

# **Pillsbury United Communities**

Minneapolis, Minnesota

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Single Audit Compliance Report  
For the Year Ended  
December 31, 2020



CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT  
ON FINANCIAL STATEMENTS AND  
SCHEDULE OF EXPENDITURES OF  
FEDERAL AWARDS

Board of Directors  
Pillsbury United Communities  
Minneapolis, Minnesota

**Report on the Financial Statements**

We have audited the accompanying financial statements of Pillsbury United Communities, which comprise the consolidated statements of financial position as of December 31, 2020 and 2019, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

**Management's Responsibility for the 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 audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Board of Directors  
Pillsbury United Communities

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Pillsbury United Communities as of December 31, 2020 and 2019, 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.

### **Other Matters**

#### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2021, on our consideration of Pillsbury United Communities' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Pillsbury United Communities' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Pillsbury United Communities' internal control over financial reporting and compliance.

*Cynthia East and Anna L. P. Ltd.*

Certified Public Accountants

Minneapolis, Minnesota  
September 29, 2021

PILLSBURY UNITED COMMUNITIES  
CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS AND EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue:						
Grants and Contributions	\$ 4,110,683	\$ 4,253,575	\$ 8,364,258	\$ 2,274,490	\$ 1,002,479	\$ 3,276,969
Government Grants and Contracts	4,111,064	-	4,111,064	3,147,469	-	3,147,469
United Way	762,326	-	762,326	1,069,550	-	1,069,550
Program Fees	1,037,267	-	1,037,267	1,052,694	-	1,052,694
Sales	3,163,420	-	3,163,420	2,396,534	-	2,396,534
Cost of Goods Sold	(2,210,411)	-	(2,210,411)	(1,721,893)	-	(1,721,893)
Net Sales	953,009	-	953,009	674,641	-	674,641
Investment and Other Income	164,817	-	164,817	224,506	-	224,506
Net Assets Released from Restrictions:						
Satisfaction of Time Restrictions	-	-	-	487,916	(487,916)	-
Satisfaction of Program Restrictions	747,433	(747,433)	-	521,774	(521,774)	-
Total Support and Revenue	11,886,599	3,506,142	15,392,741	9,453,040	(7,211)	9,445,829
Expense:						
Program Services:						
Total Program Services	8,564,561	-	8,564,561	9,026,463	-	9,026,463
Support Services:						
Management and General	2,324,680	-	2,324,680	1,007,765	-	1,007,765
Fundraising	539,645	-	539,645	582,410	-	582,410
Total Support Services	2,864,325	-	2,864,325	1,590,175	-	1,590,175
Total Expense	11,428,886	-	11,428,886	10,616,638	-	10,616,638
Change in Net Assets and Equity	457,713	3,506,142	3,963,855	(1,163,598)	(7,211)	(1,170,809)
Net Assets and Equity - Beginning of Year	4,943,779	1,433,412	6,377,191	6,107,377	1,440,623	7,548,000
Net Assets and Equity - End of Year	\$ 5,401,492	\$ 4,939,554	\$ 10,341,046	\$ 4,943,779	\$ 1,433,412	\$ 6,377,191

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

PILLSBURY UNITED COMMUNITIES  
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSE  
FOR THE YEAR ENDED DECEMBER 31, 2020  
WITH COMPARATIVE TOTALS FOR 2019

