomington Minnesota 55435

952.831.0085 carpenterevert.com

Independent Auditor's Report

Board of Directors
Plymouth Christian Youth Center
Minneapolis, Minnesota

We have audited the accompanying consolidated financial statements of Plymouth Christian Youth Center, which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities and changes in net assets, functional expense, 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 of America; 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 of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of 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 Plymouth Christian Youth Center as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Carpenter, Evert and Associates, LTD.
Certified Public Accountants

Minneapolis, Minnesota
October 15, 2021

PLYMOUTH CHRISTIAN YOUTH CENTER
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020

<u>ASSETS</u>	<u>2021</u>	<u>2020</u>
Current Assets:		
Cash and Cash Equivalents	\$ 561,531	\$ 867,947
Restricted Cash	271,864	4,873,351
Accounts Receivable	335,596	76,930
Pledges and Grants Receivable	173,449	223,449
Prepaid Expenses	108,221	92,001
Total Current Assets	1,450,661	6,133,678
Noncurrent Assets:		
Investments	1,983,212	1,118,811
Note Receivable	7,511,800	7,511,800
Receivable from MACC Alliance	17,225	17,225
Property and Equipment - Net	16,178,353	11,145,575
 TOTAL ASSETS	 <u>\$ 27,141,251</u>	 <u>\$ 25,927,089</u>
 <u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Accounts Payable	\$ 352,266	\$ 317,610
Accrued Expense and Payroll Withholding	172,800	136,184
Refundable Advance	50,000	50,000
PPP Loan	482,195	459,500
Current Portion of Notes Payable	2,453,874	3,105,815
Total Current Liabilities	3,511,135	4,069,109
Long-term Liabilities:		
Notes Payable	13,515,000	13,474,465
Total Liabilities	17,026,135	17,543,574
Net Assets:		
Without Donor Restrictions:		
Board Designated	762,431	762,431
Undesignated	3,155,838	2,249,319
Total Without Donor Restrictions	3,918,269	3,011,750
With Donor Restrictions	6,196,847	5,371,765
Total Net Assets	10,115,116	8,383,515
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 27,141,251</u>	 <u>\$ 25,927,089</u>

The accompanying Notes to Consolidated Financial Statements
are an integral part of these statements.

PLYMOUTH CHRISTIAN YOUTH CENTER
CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue:						
Contributions	\$ 690,296	\$ 1,004,398	\$ 1,694,694	\$ 762,126	\$ 1,773,323	\$ 2,535,449
United Way	98	-	98	572	-	572
Minneapolis Public School	1,350,144	-	1,350,144	1,047,957	-	1,047,957
Government Contributions	1,167,833	-	1,167,833	196,582	-	196,582
Program Service Fees	458,333	-	458,333	562,000	-	562,000
Earned Income	1,322	-	1,322	13,483	-	13,483
Rent	19,460	-	19,460	17,425	-	17,425
Investment Income	373,146	-	373,146	47,405	-	47,405
Miscellaneous Income	(626)	-	(626)	13,069	-	13,069
Net Assets Released from Restrictions:						
Satisfaction of Capital Restrictions	100,230	(100,230)	-	352,792	(352,792)	-
Satisfaction of Purpose and Time Restrictions	79,086	(79,086)	-	58,104	(58,104)	-
Total Support and Revenue	4,239,322	825,082	5,064,404	3,071,515	1,362,427	4,433,942
Expense:						
Program Services						
Education Programs	1,503,581	-	1,503,581	1,973,215	-	1,973,215
Youth and Family Programs	311,312	-	311,312	546,909	-	546,909
Cultural Arts Program	455,059	-	455,059	518,409	-	518,409
Workforce Program	-	-	-	44,326	-	44,326
Total Program Expense	2,269,952	-	2,269,952	3,082,859	-	3,082,859
Support Services:						
Management and General Fundraising	787,370	-	787,370	415,638	-	415,638
	275,481	-	275,481	379,402	-	379,402
Total Support Services	1,062,851	-	1,062,851	795,040	-	795,040
Total Expense	3,332,803	-	3,332,803	3,877,899	-	3,877,899
Change in Net Assets	906,519	825,082	1,731,601	(806,384)	1,362,427	556,043
Net Assets - Beginning of Year	3,011,750	5,371,765	8,383,515	3,818,134	4,009,338	7,827,472
Net Assets - End of Year	\$ 3,918,269	\$ 6,196,847	\$ 10,115,116	\$ 3,011,750	\$ 5,371,765	\$ 8,383,515

The accompanying Notes to Consolidated Financial Statements
are an integral part of these statements.

