

MIDDLETON OUTREACH MINISTRY, INC.

FINANCIAL STATEMENTS

March 31, 2021 and 2020

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Middleton Outreach Ministry, Inc.
Middleton, Wisconsin

We have audited the accompanying financial statements of Middleton Outreach Ministry, Inc., which comprise the statements of financial position as of March 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

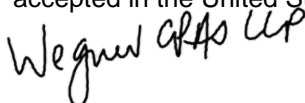
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Middleton Outreach Ministry, Inc. as of March 31, 2021 and 2020, and the changes in its net assets and its cash flows for years then ended in accordance with accounting principles generally accepted in the United States of America.



Wegner CPAs, LLP
Madison, Wisconsin
June 4, 2021

MIDDLETON OUTREACH MINISTRY, INC.
STATEMENTS OF FINANCIAL POSITION
 March 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 1,600,899	\$ 657,961
Certificates of deposit	335,588	329,582
Unconditional promises to give	99,893	66,338
Accrued interest receivable	1,233	3,200
Other receivables	2,391	-
Prepaid expenses	<u>7,516</u>	<u>4,365</u>
Total current assets	2,047,520	1,061,446
Property and equipment, net	1,193,894	1,222,210
OTHER ASSETS		
Other investments	1,322	1,322
Non-current promises to give	34,000	-
Beneficial interest in assets held by Madison Community Foundation	<u>56,035</u>	<u>46,811</u>
Total other assets	<u>91,357</u>	<u>48,133</u>
Total assets	<u><u>\$ 3,332,771</u></u>	<u><u>\$ 2,331,789</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 23,840	\$ 9,197
Accrued payroll, payroll taxes, and benefits	<u>30,604</u>	<u>24,176</u>
Total liabilities	54,444	33,373
NET ASSETS		
Without donor restrictions	3,123,410	2,163,310
With donor restrictions	<u>154,917</u>	<u>135,106</u>
Total net assets	<u>3,278,327</u>	<u>2,298,416</u>
Total liabilities and net assets	<u><u>\$ 3,332,771</u></u>	<u><u>\$ 2,331,789</u></u>

See accompanying notes.

MIDDLETON OUTREACH MINISTRY, INC.
STATEMENTS OF ACTIVITIES
Years Ended March 31, 2021 and 2020

	2021	2020
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
REVENUES		
Contributions	\$ 2,133,952	\$ 1,062,609
Paycheck Protection Program	107,489	-
Donated facilities, materials, and services	1,215,056	2,627,514
United Way	75,152	76,593
Change in value in beneficial interest in assets held by Madison Community Foundation	9,224	(4,189)
Other investment income	6,304	9,753
Total revenues	3,547,177	3,772,280
EXPENSES		
Program services		
Housing stabilization	548,436	327,943
Food security (pantry and clothing center)	1,530,673	2,799,486
Seniors program	19,485	22,132
Seasonal programs	95,105	107,969
Supporting activities		
Management and general	262,797	240,539
Fundraising	251,377	272,332
Total expenses	2,707,873	3,770,401
NET ASSETS RELEASED FROM RESTRICTIONS		
Expiration of time restrictions	44,457	54,240
Satisfaction of purpose restrictions	76,339	11,982
Total net assets released from restrictions	120,796	66,222
Change in net assets without donor restrictions	960,100	68,101
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS		
Contributions	140,607	123,915
Net assets released from restrictions	(120,796)	(66,222)
Change in net assets with donor restrictions	19,811	57,693
Change in net assets	979,911	125,794
Net assets at beginning of year	2,298,416	2,172,622
Net assets at end of year	\$ 3,278,327	\$ 2,298,416

See accompanying notes.

MIDDLETON OUTREACH MINISTRY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended March 31, 2021