	2020										2019				
	Program Services										Support Services				
	People	Prosperity	Place	Theater	Community Centers	North Market	Childcare Homes	Justice Built Communities	Internal and Fiscal Affiliates	Total Program Services	Management & General	Fund-raising	Total Support Services	Total All Services	Total All Services
Salaries and Wages	\$ 938,434	\$ 1,497,885	\$ 180,303	\$ 595,930	\$ 401,804	\$ 518,204	\$ -	\$ 26,096	\$ 39,522	\$ 4,198,178	\$ 778,542	\$ 290,671	\$ 1,069,213	\$ 5,267,391	\$ 5,527,134
Employee Benefits	136,502	227,158	25,398	78,041	57,983	305	-	2,545	8,013	535,945	109,778	41,383	151,161	687,106	578,946
Payroll Taxes	95,371	145,140	18,242	56,991	38,945	37,313	-	2,335	5,514	399,851	73,624	28,102	101,726	501,577	499,590
Total Personnel Expense	1,170,307	1,870,183	223,943	730,962	498,732	555,822	-	30,976	53,049	5,133,974	961,944	360,156	1,322,100	6,456,074	6,605,670
Professional Fees	50,469	57,969	85,543	185,041	214,107	38,709	1,597	39,102	237,278	909,815	217,972	118,826	336,798	1,246,613	1,070,927
Miscellaneous	3,595	31,333	1,530	25,991	11,270	27,843	4,763	35,844	2,230	144,399	829,041	13,588	842,629	987,028	360,633
Participant	146,671	79,304	8,476	33,141	11,689	1,464	-	-	562,365	843,110	32,393	86	32,479	875,589	501,077
Occupancy	2,936	19,483	3,454	6,013	302,370	263,035	59,038	-	30,676	687,005	144,589	380	144,969	831,974	842,500
Office and Operations	13,276	33,146	25,867	1,143	71,075	108,486	1,509	2,470	1,251	258,223	45,105	19,969	65,074	323,297	242,653
Telecommunication	900	2,083	1,712	49	49,433	7,850	-	-	120	62,147	17,112	-	17,112	79,259	107,560
Transportation	9,300	8,837	119	1,684	13,851	-	-	-	-	33,791	16,131	311	16,442	50,233	118,988
Staff and Volunteer	(485)	4,682	470	3,906	287	450	-	450	1,700	11,460	19,485	6,898	26,383	37,843	180,308
Depreciation	83,453	121,419	16,363	34,036	14,443	190,474	20,449	-	-	480,637	40,908	19,431	60,339	540,976	586,322
Total Expense	<u>\$ 1,480,422</u>	<u>\$ 2,228,439</u>	<u>\$ 367,477</u>	<u>\$ 1,021,966</u>	<u>\$ 1,187,257</u>	<u>\$ 1,194,133</u>	<u>\$ 87,356</u>	<u>\$ 108,842</u>	<u>\$ 888,669</u>	<u>\$ 8,564,561</u>	<u>\$ 2,324,680</u>	<u>\$ 539,645</u>	<u>\$ 2,864,325</u>	<u>\$ 11,428,886</u>	<u>\$ 10,616,638</u>

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

PILLSBURY UNITED COMMUNITIES  
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSE  
FOR THE YEAR ENDED DECEMBER 31, 2019

	Program Services									Support Services			
	People	Prosperity	Place	Theater	Community Centers	North Market	Childcare Homes	Internal and Fiscal Affiliates	Total Program Services	Management & General	Fund-raising	Total Support Services	Total All Services
Salaries and Wages	\$ 1,132,898	\$ 1,808,279	\$ 136,813	\$ 676,945	\$ 485,066	\$ 538,188	\$ -	\$ 48,392	\$ 4,826,581	\$ 427,912	\$ 272,641	\$ 700,553	\$ 5,527,134
Employee Benefits	127,480	212,144	15,891	81,513	54,150	-	-	5,647	496,825	50,346	31,775	82,121	578,946
Payroll Taxes	108,248	164,737	12,772	61,742	44,204	40,753	-	4,254	436,710	38,599	24,281	62,880	499,590
Total Personnel Expense	1,368,626	2,185,160	165,476	820,200	583,420	578,941	-	58,293	5,760,116	516,857	328,697	845,554	6,605,670
Professional Fees	46,877	53,844	28,037	113,224	198,870	28,915	302	287,665	757,734	220,439	92,754	313,193	1,070,927
Miscellaneous	6,961	60,669	4,325	43,532	21,822	128,057	5,020	6,018	276,404	61,384	22,845	84,229	360,633
Participant	273,133	147,681	7,977	43,256	21,768	83	-	15	493,913	-	7,164	7,164	501,077
Occupancy	3,919	26,009	1,915	7,276	403,653	172,306	44,054	32,494	691,626	108,664	42,210	150,874	842,500
Office and Operations	8,790	21,945	31,460	4,854	47,058	90,670	103	3,377	208,257	22,302	12,094	34,396	242,653
Telecommunication	1,361	3,149	99	33	74,739	3,462	-	-	82,843	17,698	7,019	24,717	107,560
Transportation	18,643	17,715	12	45,012	27,767	-	-	-	109,149	7,058	2,781	9,839	118,988
Staff and Volunteer	11,655	78,635	-	1,180	18,971	-	-	-	110,441	24,049	45,818	69,867	180,308
Depreciation	53,508	109,197	10,485	42,784	100,108	199,449	20,449	-	535,980	29,314	21,028	50,342	586,322
Total Expense	\$ 1,793,473	\$ 2,704,004	\$ 249,786	\$ 1,121,351	\$ 1,498,176	\$ 1,201,883	\$ 69,928	\$ 387,862	\$ 9,026,463	\$ 1,007,765	\$ 582,410	\$ 1,590,175	\$ 10,616,638