PLYMOUTH CHRISTIAN YOUTH CENTER
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSE
 FOR THE YEAR ENDED JUNE 30, 2021 WITH
 COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2020

	2021						2020	
	Program Services			Support Services			Total All Services	Total All Services
	Youth & Family Programs	Cultural Arts Program	Total Program Services	Management & General	Fund-raising	Total Support Services		
Salaries	\$ 989,017	\$ 233,018	\$ 1,381,448	\$ 125,815	\$ 171,749	\$ 297,564	\$ 1,679,012	\$ 2,063,629
Employee Benefits	117,489	27,465	162,804	10,835	20,308	31,143	193,947	213,275
Payroll Taxes	67,730	15,812	94,346	8,253	11,591	19,844	114,190	164,622
Total Personnel Costs	1,174,236	276,295	1,638,598	144,903	203,648	348,551	1,987,149	2,441,526
Professional Fees	60,966	38,271	112,442	246,536	34,212	280,748	393,190	454,347
Occupancy	57,027	44,396	122,964	202,170	4,675	206,845	329,809	269,435
Interest	26,719	17,867	55,099	90,565	15,978	106,543	161,642	236,842
Supplies	40,547	417	51,475	1,288	-	1,288	52,763	110,936
Office Expense	5,712	1,578	19,923	21,335	9,197	30,532	50,455	31,201
Staff and Volunteer Development	6,777	-	6,956	40,333	173	40,506	47,462	11,503
Miscellaneous	3,514	29	23,899	20,257	129	20,386	44,285	39,405
Computer Software	1,332	384	1,716	35	7,442	7,477	9,193	9,412
Telecommunications	405	160	692	983	27	1,010	1,702	2,823
Travel	182	-	182	-	-	-	182	2,672
Depreciation & Amortization	126,164	55,335	236,006	18,965	-	18,965	254,971	287,797
Total Expense	\$ 1,503,581	\$ 455,059	\$ 2,269,952	\$ 787,370	\$ 275,481	\$ 1,062,851	\$ 3,332,803	\$ 3,877,899

The accompanying Notes to Consolidated Financial Statements
 are an integral part of this statement.

PLYMOUTH CHRISTIAN YOUTH CENTER
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSE
FOR THE YEAR ENDED JUNE 30, 2020

EXHIBIT D

	Program Services				Support Services			
	Education Programs	Youth & Family Programs	Cultural Arts Program	Workforce Program	Program Services	Management & General	Fund-raising	Total Support Services
Salaries	\$ 1,170,146	\$ 232,394	\$ 212,200	\$ 36,276	\$ 1,651,016	\$ 147,398	\$ 265,215	\$ 412,613
Employee Benefits	121,536	25,196	20,217	3,159	170,108	15,296	27,871	43,167
Payroll Taxes	93,644	18,430	15,691	3,068	130,833	12,870	20,919	33,789
Total Personnel Costs	1,385,326	276,020	248,108	42,503	1,951,957	175,564	314,005	489,569
Professional Fees	174,825	64,431	102,737	-	341,993	68,998	43,356	112,354
Occupancy	141,828	61,934	53,802	-	257,564	10,926	945	11,871
Interest	62,067	27,164	25,143	-	114,374	114,373	8,095	122,468
Supplies	53,864	49,041	6,969	825	110,699	237	-	237
Office Expense	8,838	3,868	3,312	-	16,018	14,117	1,066	15,183
Staff and Volunteer Development	6,724	1,650	152	81	8,607	2,156	740	2,896
Miscellaneous	479	3,159	22,817	-	26,455	11,040	1,910	12,950
Computer Software	32	-	-	-	32	247	9,133	9,380
Telecommunications	1,523	266	95	746	2,630	105	88	193
Travel	2,043	2	317	171	2,533	75	64	139
Depreciation & Amortization	135,666	59,374	54,957	-	249,997	17,800	-	17,800
Total Expense	\$ 1,973,215	\$ 546,909	\$ 518,409	\$ 44,326	\$ 3,082,859	\$ 415,638	\$ 379,402	\$ 795,040
								\$ 3,877,899

The accompanying Notes to Consolidated Financial Statements are an integral part of this statement.

PLYMOUTH CHRISTIAN YOUTH CENTER
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
<u>Increase (Decrease) in Cash and Cash Equivalents</u>		
Cash Flows from Operating Activities:		
Change in Net Assets	\$ 1,731,601	\$ 556,043
Total Adjustments	<u>(629,494)</u>	<u>(6,658,948)</u>
Net Cash Provided (Used) by Operating Activities	1,102,107	(6,102,905)
Cash Flows from Investing Activities:		
Proceeds from Maturity/Sale of Investments	646,214	2,833,525
Purchases of Property and Equipment	<u>(5,287,749)</u>	<u>(5,058,429)</u>
Purchases of Investments	<u>(1,239,264)</u>	<u>(796,238)</u>
Net Cash (Used) by Investing Activities	(5,880,799)	(3,021,142)
Cash Flows from Financing Activities:		
Proceeds from Notes Payable	482,195	14,974,500
Principal Payments on Notes Payable	<u>(611,406)</u>	<u>(511,501)</u>
Net Cash Provided (Used) by Financing Activities	<u>(129,211)</u>	<u>14,462,999</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(4,907,903)	5,338,952
Cash and Cash Equivalents - Beginning of Year	<u>5,741,298</u>	<u>402,346</u>
Cash and Cash Equivalents - End of Year	<u><u>\$ 833,395</u></u>	<u><u>\$ 5,741,298</u></u>

Supplemental Disclosures of Cash Flow Information

Cash Paid for:		
Interest	<u><u>\$ 161,642</u></u>	<u><u>\$ 236,842</u></u>

The accompanying Notes to Consolidated Financial Statements
 are an integral part of these statements.