	Housing Stabilization	Food Security (Pantry and Clothing Center)	Seniors Program	Seasonal Programs	Management and General	Fundraising	Total Expenses
Personnel	\$ 192,332	\$ 148,081	\$ 14,429	\$ 8,733	\$ 179,245	\$ 113,533	\$ 656,353
Client assistance	337,390	5,292	-	61,297	-	-	403,979
Food	-	1,131,323	-	-	-	34,713	1,166,036
Clothing	-	98,428	-	-	-	-	98,428
Occupancy	1,166	27,322	995	995	3,452	3,516	37,446
Printing	3,378	2,588	257	173	2,582	44,374	53,352
Professional fees	2,240	6,112	169	151	15,833	11,424	35,929
Postage	156	120	120	-	603	18,467	19,466
Insurance	1,033	11,309	627	611	2,030	2,372	17,982
Telephone	1,871	1,395	148	90	1,291	940	5,735
Technology	4,631	6,798	361	294	10,897	5,606	28,587
Depreciation	1,225	23,340	1,225	1,225	4,201	4,375	35,591
Supplies	1,129	8,698	53	20,516	1,322	2,794	34,512
Banking and administrative fees	-	-	38	-	26,239	-	26,277
Equipment	1,114	58,242	1,049	994	3,296	3,300	67,995
Other	771	1,625	14	26	11,806	5,963	20,205
Total expenses	\$ 548,436	\$ 1,530,673	\$ 19,485	\$ 95,105	\$ 262,797	\$ 251,377	\$ 2,707,873

See accompanying notes.

MIDDLETON OUTREACH MINISTRY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended March 31, 2020

	Housing Stabilization	Food Security (Pantry and Clothing Center)	Seniors Program	Seasonal Programs	Management and General	Fundraising	Total Expenses
Personnel	\$ 138,225	\$ 133,890	\$ 16,364	\$ 6,410	\$ 164,599	\$ 119,022	\$ 578,510
Client assistance	166,972	710	-	94,358	-	-	262,040
Food	-	1,858,618	-	-	-	15,002	1,873,620
Clothing	-	698,568	-	-	-	-	698,568
Occupancy	1,278	33,870	1,278	1,278	3,763	19,009	60,476
Printing	7,121	5,094	348	144	2,536	48,906	64,149
Professional fees	937	2,528	114	30	14,795	9,812	28,216
Postage	390	395	106	-	532	17,349	18,772
Insurance	880	11,840	578	550	1,834	2,227	17,909
Telephone	1,575	1,567	193	75	1,370	1,110	5,890
Technology	3,956	6,355	565	355	3,307	5,598	20,136
Depreciation	1,224	22,730	1,224	1,224	4,196	4,372	34,970
Supplies	980	4,450	86	2,433	878	17,593	26,420
Banking and administrative fees	-	-	-	-	14,142	-	14,142
Equipment	1,053	15,017	1,094	1,012	4,170	3,424	25,770
Other	3,352	3,854	182	100	24,417	8,908	40,813
Total expenses	\$ 327,943	\$ 2,799,486	\$ 22,132	\$ 107,969	\$ 240,539	\$ 272,332	\$ 3,770,401

See accompanying notes.

MIDDLETON OUTREACH MINISTRY, INC.
STATEMENTS OF CASH FLOWS
Years Ended March 31, 2021 and 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 979,911	\$ 125,794
Adjustments to reconcile change in net assets to net change in cash		
Depreciation	35,591	34,970
Gain on stock	-	(1,322)
Change in beneficial interest in assets held by Madison Community Foundation	(9,224)	4,189
(Increase) decrease in assets		
Unconditional promises to give	(33,555)	16,777
Accrued interest receivable	1,967	(1,084)
Other receivables	(2,391)	-
Prepaid expenses	(3,151)	(371)
Non-current promises to give	(34,000)	-
Increase (decrease) in liabilities		
Accounts payable	14,643	(12,321)
Accrued payroll, payroll taxes, and benefits	6,428	6,936
Net cash flows from operating activities	956,219	173,568
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment	(7,275)	(7,981)
Purchases of certificates of deposit	-	(202,116)
Interest reinvested in certificates of deposits	(6,006)	(2,466)
Transfer of cash to beneficial interest in assets held by Madison Community Foundation	-	(1,000)
Net cash flows from investing activities	(13,281)	(213,563)
Net change in cash	942,938	(39,995)
Cash at beginning of year	657,961	697,956
Cash at end of year	\$ 1,600,899	\$ 657,961
SUPPLEMENTAL DISCLOSURES		
Noncash investing and financing transactions		
Donated stock	\$ -	\$ 1,322

See accompanying notes.

MIDDLETON OUTREACH MINISTRY, INC.
NOTES TO FINANCIAL STATEMENTS
March 31, 2021 and 2020

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Middleton Outreach Ministry, Inc. (MOM) is a nonprofit charitable organization that provides services to people living in Middleton, Cross Plains, and west side of Madison, Wisconsin area communities with our food pantry services expanded to serve all of Dane County. MOM is supported by contributions from individuals, local businesses, churches, service clubs, the United Way of Dane County, and other grants and foundations.