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

PILLSBURY UNITED COMMUNITIES  
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2020 AND 2019

	2020	2019
<u>ASSETS</u>		
Current Assets:		
Cash and Cash Equivalents:		
Operations	\$ 1,922,606	\$ 412,533
Other	3,201,476	209,085
Total Cash and Cash Equivalents	5,124,082	621,618
Accounts Receivable (Net of Allowance for Uncollectable Accounts of \$-0- for 2020 and \$21,980 for 2019)	1,037,839	993,984
Grants Receivable - Net	1,380,423	659,750
Inventory	116,659	101,609
Prepaid Expenses	190,503	230,006
Total Current Assets	7,849,506	2,606,967
Noncurrent Assets:		
Grants Receivable - Net	500,000	125,000
Land, Buildings and Equipment - Net	8,648,109	8,791,812
Loans Receivable	-	400,000
TOTAL ASSETS	<u>\$ 16,997,615</u>	<u>\$ 11,923,779</u>
<u>LIABILITIES AND NET ASSETS AND EQUITY</u>		
Current Liabilities:		
Accounts Payable	\$ 374,791	\$ 585,612
Accrued Expenses	631,022	506,117
Notes Payable	914,849	751,621
Refundable Advances	638,171	163,293
Total Current Liabilities	2,558,833	2,006,643
Long-term Liabilities:		
Notes Payable	4,040,420	3,482,629
Scholarships Payable	57,316	57,316
Total Liabilities	6,656,569	5,546,588
Net Assets and Equity:		
Without Donor Restrictions:		
Operations	621,954	288,306
Board Designated Endowment	183,666	176,488
Land, Buildings and Equipment	4,692,840	4,557,562
Total Without Donor Restrictions	5,498,460	5,022,356
With Donor Restrictions	4,939,554	1,433,412
Total Net Assets	10,438,014	6,455,768
Non-Controlling Interest	(96,968)	(78,577)
TOTAL LIABILITIES AND NET ASSETS AND EQUITY	<u>\$ 16,997,615</u>	<u>\$ 11,923,779</u>

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



PILLSBURY UNITED COMMUNITIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
<u>Increase (Decrease) in Cash and Cash Equivalents</u>		
Cash Flows from Operating Activities:		
Change in Net Assets and Equity	\$ 3,963,855	\$ (1,170,809)
Adjustments to Reconcile Change in Net Assets and Equity to Net Cash Provided (Used) by Operating Activities:		
Depreciation	\$ 540,976	586,322
(Gain) Loss on Sale of Property	-	(174,371)
Loan Forgiveness	(11,320)	(11,320)
Grants Receivable	(375,000)	(75,000)
Loans Receivable	400,000	-
Decreases (Increases) in Current Assets:		
Accounts Receivable	(43,855)	534,951
Grants Receivable	(720,673)	(103,546)
Inventory	(15,050)	19,879
Prepaid Expenses	39,503	(7,220)
Increases (Decreases) in Current Liabilities:		
Accounts Payable	(210,821)	54,136
Accrued Expenses	124,905	(234,262)
Refundable Advances	474,878	(37,011)
Net Cash Provided (Used) by Operating Activities	<u>4,167,398</u>	<u>(618,251)</u>
Cash Flows from Investing Activities:		
Proceeds on Dissolution of Investment	-	26,369
Purchase of Land, Buildings and Equipment	(397,273)	(120,782)
Proceeds from Sale of Land, Buildings and Equipment	-	435,909
Net Cash Provided (Used) by Investing Activities	<u>(397,273)</u>	<u>341,496</u>
Cash Flows from Financing Activities:		
Proceeds from Issuance of Notes Payable	1,000,000	1,860,000
Principal Payments on Notes Payable	(267,661)	(1,979,935)
Net Cash Provided (Used) by Financing Activities	<u>732,339</u>	<u>(119,935)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	4,502,464	(396,690)
Cash and Cash Equivalents - Beginning of Year	<u>621,618</u>	<u>1,018,308</u>
Cash and Cash Equivalents - End of Year	<u>\$ 5,124,082</u>	<u>\$ 621,618</u>
<u>Supplemental Disclosure of Cash Flow Information</u>		
Cash Paid for:		
Interest	<u>\$ 206,662</u>	<u>\$ 147,327</u>

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

PILLSBURY UNITED COMMUNITIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019

1. Summary of Significant Accounting Policies

Basis of Consolidation

The consolidated financial statements of Pillsbury United Communities (the Organization) includes the accounts of Child Care Home Partnership, North Market, and Justice Built Communities all of which are separate organizations that are controlled by the Organization's management. Significant inter-company transactions have been eliminated.