PLYMOUTH CHRISTIAN YOUTH CENTER
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

1. Summary of Significant Accounting Policies

Basis of Consolidation

The consolidated financial statements of Plymouth Christian Youth Center (PCYC) include the accounts of Capri Real Estate Holding Company (CREHC). Significant inter-company transactions have been eliminated. PCYC is the sole member of CREHC.

CREHC was created to help secure New Markets Tax Credit funding to complete the construction on the extensive renovation and expansion of the Capri Theater.

Organizational Purpose

PCYC is a voluntary health and welfare organization founded in 1954 to serve children, youth and families.

MISSION: To enrich the skills, prospects, and spirit of North Minneapolis youth, in partnership with families and communities.

VISION: PCYC is a place of strength, safety and beauty where every young person is nurtured and challenged to reach their utmost potential. Youth, adults, families and communities come together to turn back the tides of poverty and violence, embracing hope, compassion, and the reality of a better world.

OPERATING PRINCIPLES:

- Achieve life-changing results for program participants
- Adapt programs and activities to the times
- Create a welcoming, safe and inclusive environment
- Serve as a vital community anchor, offering hope, leadership and effective action
- Support the growth and well-being of staff, volunteers and community friends
- Exercise wise stewardship of the PCYC's gifts and assets.

CORE PROGRAMS:

1) Out-of-School Time (OST) programs, offering programs that serve elementary and early-middle school aged youth, including the elementary Summer Friends and After School programs.

2) The PCYC Arts & Technology High School, a contract alternative program with Minneapolis Public Schools, serves over 300 youth annually, meeting educational needs that have not been satisfactorily met by traditional high schools.

3) The Capri Theater and related arts education and cultural arts programming for youth, adults and the community, including Legends, Camp Capri, Capri Glee Community Choir, and Capri After School Theater, in addition to partnership programs.

PLYMOUTH CHRISTIAN YOUTH CENTER
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

1. Summary of Significant Accounting Policies (continued)

STRATEGIC GOALS:

- I. Increase youth opportunities for school and life success.

PCYC will promote the academic and social-emotional development of over 2,000 youth each year by offering outstanding, innovative experiences in its Arts & Technology High School, its elementary Out-of-School-Time programs and at the Capri Theater.

- II. Complete the Capri Theater Renaissance project, leading the way for a bright North Minneapolis future.

PCYC will fulfill its long-term aim to “bring up the lights on West Broadway” with the completion of the Capri renovation and expansion including a state-of-the-art Teen Tech and Innovation Center and new performance, exhibition and community gathering spaces.

- III. Sustain the mission.

In 2021, PCYC celebrated its 67th anniversary of service to North Minneapolis area children and youth as a strong, forward-looking organization that’s embracing its next generation of leadership.

KEY RESULTS:

PCYC successfully completed the review process with the Charities Review Council of Minnesota, earning the Meets Standards seal for the 5th consecutive assessment period.

Due to the COVID-19 pandemic, PCYC’s normal educational programming had to transition to a distance-learning format for the first 3 of the 4 quarters. The fourth quarter teachers taught in person and distance-learning simultaneously. This disruption did see a reduction in the areas of attendance, credit earning and our graduation rate.

The PCYC Arts & Tech High School saw a decrease in the total number of youth served from about 300 to about 180. The learning format saw students remain in the schools in which they enrolled at the beginning of the year with notably less movement of students from the schools in which they began the year. The graduation rate for eligible seniors for 2020 was a record high 95% and fell to 69% for 2021.

Eighty-Eight K-5th grade scholars were enrolled in the Out of School Time Bright Futures program at PCYC for the 2020 - 2021 summer and school year. All program, academic and enrichment activities, as well as family resources and support, was provided for free. Staff provided academic coaching and support to scholars in the program virtually and in person. We engaged in social and emotional skill building utilizing our Social and Emotional Learning Second Step curriculum for our scholars. We supported families with meals and supplies. Staff stayed in contact and communicated with families on a regular basis to keep them informed, assess needs and direct them to various resources. Staff engaged in hybrid models of virtual and in-space engagement, leading to the development of a virtual engagement and pivoting program from traditional in-person learning utilizing Zoom. This allowed for continued offering of programming to our scholars. We will continue to implement our goals that we have set to fulfill our mission to enrich the lives of North Minneapolis youth through academic and social emotional learning opportunities and activities.