Promises to Give

Unconditional promises to give are recognized as revenues in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

MOM provides for probable uncollectible promises through an allowance for doubtful accounts based on its assessment of the current status of individual promises. Balances that are still outstanding after management has used reasonable collection efforts are written-off through a charge to the valuation allowance. There was no allowance established at March 31, 2021 and 2020 as all promises were considered collectible.

Property and Equipment

Acquisitions of property and equipment in excess of \$5,000 are capitalized. Property and equipment are carried at cost or, if donated, at the estimated fair value of the date of donation. Property and equipment is depreciated using the straight-line method over the estimated useful lives of the assets.

Other Investments

Other investments consist of equity securities that are carried at fair value.

Beneficial Interest in Assets Held by Madison Community Foundation

MOM's beneficial interest in assets held by Madison Community Foundation represents an agreement between MOM and the Foundation in which MOM transfers assets to the Foundation in exchange for future distributions. The beneficial interest is not actively traded and significant other observable inputs are not available. The fair value of the beneficial interest is based on the fair value of the underlying assets as reported to MOM by the Foundation. Little information about those assets is released publicly. The estimated fair value does not necessarily represent the amounts that may be ultimately realized due to the occurrence of future circumstances that cannot be reasonably determined.

MIDDLETON OUTREACH MINISTRY, INC.
NOTES TO FINANCIAL STATEMENTS
March 31, 2021 and 2020

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Paycheck Protection Program Loan

MOM received a loan under the Paycheck Protection Program (PPP) established by the Coronavirus Aid, Relief, and Economic Security Act and administered by the U.S. Small Business Administration. The loan will be fully forgiven if the funds are used for payroll costs, interest on mortgages, rent, and utilities. MOM expects to meet the PPP's eligibility criteria and believes the loan is, in substance, a grant that is expected to be forgiven. MOM recognizes amounts expected to be forgiven as revenue when it incurs qualifying expenses.

Contributions

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions, if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) 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. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statements of activities as net assets released from restrictions.

Donated Services

Donated services are recognized at estimated market value if the services received (1) create or enhance non-financial assets, or (2) require specialized skills that are provided by individuals possessing those skills.

Expense Allocation

The financial statements report certain categories of expenses that are attributable to more than one program service or supporting activity. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include personnel, printing, professional fees, postage, telephone, technology, supplies, and other, which are allocated on the basis of estimates of staff time and effort; as well as occupancy, insurance, depreciation, and equipment, which are allocated on a square-footage basis.

The following program services and supporting activities are included in the accompanying financial statements:

Housing stabilization—Through the housing stabilization program, case managers provide housing assistance and budget counseling to help prevent eviction and maintain long-term stable housing. Families receive assistance with rent, security deposit, utilities, and other small emergency grants. An outreach case manager works with area organizations to help facilitate broader access to services for our community. In response to community need during the COVID-19 emergency throughout FY21, MOM also distributed significant additional emergency funds to households who struggled to maintain stability.

MIDDLETON OUTREACH MINISTRY, INC.
NOTES TO FINANCIAL STATEMENTS
March 31, 2021 and 2020

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Food security (pantry and clothing center)—The food pantry normally operates year round, six days per week, serving guests as often as they need to visit. During FY21, in response to COVID-19, the food pantry operated as a choice drive-thru pantry, allowing guests to choose items through a menu system, including fresh produce, ample protein options and dairy, in addition to pantry staples and personal care items. Groceries were put in people’s cars through a no-contact system. The food pantry served all of Dane County, in cooperation with other area food pantries. Due to the necessary pivots in these systems and to ensure safety of clients, volunteers, and staff, we had to limit the amount of food that was donated by the community and also had to limit the breadth of types of food we normally offer. In addition, the food security program responded to emerging and shifting needs in the food security system throughout the year, partnering with area organizations and targeting identified needs in specific areas of the community.

MOM staff also participated in many food security advocacy opportunities, including working with statewide organizations to increase participation in Foodshare and Pandemic-EBT, and hosting a COVID-19 vaccine clinic on site.

In FY21, the Thanksgiving basket distribution operated as a choice model, allowing clients to choose from an enhanced variety of food options, including cultural traditions not represented in previous years.