Organizational Purpose

The Organization seeks to build a strong and interdependent community filled with people who are able to build, for themselves and their families, a life reflective of their own values, interests, and abilities and who, in turn, contribute to the positive development of others.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor- or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets without Donor Restrictions – Net assets available for use in general operations and not subject to donor- or grantor-imposed restrictions. These net assets include both designated and undesignated amounts.

Net Assets with Donor Restrictions – Net assets subject to donor or grantor imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. The Organization reports contributions restricted by donors as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, 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.

Land, Buildings and Equipment

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

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

PILLSBURY UNITED COMMUNITIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019

1. Summary of Significant Accounting Policies (continued)

Revenue and Revenue Recognition

The Organization 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 met.

A portion of the Organization'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 the Organization 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. The Organization received cost-reimbursable grants of \$1,674,596 and \$2,157,209 that have not been recognized at December 31, 2020 and 2019 respectively because qualifying expenditures have not yet been incurred.

Program fees income is recognized as income when the performance obligations or events occur. Sales are recognized at the time of purchase.

Promises-To-Give (Grants Receivable)

Unconditional promises-to-give are recognized in the period the promises are made. Conditional promises-to-give are recognized when the conditions on which they depend are substantially met, that is, when the conditional promise becomes unconditional.

Accounts Receivable and Doubtful Accounts

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 the Organization does not charge interest on accounts receivable balances. The Organization reviews accounts receivable balances on a periodic basis and writes off delinquent receivables when they are considered uncollectible. The Organization provides an allowance for doubtful accounts based on historical experience and management's evaluation of outstanding accounts receivable at the end of each year. Accounts are stated net of the allowance for doubtful accounts of \$-0- and \$21,980 at December 31, 2020 and 2019, respectively.

Inventory

Inventory consists of items for sale at North Market. Inventory is valued at the lower of cost (first-in, first-out basis) or market.

PILLSBURY UNITED COMMUNITIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019

1. Summary of Significant Accounting Policies (continued)

Scholarships Payable

Scholarship funds are accumulated for the Family Advocate Network System Program (FANS) for disbursement to pre-identified students who graduate from the program. Disbursement of scholarship funds began in 1996.

Loans Receivable and Allowance for Loan Losses

Loans receivable are stated at the amount management expects to collect from outstanding balances. The allowance for loan losses is established through a provision for loan losses charged to expense. Accrued interest is charged against the allowance for loan losses on an annual basis.

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 space usage or number of personnel assigned to programs (FTE), estimated time spent and program budget size.

Advertising

Advertising costs are expensed as incurred. Advertising expense was \$14,275 and \$58,660 for the years ended December 31, 2020 and 2019, respectively.

Income Tax

The Organization has a tax-exempt status under Section 501(c)(3) of the Internal Revenue Code and has adopted *Accounting for Uncertainty in Income Taxes*, ASC 740-10. The Organization'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. The Organization 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 not a private foundation under the Internal Revenue Code and charitable contributions by donors are tax deductible. In compliance with its exempt status, the Organization annually files a Return of Organization Exempt From Income Tax (Form 990).

PILLSBURY UNITED COMMUNITIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019

1. Summary of Significant Accounting Policies (continued)

Use of Estimates

The preparation of 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications

Certain amounts in prior year comparative totals have been reclassified to conform with the presentation of the current year consolidated financial statements.

Subsequent Events

The Organization has evaluated the effect that subsequent events would have on the financial statements through September 29, 2021, which is the date financial statements were available to be issued.

2. Uncertainties and Contingencies

The COVID-19 outbreak in the United States has caused business disruption through both mandated and voluntary suspension of operations. There is considerable uncertainty around its duration. Therefore, the Organization is unable to determine the financial impact on its operating results and reasonable estimates cannot be made at this time.

PILLSBURY UNITED COMMUNITIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019

3. Financial Instruments

Significant Concentrations of Credit Risk

The Organization 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.

Concentrations of Credit Risk Arising from Cash Deposits in Excess of Insured Limits

The Organization maintains accounts at several financial institutions which are insured by the Federal Deposit Insurance Corporation up to \$250,000 per institution. The amounts on deposit in these accounts may exceed the federally insured limit, the Organization has not experienced any losses.