PLYMOUTH CHRISTIAN YOUTH CENTER
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

1. Summary of Significant Accounting Policies (continued)

Key Results:

The Capri Theater “went dark” at the end of May 2019 to complete construction on an extensive renovation and expansion project. An official groundbreaking ceremony was held on October 17, 2019. Construction continued through the fiscal year, and is expected to be completed in the fall of 2021. Artistic and youth programming continued in various other locations during fiscal year 2019-20. Saturday Camp Capri, MacPhail Community Youth Choir and the fall Capri Glee session were held in the PCYC building. Saint Paul Chamber Orchestra (SPCO) concerts and family programs moved from the Capri to Sanctuary Covenant Church. The Northside Celebration, in partnership with SPCO, was held at North Community High School and the Ordway. First Thursday Films @ the Capri moved to North High, and the spring session of Capri Glee was held virtually via Zoom.

Fund Accounting

In order to observe the limitations and restrictions placed on resources available to PCYC, the accounts are maintained in accordance with the principles of fund accounting. This is the procedure whereby resources are classified for accounting and reporting purposes into net asset groupings established according to their nature and restrictions. A description of the groupings is as follows:

Net Assets without Donor Restrictions – Net assets available for use in general operations and not subject to donor-imposed restrictions. The governing board has designated net assets for an operating reserve and board-designated endowment from net assets without donor restrictions.

Net Assets with Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. PCYC reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire 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.

Cash and Cash Equivalents

For purposes of the statements of cash flows, PCYC considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents, except for money market accounts held by brokers for investment purposes. Stock and bond mutual funds which have no maturity date are not considered to be cash equivalents. Restricted Cash is made up of the balances held by the CREHC.

Investments

Investments are stated at fair value based upon quoted market prices.

PLYMOUTH CHRISTIAN YOUTH CENTER
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

1. Summary of Significant Accounting Policies (continued)

Accrued Vacation Pay

PCYC has an accrued vacation policy that provides for payment of accrued vacation for qualifying terminating employees. Accrued vacation pay is included with accrued expense and payroll withholding on the statement of financial position.

Accounts Receivable and Doubtful Accounts

PCYC extends credit to its customers on terms it establishes for individual customers. Receivables are recorded at amounts billed and are generally due when billed. Amounts outstanding for more than 30 days are considered delinquent. Accounts receivable are generally uncollateralized and PCYC does not charge interest on accounts receivable balances. PCYC reviews accounts receivable balances on a periodic basis and writes off delinquent receivables when they are considered uncollectible. PCYC provides an allowance for doubtful accounts based on historical experience and management's evaluation of outstanding accounts receivable at the end of each year. No allowance for doubtful accounts has been provided as accounts receivable are considered collectable.

Land, Buildings and Equipment

Land, building and equipment in excess of \$2,500 are recorded at cost if purchased, or an estimated market value if donated. Depreciation is provided using the straight-line method over an estimated useful life as follows:

Buildings and Improvements	10-40 years
Computer Equipment	2-5 years
Furniture, Fixtures and Other Equipment	3-10 years

Revenue and Revenue Recognition

PCYC recognizes program service fees when the performance obligations of providing the services are met.

PCYC recognizes contributions when cash, securities or other assets, an unconditional promise 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 substantially met.

A portion of PCYC's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when PCYC has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. PCYC's has refundable advance of \$50,000 at year-end of both June 30, 2021 and 2020. Funder notified PCYC that 50% of the advance would be forgiven and counted as income in the next fiscal year.

PLYMOUTH CHRISTIAN YOUTH CENTER
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

1. Summary of Significant Accounting Policies (continued)

Promises-To-Give (Grants Receivable)

Promises-to-give that are expected to be collected within one year are recorded at their net realizable value. Promises-to-give that are expected to be collected in future years are recorded at the present value of the amounts expected to be collected. The discounts on those amounts are computed using an imputed interest rate applicable to the year in which the promise is received. Conditional promises to give are not included as support until such time as the conditions are substantially met. Pledges and Grants Receivable are received from local individuals and institutions. No allowance for doubtful pledges has been provided, as pledges and grants receivable are considered collectable.

Functional Allocation of Expense

Expenses are recorded in functional categories when incurred. In certain cases, allocations between categories must be made. When allocations are required, they are based on use of property and equipment and actual time spent, management judgment, and other relevant bases in each functional expense category.

Income Tax

PCYC has a tax-exempt status under a group exemption through the Evangelical Lutheran Church in America under Section 501(c)(3) of the Internal Revenue Code and comparable State law and has adopted Accounting for Uncertainty in Income Taxes, ASC 740-10. PCYC's policy is to evaluate uncertain tax positions, at least annually, for the potential for income tax exposure from unrelated business income or from loss of nonprofit status. PCYC continues to operate consistent with its original exemption application and each year takes the necessary actions to maintain its exempt status. It has been classified as an organization that is a publicly-supported organization that is not a private foundation under the Internal Revenue Code and charitable contributions by donors are tax deductible. In compliance with its exempt status, PCYC annually files a Return of Organization Exempt From Income Tax (Form 990).

Use of Estimates

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

Subsequent Events

PCYC has evaluated the effect that subsequent events would have on the consolidated financial statements through October 15, 2021 which is the date consolidated financial statements were available to be issued.

PLYMOUTH CHRISTIAN YOUTH CENTER
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

2. Significant Concentrations of Credit Risk

PCYC provides services within the Twin Cities area. The amounts due for services provided are from individuals or their third-party payors, substantially all of whom are local residents. In addition, grants and accounts receivable are from local residents, governments or institutions.