The clothing center is normally open the same hours as the food pantry to provide free clothing and household goods. At the beginning of the COVID-19 emergency, the clothing center closed in response to the need to limit shared areas of touch. In fall, the clothing center opened by appointment only and one household at a time in order to limit interactions. The clothing center operated in this way throughout FY21. Due to the necessary pivots in these systems and to ensure safety of clients, volunteers, and staff, we had to limit the amount of clothing that was donated by the community and we were limited in the amount of clothing we could distribute.

Seniors program—The seniors program keeps seniors (age 60+) independent by providing transportation, shopping, and home chore assistance. During FY21, the seniors program did not operate a ride program due to the danger of the spread of COVID-19. In place of providing transportation, volunteers offered seniors grocery delivery from the food pantry. During the second half of COVID-19, the seniors program provided friendly visitor phone calls and outdoor chore assistance.

Seasonal programs—The seasonal programs include a back-to-school supply program and winter holiday-gift distribution during December.

Management and General—Management and general activities relate to the overall direction of MOM and include activities of the board of directors, business management, finance, and general recordkeeping.

Fundraising—Fundraising activities include soliciting contributions from individuals, foundations, and others, and grant-writing activities.

MIDDLETON OUTREACH MINISTRY, INC.
NOTES TO FINANCIAL STATEMENTS
 March 31, 2021 and 2020

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Tax Status

MOM is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenses. Actual results could differ from those estimates.

Date of Management’s Review

Management has evaluated subsequent events through June 4, 2021, the date which the financial statements were available to be issued.

NOTE 2—CONCENTRATION OF CREDIT RISK

MOM maintains its cash balances at five financial institutions in Madison, Wisconsin. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. At March 31, 2021 and 2020, MOM's uninsured cash balances totaled approximately \$168,000 and \$123,000, respectively.

NOTE 3—PROPERTY AND EQUIPMENT

Property and equipment for the years ended March 31 consists of the following:

	2021	2020
Land	\$ 324,765	\$ 324,765
Land improvements	125,715	125,715
Building and improvements	913,223	913,223
Equipment	138,561	131,286
Vehicles	43,123	43,123
Property and equipment	1,545,387	1,538,112
Less accumulated depreciation	351,493	315,902
Property and equipment, net	\$ 1,193,894	\$ 1,222,210

MIDDLETON OUTREACH MINISTRY, INC.
NOTES TO FINANCIAL STATEMENTS
March 31, 2021 and 2020

NOTE 4—DONATED SERVICES

The fair value of donated services in the financial statements and the corresponding expenses for the years ended March 31 are as follows:

	2021		
	Housing Stabilization	Food Security (Pantry and Clothing Center)	Seniors Program
Professional fees	\$ 2,240	\$ 6,112	\$ 169
	Seasonal Programs	Management and General	Fundraising
Professional fees	\$ 151	\$ 1,164	\$ 1,462
	2020		
	Housing Stabilization	Food Security (Pantry and Clothing Center)	Seniors Program
Professional fees	\$ 937	\$ 2,528	\$ 114
	Seasonal Programs	Management and General	Fundraising
Professional fees	\$ 30	\$ 2,044	\$ 1,840

During the years ended March 31, 2021 and 2020, MOM received 10,240 and 34,538 hours of volunteer time. No amounts have been recognized in the financial statements for these services because the criteria for recognition have not been satisfied.

In response to the COVID-19 pandemic, volunteer opportunities were limited to essential-hours only. Group volunteer opportunities were cancelled, as were most seniors program opportunities. Nearly all events were cancelled. The food pantry operated in a limited-contact system, cutting most food rescue opportunities. The food pantry drive-thru operation also required limited volunteers by design.

NOTE 5—RELATED PARTY

During the year ended March 31, 2021, MOM received consulting services from a board member for which it paid \$13,590.

MIDDLETON OUTREACH MINISTRY, INC.
NOTES TO FINANCIAL STATEMENTS
 March 31, 2021 and 2020

NOTE 6—NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions for the years ended March 31 are restricted for the following periods or purposes:

	<u>2021</u>	<u>2020</u>
For subsequent year's activities	\$ 112,013	\$ 44,455
Subject to purpose restrictions:		
Winter Wishes	7,670	299
Thanksgiving meals	2,434	3,016
School supplies	8,723	6,568
Food - Hunger Grant	6,000	9,500
Housing	-	27,532
Capacity building	12,500	34,345
Share-a-smile	5,113	5,113
LED lighting project	-	3,644
Other	464	634
Net assets with donor restrictions	<u>\$ 154,917</u>	<u>\$ 135,106</u>