4. Land, Buildings and Equipment

The Organization owned the following as of:

	<u>December 31,</u>		<u>Estimated Useful Lives</u>
	<u>2020</u>	<u>2019</u>	
Land	\$ 621,711	\$ 621,711	
Buildings and Improvements	12,004,558	11,843,906	10-40 years
Furniture, Fixtures and Equipment	2,867,500	2,789,662	2-10 years
Vehicles	<u>283,371</u>	<u>124,588</u>	2-7 years
	15,777,140	15,379,867	
Less Accumulated Depreciation	<u>7,129,031</u>	<u>6,588,055</u>	
	<u>\$ 8,648,109</u>	<u>\$ 8,791,812</u>	

Depreciation expense of \$540,976 and \$586,322 was recorded for the years ended December 31, 2020 and 2019, respectively.

5. Grants Receivable

The balances of grants receivable are due as follows:

	<u>December 31,</u>	
<u>Due in the Year Ending December 31,</u>	<u>2020</u>	<u>2019</u>
2020	\$ -	\$ 659,750
2021	1,380,423	125,000
2022	<u>500,000</u>	<u>-</u>
Total Grants Receivable	1,880,423	784,750
Less Short Term Portion	<u>1,380,423</u>	<u>659,750</u>
Long Term Portion	<u>\$ 500,000</u>	<u>\$ 125,000</u>

All grants receivable are considered collectable.

PILLSBURY UNITED COMMUNITIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019

6. 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 principal 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 December 31:

<u>2020</u>				
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Grants Receivable	<u>\$ -</u>	<u>\$ 1,880,423</u>	<u>\$ -</u>	<u>\$ 1,880,423</u>

  

<u>2019</u>				
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Grants Receivable	<u>\$ -</u>	<u>\$ 784,750</u>	<u>\$ -</u>	<u>\$ 784,750</u>

7. Refundable Advances

Refundable advances consisted of the following as of:

<u>December 31,</u>		
	<u>2020</u>	<u>2019</u>
Minnesota Housing Finance Agency	\$ 531,195	\$ -
State of Minnesota	61,185	61,185
Other	45,791	40,441
Minnesota State Arts Board	-	61,667
	<u>\$ 638,171</u>	<u>\$ 163,293</u>

PILLSBURY UNITED COMMUNITIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019

8. Endowment Funds

Description

Endowment funds consist of donor-restricted amounts to be held in perpetuity, with the income and related investment gains to be used to identify and promote neighborhood residents with grassroots ideas and projects to improve their community. The endowment also includes certain net assets without donor restrictions that have been designated for endowment by the Board of Directors with the income and related investment gains to be used for any mission related purpose.

Nearly all of the endowment funds are included in Cash and Cash Equivalents – Other on the statements of financial position.

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 date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. As a result of this interpretation, the Organization retains in perpetuity (a) the original value of initial and subsequent gift amounts (including promises to give net of discount and allowance for doubtful accounts) donated to the endowment and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Organization 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 purposes of the Organization 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 the Organization
7. The investment policies of the Organization



PILLSBURY UNITED COMMUNITIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019

8. Endowment Funds (continued)

Endowment Net Asset Composition by Type of Fund

As of December 31, 2020:	Without Donor Restrictions	With Donor Restrictions	Total
Board Designated Endowment Funds	\$ 183,666	\$ -	\$ 183,666
Donor Restricted Endowment Funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	15,475	15,475
Accumulated investment gains To be used for specific purpose	-	36	36
	<u>\$ 183,666</u>	<u>\$ 15,511</u>	<u>\$ 199,177</u>
As of December 31, 2019:	Without Donor Restrictions	With Donor Restrictions	Total
Board Designated Endowment Funds	\$ 176,488	\$ -	\$ 176,488
Donor Restricted Endowment Funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	15,475	15,475
Accumulated investment gains To be used for specific purpose	-	60	60
	<u>\$ 176,488</u>	<u>\$ 15,535</u>	<u>\$ 192,023</u>

Changes in Endowment Net Assets

	Without Donor Restrictions	With Donor Restrictions	Total
Net Assets December 31, 2018	\$ 157,214	\$ 15,509	\$ 172,723
Investment Return – Net Contributions	19,274	26	19,300
Appropriation for Expenditure	-	-	-
Net Assets December 31, 2019	176,488	15,535	192,023
Investment Return – Net Contributions	7,178	6	7,184
Appropriation for Expenditure	-	(30)	(30)
Net Assets December 31, 2020	<u>\$ 183,666</u>	<u>\$ 15,511</u>	<u>\$ 199,177</u>

PILLSBURY UNITED COMMUNITIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019