Financial instruments that potentially subject PCYC to concentrations of credit risk consist principally of cash, short-term investments, marketable securities and other investments. Substantially all of its cash and liquid investments are placed with high-quality financial institutions limiting the amount of credit exposure to any one institution; however, at June 30, 2021 and 2020, PCYC had funds on deposit in a local financial institution in excess of federally insured limits.

3. Contingencies and Uncertainties

The COVID-19 outbreak in the United States has caused business disruption through both mandated and voluntary closing of organizations. While the disruption is currently expected to be temporary, there is considerable uncertainty around its duration. Therefore, PCYC expects this matter may impact its operating results, but reasonable estimates cannot be made at this time.

4. Land, Buildings and Equipment

PCYC owned the following as of:

	<u>June 30,</u>		<u>Estimated</u>
	<u>2021</u>	<u>2020</u>	<u>Useful Lives</u>
Land	\$ 113,625	\$ 113,625	
Buildings and Improvements	9,629,029	9,629,029	10-40 years
Computer Equipment	173,267	173,267	2-5 years
Furniture, Fixtures and Equipment	109,568	107,006	3-10 years
Construction in Progress	<u>11,697,729</u>	<u>6,412,542</u>	
	21,723,218	16,435,469	
Less Accumulated Depreciation	<u>5,544,865</u>	<u>5,289,894</u>	
	<u>\$ 16,178,353</u>	<u>\$ 11,145,575</u>	

Depreciation expense of \$254,971 and \$267,797 was recorded for the years ended June 30, 2021 and 2020, respectively.

5. Pension Plan

PCYC maintains a 401(k) Plan whereby participants are allowed to make an elective deferral contribution subject to annual limitations. Employer contributions shall be an amount equal to the lesser of 25% of the deferred contribution or 1% of the participant compensation for the plan year. Any other employer contributions are discretionary. Total pension expense was \$10,117 and \$13,266 for the years ended June 30, 2021 and 2020, respectively.

PLYMOUTH CHRISTIAN YOUTH CENTER
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

6. Investments

PCYC held the following investments as of June 30, 2021 and 2020:

	<u>2021</u>		<u>2020</u>	
	<u>Cost</u>	<u>Market</u>	<u>Cost</u>	<u>Market</u>
Cash and				
Money Market Funds	\$ 847,389	\$ 847,389	\$ 26,657	\$ 26,657
Mutual Funds:				
Marketable Equity Funds	71,760	97,197	147,921	158,744
Marketable Debt Funds	81,964	75,451	123,024	128,010
Equities	31,046	33,545	31,046	28,940
Corporate Bonds	-	-	10,000	9,139
ETFs	<u>683,386</u>	<u>929,630</u>	<u>657,279</u>	<u>767,321</u>
	<u>\$ 1,715,545</u>	<u>\$ 1,983,212</u>	<u>\$ 995,927</u>	<u>\$ 1,118,811</u>

Investment income consisted of the following as of June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Interest and Dividends	\$ 105,004	\$ 63,837
Unrealized Gain	177,887	64,441
Realized Gain (Loss)	93,751	(71,603)
Investment Fees	<u>(3,496)</u>	<u>(9,270)</u>
	<u>\$ 373,146</u>	<u>\$ 47,405</u>

7. Fair Value

In accordance with FASB ASC 820, "fair value" is defined as the price that an organization would receive upon selling an investment in an orderly transaction to an independent buyer in the principle or most advantageous market for the investment. Various inputs are used in determining the value of investments. ASC 820 established a three-tier hierarchy of inputs to establish a classification of fair value measurements for disclosure purposes. The three-tier hierarchy of inputs is summarized in the three broad levels listed below:

- Level 1 – Quoted prices in active markets for identical investments.
- Level 2 – Other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.)
- Level 3 – Significant unobservable inputs.

The following is a summary of the inputs used to determine the fair value of the investments at:

<u>June 30, 2021</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments	<u>\$ 1,983,212</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,983,212</u>

PLYMOUTH CHRISTIAN YOUTH CENTER
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

7. Fair Value (Continued)

<u>June 30, 2020</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments	<u>\$ 1,118,811</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,118,811</u>

8. Pledges and Grants Receivable

The balances of pledges and grants receivable are due as follows:

<u>Due in the Year Ending June 30,</u>	<u>2021</u>	<u>2020</u>
2021	\$ -	\$ 223,499
2022	173,449	-
Total Pledges and Grants Receivable	<u>\$ 173,449</u>	<u>\$ 223,499</u>

All pledges and grants receivable are current and considered collectable.