9. Net Assets with Donor Restrictions

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

	<u>December 31,</u>	
	<u>2020</u>	<u>2019</u>
Subject to expenditure for specified purpose:		
Justice Built Communities	\$ 2,415,658	\$ -
Community Voice	555,600	129,500
Pillsbury House Theatre	544,750	445,312
Justice Built Communities – Admin	442,500	-
Management and Development	304,420	100,167
Career & Future	150,700	50,000
North Market	103,214	450,000
Community Health	77,500	125,000
Cowell Award	48,416	48,416
Education	25,000	50,000
Beth Milligan Fund	19,482	19,482
Black Women’s Wealth Alliance	144,000	-
EJCC & UHT	92,803	-
Endowments:		
Restricted by donors for		
Neighborhood/Community Improvement	36	60
To Be Held in Perpetuity	15,475	15,475
	<u>\$ 4,939,554</u>	<u>\$ 1,433,412</u>

10. Loan Receivable

Loans receivable are as follows as of:

	<u>December 31,</u>	
	<u>2020</u>	<u>2019</u>
4.83% loan receivable from Camden Apartments Minneapolis Limited Partnership. Interest paid annually with the entire principal, plus accrued interest, due on December 31, 2036.	\$ -	\$ 557,175
Less Allowance for Loan Losses	-	21,980
Total Loans Receivable	-	535,195
Less Current Portion	-	135,195
Long-term Portion	<u>\$ -</u>	<u>\$ 400,000</u>

For the loan receivable, the allowance for loan losses is established through a provision for loan losses charged to expense. Accrued interest is charged against the allowance for loan losses on an annual basis.

In 2020, management determined the balance of the loan receivable would not be collected and wrote off the balance to bad debt.

PILLSBURY UNITED COMMUNITIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019

11. Notes Payable

The breakdown of notes payable was as follows as of:

	<u>December 31,</u>	
	<u>2020</u>	<u>2019</u>
6.5% note payable due to Wings Financial Credit Union. Payable in monthly installments of \$5,444 through September 17, 2023, with the unpaid principal balance due October 17, 2023. Secured by property at 811 East 35 <sup>th</sup> Street.	\$ 688,928	\$ 711,041
6.5% note payable due to Wings Financial Credit Union. Payable in monthly installments of \$1,314 through September 17, 2023, with the unpaid principal balance due October 17, 2023. Secured by property at 3501 Chicago Avenue South.	166,687	171,271
3% interest only note payable to Family Housing Fund. Entire unpaid principal balance due September 15, 2023.	150,000	150,000
1% note payable to Minneapolis Community Development Agency. Each year, until August 20, 2023, an amount equal to 1/30 of the original amount of the note will be forgiven as long as the properties (2725 - 2801 Lyndale Avenue North and 2912 - 2920 Sixth Street North) securing the note continues to be low-income housing as stated in the terms of the note.	33,961	45,282
1% note payable due to Family Housing Fund. Principal and accrued interest due August 20, 2023. Secured by buildings at 2725 - 2801 Lyndale Avenue North and 2912 - 2920 Sixth Street North.	70,000	70,000
5.25% notes payable to Wells Fargo Bank, NA. Payable in monthly installments of \$12,000 through November 18, 2021, with the remaining principal and interest due December 18, 2021. Secured by receivables and equipment.	501,174	600,000
6.5% construction term loan payable to Wings Financial Credit Union. Payable in monthly installments of \$3,371 Expires December 1, 2023. Secured by 3650 Fremont Avenue North.	110,031	141,111
6.5% note payable to Propel Nonprofits. Interest is due monthly with unpaid principal balance due December 16, 2019. Note was refinanced in February 2020. Secured by all assets.	-	400,000

PILLSBURY UNITED COMMUNITIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019

11. Notes Payable (continued)

	<u>December 31,</u>	
	<u>2020</u>	<u>2019</u>
6.5% note payable to Propel Nonprofits. Interest is due monthly beginning March 31, 2020 with \$50,000 due on February 28, 2021 and 2022. The remaining unpaid principal and interest is due on February 28, 2023. Secured by all assets.	150,000	-
6.5% note payable to Propel Nonprofits. Payable in monthly installments of \$7,662 with the remaining unpaid principal and interest is due on August 31, 2023. Secured by all assets.	224,488	-
4.17% note payable due to Bremer Bank. Interest is payable monthly through an interest expense account and principal amounts of \$200,000 due March 13, 2021 and \$400,000 due March 13, 2023. The unpaid principal and interest is balance due March 13, 2024. Secured by mortgage.	1,860,000	1,860,000
2.0% note payable due to Community Benefit Financial Company, LLC. \$20,000 interest only payments are due annually on December 18, 2021 through December 18, 2024. Unpaid principal and interest are due December 18, 2025. The note is unsecured.	1,000,000	-
3.90% note payable to Propel Nonprofits. Payable in monthly installments of \$4,012. Expires October 16, 2020. \$26,667 subject to forgiveness annually given timely payments and savings goals met. Secured by all assets.	-	85,185
	4,955,269	4,233,890
Less Portion Due Within One (1) Year	914,849	751,261
Long-term Portion	<u>\$ 4,040,420</u>	<u>\$ 3,482,629</u>