9. Notes Payable

The breakdown of notes payable was as follows as of:

	<u>June 30,</u>	
	<u>2021</u>	<u>2020</u>
PCYC:		
Mortgage note payable to Bremer Bank. Original loan amount of \$2,807,550 payable in monthly installments of \$15,643, including interest, through April 18, 2037. The interest rate is 3.01%. Secured by mortgage on property at 2210 Oliver Avenue North.	\$ 2,353,909	\$ 2,465,315
Note payable to Sunrise Bank. Original loan amount of \$3,200,000 with principal to be paid by January 15, 2024. Interest will be paid monthly for 60 months. The interest rate is 4.1%. Secured by Capri Theater.	2,299,965	2,799,965
Note payable to City of Minneapolis. Original loan amount of \$700,000 payable in monthly installments of \$2,951, including interest, through October 15, 2066. Payments commence on October 15, 2026. The interest rate is 1% over the reference rate. Loan would be due to the city if the building is sold or deemed to being used for something other than outlined in the original agreement.	700,000	700,000

PLYMOUTH CHRISTIAN YOUTH CENTER
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

9. Notes Payable (Continued)

	<u>June 30,</u>	
	<u>2021</u>	<u>2020</u>
CREHC:		
1.493% interest note from MMCDC New Markets Fund LII, LLC. Principal of \$3,700,900 due October 1, 2053. Accrued interest paid monthly started January 5, 2021. Secured by Capri Theater.	3,700,900	3,700,900
1.493% interest note from MMCDC New Markets Fund LII, LLC. Principal of \$1,579,100 due October 1, 2053. Accrued interest paid monthly started January 5, 2021. Secured by Capri Theater.	1,579,100	1,579,100
1.493% interest note from Sunrise New Markets Fund XXXVII. Principal of \$3,810,900 due October 1, 2053. Accrued interest paid monthly started January 5, 2021. Secured by Capri Theater.	3,810,900	3,810,900
1.493% interest note from Sunrise New Markets Fund XXXVII. Principal of \$1,524,100 due October 1, 2053. Accrued interest paid monthly started January 5, 2021. Secured by Capri Theater.	<u>1,524,100</u>	<u>1,524,100</u>
Total Notes Payable	15,968,874	16,580,280
Less Portion Due Within One Year	<u>2,453,874</u>	<u>3,565,315</u>
Long-term Portion	<u>\$ 13,515,000</u>	<u>\$ 13,014,965</u>

Principal payments required are as follows:

Due in the Year Ending June 30,

2022	\$ 2,453,874
2023	500,000
2024	500,000
2025	1,200,000
2026	-
2027 and beyond	<u>11,315,000</u>
Total	<u>\$ 15,968,874</u>

PLYMOUTH CHRISTIAN YOUTH CENTER
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

9. Notes Payable (continued)

Interest expense related to all notes was \$87,475 and \$236,842 for the years ended June 30, 2021 and 2020, respectively.

Bremer Bank has called the organization's mortgage note payable on September 30, 2021, so note is considered current for consolidated financial statement purposes.

10. PPP Loan

On April 6, 2020, PCYC was granted a loan (the "Loan") from Bremer Bank in the aggregate amount of \$459,500, pursuant to the Paycheck Protection Program (the "PPP") under Division A, Title I of the CARES Act, which was enacted March 27, 2021. This loan was subsequently forgiven on May 10, 2021, and the amount of \$459,500 was recorded as Government Contribution Income.

On February 17, 2021, PCYC was granted a second draw PPP loan from the SBA through Bremer Bank in the amount of \$482,195. The Loan, which was in the form of a Note dated February 17, 2021 issued by the Borrower, matures on February 17, 2026 and bears interest at a rate of 1% per annum, with payments deferred for 10 months after the borrower's covered period.

Under the terms of the PPP, certain amounts of the Loan may be forgiven if they are used for qualifying expenses as described in the CARES Act. If the Loan is 100% forgiven, then no payments will be due from PCYC.

The Loan was forgiven on October 1, 2021.

PCYC has elected to carry the Loan as debt on its statement of financial position as of June 30, 2021 and 2020 per FASB ASC 470.

11. Note Receivable

	<u>June 30,</u>	
	<u>2021</u>	<u>2020</u>
Note Receivable from Twain Investment. Original amount of \$7,511,800 receivable in interest only payments until 2027. Quarterly receipts of \$106,120 begin in 2027 until the note Matures April 1, 2046.	<u>\$ 7,511,800</u>	<u>\$ 7,511,800</u>

12. Capital Campaign

In 2009 and 2010, PCYC completed an initial small capital campaign and remodeling project called the Capri Theater Renaissance, which made the Capri Theater capable of hosting live performances for community entertainment and for the use of the Arts and Learning High School students in their daily education. In 2010, PCYC began Phase II of that project which included expanding the Capri Theater, adding uses that complement the theater and increasing the performing arts and learning space for PCYC's program use and for the community. Construction began in the fall of 2019 and will be completed in October 2021.

PLYMOUTH CHRISTIAN YOUTH CENTER
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

13. Net Asset Balances

Net assets with donor restrictions are restricted for the following purposes or periods as of:

	<u>June 30,</u>	
	<u>2021</u>	<u>2020</u>
Subject to expenditure for specified purpose:		
Capital Campaign	\$ 5,699,418	\$ 4,795,249
Scholarships	<u>63,126</u>	<u>76,963</u>
	5,762,544	4,872,212
Subject to passage of time:		
Future Years Grants	269,405	334,655
Endowments – to be held in perpetuity	<u>164,898</u>	<u>164,898</u>
Total Net Assets With Donor Restrictions	<u>\$ 6,196,847</u>	<u>\$ 5,371,765</u>

Board designated net assets consisted of amounts for the following as of:

	<u>June 30,</u>	
	<u>2021</u>	<u>2020</u>
Operating and Debt Reserve	\$ 616,292	\$ 616,292
Capacity Building	<u>146,139</u>	<u>146,139</u>
	<u>\$ 762,431</u>	<u>\$ 762,431</u>

14. Endowment Fund

The Endowment Fund consists of donor restricted funds established for the following purposes:

Donor restricted funds are donor restricted to be held in perpetuity, with the income and related investment gains to be used for any mission-related program.

As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law:

The Board of Directors has interpreted the Minnesota Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift, as of the gift date, of the donor-restricted endowment funds absent explicit donor stipulations to the contrary; while allowing for appropriations to meet the intent of the endowment.

As a result of this interpretation, PCYC defines donor restricted assets held in perpetuity as:

- (a) the original value of gifts donated to the permanent endowment,
- (b) the original value of subsequent gifts to the permanent endowment,
- (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund,
- (d) less the amount by which the current appropriation exceeds current and accumulated earnings, and
- (e) at the discretion of the Board of Directors, accumulation of current earnings to replace principle appropriated for expenditure from previous years in item (d).

PLYMOUTH CHRISTIAN YOUTH CENTER
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

14. Endowment Fund (continued)

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

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

Endowment Fund Net Asset Composition by Type of Fund

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
<u>June 30, 2021</u>			
Endowment	\$ -	\$ 164,898	\$ 164,898
<u>June 30, 2020</u>			
Endowment	\$ -	\$ 164,898	\$ 164,898

Changes in Endowment Net Assets

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
Net Assets – June 30, 2019	\$ -	\$ 164,898	\$ 164,898
Investment Return:			
Investment Income	-	-	-
Unrealized (Loss)	-	-	-
Release from Restriction	-	-	-
Net Assets – June 30, 2020	\$ -	\$ 164,898	\$ 164,898
Investment Return:			
Investment Income	-	-	-
Unrealized (Loss)	-	-	-
Release from Restriction	-	-	-
Net Assets – June 30, 2021	\$ -	\$ 164,898	\$ 164,898

PLYMOUTH CHRISTIAN YOUTH CENTER
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

15. Collaborative Agreement

In January 2007, PCYC joined with four other non-profit organizations to form MACC Alliance, Inc. (also a non-profit) to deliver a shared solution for meeting the key administrative functions of finance, human resources and information technology. This partnership was formed to support the needs of all members with enhanced quality of administrative functions, reduced operating risk and controlled costs. PCYC has a long-term receivable from MACC Alliance in the amount of \$17,225 at both years ended June 30, 2021 and 2020.

16. Liquidity and Availability

The following represents PCYC's financial assets at June 30:

	<u>2021</u>	<u>2020</u>
Financial Assets:		
Cash and Cash Equivalents	\$ 833,395	\$ 5,713,289
Accounts Receivable	335,596	76,930
Investments	1,983,212	1,118,811
Pledges Receivable	<u>173,449</u>	<u>223,449</u>
Total Financial Assets	3,325,652	7,132,479
Less assets not available to be used for general expenditures within one year:		
Net Assets With Donor Restrictions	6,196,847	5,371,765
Board Designated Net Assets	762,431	762,431
Net Assets With Restrictions to be met within a year	<u>(5,968,822)</u>	<u>(334,655)</u>
Total assets not available for general expenditures within one year:	<u>990,456</u>	<u>5,799,541</u>
Financial assets available for general expenditures within one year	<u>\$ 2,335,196</u>	<u>\$ 1,332,938</u>

PCYC's board-designated Net Assets are not considered available for use within one year but could be available for use with a board resolution.

As part of PCYC's liquidity plan, PCYC has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

17. Cash Flow Operating Adjustments

Adjustments to reconcile Change in Net Assets to Net Cash (Used) by Operating Activities were as follows as of June 30:

	<u>2021</u>	<u>2020</u>
Depreciation	\$ 254,971	\$ 267,797
PPP Loan Forgiveness	(459,500)	-
Unrealized (Gain) on Investments	(177,600)	(64,441)
Realized (Gain) Loss on Investments	(93,751)	71,602
Long-Term Grants Receivable	-	154,690
Notes Receivable	-	(7,511,800)

PLYMOUTH CHRISTIAN YOUTH CENTER
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

17. Cash Flow Operating Adjustments (Continued)

	<u>2021</u>	<u>2020</u>
Increases (Decreases) in Current Liabilities:		
Accounts Payable	34,656	296,729
Accrued Expense and Payroll Withholding	36,616	(172,658)
Decreases (Increases) in Current Assets:		
Accounts Receivable	(258,666)	234,847
Grants Receivable	50,000	62,774
Prepaid Expenses	(16,220)	1,512
Total Adjustments	<u>\$ (629,494)</u>	<u>\$ (6,658,948)</u>

ADDITIONAL INFORMATION



Carpenter, Evert & Associates

Certified Public Accountants
7760 France Avenue S. Suite 940 Bloomington Minnesota 55435
952.831.0085 carpenterevert.com

Statement of Auditor's Responsibility

Board of Directors
Plymouth Christian Youth Center
Minneapolis, Minnesota

We have audited the consolidated financial statements of Plymouth Christian Youth Center as of and for the years ended June 30, 2021 and 2020, and our report thereon dated October 15, 2021, which expressed an unmodified opinion on those consolidated financial statements, appears on page 1.