Principal payments required are as follows:

<u>Due in the Year Ending December 31,</u>	
2021	\$ 914,849*
2022	217,721*
2023	1,562,699*
2024	1,260,000*
2025	1,000,000
Total	<u>\$ 4,955,269</u>

\* includes amounts that may be forgiven.

PILLSBURY UNITED COMMUNITIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019

12. Liquidity and Availability

The following represents the Organization's financial assets as of:

	<u>December 31,</u>	
	<u>2020</u>	<u>2019</u>
Financial Assets:		
Cash and Cash Equivalents	\$ 5,124,082	\$ 621,618
Accounts Receivable	1,037,839	993,984
Grants Receivable	<u>1,880,423</u>	<u>784,750</u>
Total Financial Assets	8,042,344	2,400,352
Less amounts not available to be used within one year:		
Board-Designated Endowment	183,666	176,488
Net Assets With Donor Restrictions	4,939,554	1,433,412
Net Assets With Restrictions to be met within a year	<u>(2,837,763)</u>	<u>(1,225,039)</u>
Total amounts not available within one year	<u>2,035,457</u>	<u>384,861</u>
Financial assets available for general expenditures within One year	<u>\$ 5,756,887</u>	<u>\$ 2,015,491</u>

Net assets with donor restrictions are removed from financial assets available for general expenditures within one year if it is likely that the restriction will not be satisfied during normal operations in the following year.

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

13. Operating Leases

Rental commitments under non-cancelable leases for space in effect at December 31, 2020 total \$146,454. The future annual rental commitments are as follows:

<u>Due in the Year Ending December 31,</u>	
2021	\$ 73,227
2022	<u>73,227</u>
Total	<u>\$ 146,454</u>

Rental expense for space was \$125,845 and \$216,414 for the years ended December 31, 2020 and 2019, respectively.

PILLSBURY UNITED COMMUNITIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019

14. Notes Payable – PPP Loan

On April 28, 2020, the Organization received a loan (the “Loan”) from Bremer Bank in the aggregate amount of \$921,200, pursuant to the Paycheck Protection Program (the “PPP”) under Division A, Title I of the CARES Act, which was enacted March 27, 2020.

The Loan, which was in the form of a Note dated April 28, 2020 issued by the Borrower, matures on April 28, 2022 and bears interest at a rate of 1% per annum, originally payable monthly commencing on November 28, 2020. The note may be prepaid by the Borrower at any time prior to maturity with no prepayment penalties.

The payment terms on all PPP loans changed with the signing of the Flexibility Act on June 5, 2020, and payments are now deferred for 10 months after the borrower’s covered period, i.e. either 12 or 16 months from origination. In addition, if a borrower applies for forgiveness before the end of the 10 month deferral period, then payments continue to defer until a decision on the forgiveness is returned from the SBA.

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. In accordance with these Loan forgiveness terms, funds from the Loan were used by the Organization for payroll costs, group health care and retirement benefits, and rent.

The Organization plans to apply for loan forgiveness in May 2021. If the Loan is 100% forgiven, then no payments will be due from the Organization. If the Organization does not receive 100% forgiveness, there will be a loan modification at the time of the decision which will communicate the repayment terms of the remaining loan balance.

The Organization has elected to account for the PPP funds as a conditional grant and recognized the full amount as government grant revenue in 2020 when the qualifying expenses were incurred and the conditions of the funding was met.

15. Pension Plan

The Organization has a defined contribution plan that covers those employees who meet eligibility requirements. Employer contributions of \$179,104 and \$128,342 were made in the years ended December 31, 2020 and 2019, respectively.



Carpenter, Evert & Associates

Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT  
ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND  
OTHER MATTERS BASED ON  
AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS

Board of Directors  
Pillsbury United Communities  
Minneapolis, Minnesota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Pillsbury United Communities, which comprise the consolidated statements of financial position as of December 31, 2020 and 2019, and the related consolidated statements of activities, functional expense and cash flows for the years then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated September 29, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audits of the consolidated financial statements, we considered Pillsbury United Communities' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of Pillsbury United Communities' internal control. Accordingly, we do not express an opinion on the effectiveness of Pillsbury United Communities' internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's consolidated financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Board of Directors  
Pillsbury United Communities

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Pillsbury United Communities' consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of consolidated financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Capote Ernst and Arnold Ltd.*

Certified Public Accountants

Minneapolis, Minnesota  
September 29, 2021





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INDEPENDENT AUDITOR'S REPORT ON  
COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY THE UNIFORM GUIDANCE

Board of Directors  
Pillsbury United Communities  
Minneapolis, Minnesota

**Report on Compliance for Each Major Federal Program**

We have audited Pillsbury United Communities' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Pillsbury United Communities' major federal programs for the year ended December 31, 2020. Pillsbury United Communities' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the federal statutes, regulations, and the terms and conditions of its federal awards application to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of Pillsbury United Communities' major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Pillsbury United Communities' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Pillsbury United Communities' compliance.

**Opinion on Each Major Federal Program**

In our opinion, Pillsbury United Communities complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2020.

### **Report on Internal Control Over Compliance**

Management of Pillsbury United Communities is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Pillsbury United Communities' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Pillsbury United Communities' internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Caplan Gert and Audit, Ltd.*

Certified Public Accountants

Minneapolis, Minnesota  
September 29, 2021

PILLSBURY UNITED COMMUNITIES  
SUMMARY OF AUDITOR'S RESULTS AND  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

SECTION I - SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Type of auditor's report issued – unmodified

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_\_\_ Yes      X   No
- Significant deficiencies identified that are not  
considered to be material weakness(es)? \_\_\_\_\_ Yes      X   None reported

Noncompliance material to financial statements noted? \_\_\_\_\_ Yes      X   No

FEDERAL AWARDS

Internal control over major programs:

- Material weakness(es) identified? \_\_\_\_\_ Yes      X   No
- Significant deficiencies identified that are not  
considered to be material weakness(es)? \_\_\_\_\_ Yes      X   None reported

Type of auditor's report issued on compliance for major programs – unmodified

Any audit findings disclosed that are required to be reported  
in accordance with 2 CFR 200.516(a)? \_\_\_\_\_ Yes      X   No

Major Programs: CFDA Number        16.575 – IWAP - MN  
   21.019 – Coronavirus Relief Fund

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? \_\_\_\_\_ Yes      X   No

SECTION II – FINDINGS – FINANCIAL STATEMENT AUDIT

NONE

SECTION III – FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL PROGRAM AUDIT

NONE

PILLSBURY UNITED COMMUNITIES  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2020

1. NONE

PILLSBURY UNITED COMMUNITIES  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2020

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
<u>MAJOR PROGRAMS</u>				
U.S. Department of Justice: State of Minnesota: IWAP - MN	16.575	A-CVS-2020-PUC-010	\$ -	\$ 121,012
U.S. Department of Treasury: Minnesota Housing Finance Agency: Coronavirus Relief Fund - Housing Assistance	21.019	None Noted	-	149,142
Minnesota Department of Human Services: Hunger Solutions: Coronavirus Relief Fund - MN COVID Food Fund Grant	21.019	None Noted	-	215,859 <u>365,001</u>
<u>OTHER FEDERAL ASSISTANCE</u>				
U.S. Department of Housing and Urban Development: City of Minneapolis: Community Development Block Grant: Neighborhood Employment and Training	14.218	None Noted	-	97,536
Lutheran Social Services: Streetworks	14.235	None Noted	-	12,823
U.S. Department of Health and Human Services: Metropolitan Area Agency on Aging: MAAA Title I	93.044	311-20-003B-227	-	133,256
Corporation for National and Community Service: Public Allies: Public Allies	94.006	19EDHWI0010018	-	209,215
U.S. Department of Labor: City of Minneapolis: Youth Works (formerly Workforce Investment Act)	17.259	9103600	-	99,199
Total Federal Expenditures			<u>\$ -</u>	<u>\$ 1,038,042</u>

Per city of Mpls, their pass through number is actually 8103600.

9103600 is the state's pass through number.

PILLSBURY UNITED COMMUNITIES  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2020

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Pillsbury United Communities under the programs of the federal government for the year ended December 31, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Pillsbury United Communities, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Pillsbury United Communities.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

3. Indirect Cost Rates

Pillsbury United Communities used the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.