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating schedule of financial position and consolidating schedule of revenue, expense and changes in net assets of Plymouth Christian Youth Center for the year ended June 30, 2021, are presented for purposes of additional analysis and are 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 of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Carpenter Evert and Associates, LTD.
Certified Public Accountants

Minneapolis, Minnesota
October 15, 2021

PLYMOUTH CHRISTIAN YOUTH CENTER
CONSOLIDATING SCHEDULE OF REVENUE, EXPENSE AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2021

	PCYC	Capri Real Estate Holding Company	Elimination Entries	Total
Support and Revenue:				
Contributions	\$ 1,694,694	\$ -	\$ -	\$ 1,694,694
United Way	98	-	-	98
Minneapolis Public Schools	1,350,144	-	-	1,350,144
Government Contributions	1,167,833	-	-	1,167,833
Program Fees	458,333	-	-	458,333
Earned Income	1,322	-	-	1,322
Rent	19,460	133,500	(133,500)	19,460
Investment Income	373,146	-	-	373,146
Miscellaneous Income	(626)	-	-	(626)
Total Support and Revenue	5,064,404	133,500	(133,500)	5,064,404
Expense:				
Salaries	1,679,012	-	-	1,679,012
Employee Benefits	193,947	-	-	193,947
Payroll Taxes	114,190	-	-	114,190
Total Personnel Costs	1,987,149	-	-	1,987,149
Professional Fees	392,634	556	-	393,190
Occupancy	463,309	-	(133,500)	329,809
Interest	76,308	85,334	-	161,642
Supplies	52,763	-	-	52,763
Miscellaneous	44,285	-	-	44,285
Office Expense	50,455	-	-	50,455
Staff and Volunteer Development	47,462	-	-	47,462
Computer Software	9,193	-	-	9,193
Telecommunications	1,702	-	-	1,702
Travel	182	-	-	182
Depreciation	252,221	2,750	-	254,971
Total Expense	3,377,663	88,640	(133,500)	3,332,803
Change in Net Assets	1,686,741	44,860	-	1,731,601
Net Assets - Beginning of Year	7,712,622	670,893	-	8,383,515
Net Assets - End of Year	\$ 9,399,363	\$ 715,753	\$ -	\$ 10,115,116

See Statement of Auditor's Responsibility.

PLYMOUTH CHRISTIAN YOUTH CENTER
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
JUNE 30, 2021

	PCYC	Capri Real Estate Holding Company	Eliminations	Total
<u>ASSETS</u>				
Current Assets:				
Cash and Cash Equivalents	\$ 561,531	\$ 271,864	\$ -	\$ 833,395
Accounts Receivable	335,596	44,500	(44,500)	335,596
Pledges and Grants Receivable	173,449	-	-	173,449
Prepaid Expense	108,221	-	-	108,221
Total Current Assets	1,178,797	316,364	(44,500)	1,450,661
Noncurrent Assets:				
Investments	1,983,212	-	-	1,983,212
Notes Receivable	7,511,800	-	-	7,511,800
Receivable from MACC Alliance	17,225	-	-	17,225
Property and Equipment - Net Operations	5,163,964	11,014,389	-	16,178,353
TOTAL ASSETS	\$ 15,854,998	\$ 11,330,753	\$ (44,500.00)	\$ 27,141,251
<u>LIABILITIES AND NET ASSETS</u>				
Current Liabilities:				
Accounts Payable	\$ 396,766	\$ -	\$ (44,500)	\$ 352,266
Accrued Expense and Payroll Withholding	172,800	-	-	172,800
Refundable Advance	50,000	-	-	50,000
PPP Loan	482,195	-	-	482,195
Current Portion of Notes Payable	2,453,874	-	-	2,453,874
Total Current Liabilities	3,555,635	-	(44,500)	3,511,135
Notes Payable	2,900,000	10,615,000	-	13,515,000
Total Liabilities	6,455,635	10,615,000	(44,500)	17,026,135
Net Assets:				
Without Donor Restrictions	3,202,516	715,753	-	3,918,269
With Donor Restrictions	6,196,847	-	-	6,196,847
Total Net Assets	9,399,363	715,753	-	10,115,116
TOTAL LIABILITIES AND NET ASSETS	\$ 15,854,998	\$ 11,330,753	\$ (44,500.00)	\$ 27,141,251