NOTE 7—NET ASSETS WITHOUT DONOR RESTRICTIONS

The board of directors has designated net assets without donor restrictions for the years ended March 31 for the following purposes:

	<u>2021</u>	<u>2020</u>
Undesignated	\$ 1,710,544	\$ 1,618,290
Board-designated		
Capacity building	521,000	-
Capital reserve	270,113	194,819
COVID relief	210,000	-
Operating reserve	355,718	303,390
MCF endowment	56,035	46,811
Net assets without donor restrictions	<u>\$ 3,123,410</u>	<u>\$ 2,163,310</u>

NOTE 8—BOARD-DESIGNATED ENDOWMENT

At March 31, 2021 and 2020, MOM's board of directors has designated \$56,035 and \$46,811, respectively, of net assets without donor restrictions as a general endowment fund to support the mission of MOM. Since those amounts resulted from an internal designation and are not donor-restricted, they are classified and reported as net assets without donor restrictions.

MOM established a fund at the Madison Community Foundation to invest its endowment assets. The agreement between MOM and the Foundation states that the transfer of assets is irrevocable and that the transferred assets will not be returned to MOM. However, the Foundation will make annual distributions of the income earned on the fund subject to the Foundation's spending policy. The agreement also grants variance power to the Foundation, which permits the Foundation to

MIDDLETON OUTREACH MINISTRY, INC.
NOTES TO FINANCIAL STATEMENTS
 March 31, 2021 and 2020

NOTE 8—BOARD-DESIGNATED ENDOWMENT (continued)

substitute another beneficiary in place of MOM if MOM ceases to exist or if the Foundation’s board of governors votes that support of MOM either is no longer necessary or is inconsistent with the needs of the community.

The Foundation’s primary investment goal is to deliver long-term investment returns sufficient to cover both spending and inflation to preserve the purchasing power of the investment portfolio. The Foundation seeks to achieve this goal through cost-effective implementation at an appropriate level of risk, diversification of asset classes and strategies to provide consistent returns, capital preservation in down market cycles to provide stability in spending support, and long-term capital appreciation through the incorporation of risk-based assets, including nonmarketable, illiquid alternatives.

Composition of and changes in endowment net assets for the years ended March 31, were as follows:

	2021	2020
Endowment net assets at beginning of the year	\$ 46,811	\$ 50,000
Contributions	-	1,000
Investment return, net	10,987	(2,110)
Amounts appropriated for expenditures	(1,763)	(2,079)
Endowment net assets at end of the year	\$ 56,035	\$ 46,811

NOTE 9—FAIR VALUE MEASUREMENT

MOM's beneficial interest in assets held by MCF represents an agreement between MOM and the Foundation in which MOM transfers assets to the Foundation in exchange for future distributions. The beneficial interest and Capital Brewery common stock are not actively traded and significant other observable inputs are not available. All investments are considered Level 3 investments. The fair value of the beneficial interest is based on the fair value of the underlying assets as reported to MOM by the Foundation. The fair value of the Capital Brewery common stock is based on the trades between individual buyers and sellers as it is not publicly traded. The book value of the common stock is based on the information provided on the stock certificate. Little information about those assets is released publicly. The estimated value does not necessarily represent the amounts that may be ultimately realized due to the occurrence of future circumstances that cannot be reasonably determined.

NOTE 10—RETIREMENT PLAN

MOM has a 401(k) plan for all employees who are 21 years of age or older. MOM will match up to 3% of employees’ contributions to the plan. Retirement expense for the years ended March 31, 2021 and 2020 was \$9,417 and \$8,793, respectively.

MIDDLETON OUTREACH MINISTRY, INC.
NOTES TO FINANCIAL STATEMENTS
March 31, 2021 and 2020

NOTE 11—LEASE

MOM has a lease for the use of two copy machines with a term of 60 months through February 22, 2022. The lease requires monthly payments of \$720.

Lease expense for the years ended March 31, 2021 and 2020 was \$8,426 and \$8,165, respectively.

Future minimum lease payments for the year ended March 31, 2022 is \$7,198.

NOTE 12—PAYCHECK PROTECTION PROGRAM LOAN

On April 17, 2020, MOM received a \$106,900 loan under the Paycheck Protection Program (PPP) established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act and administered by the U.S. Small Business Administration (SBA). On November 4, 2020, the SBA preliminarily approved forgiveness of the loan plus accrued interest of \$107,489, at which time MOM reclassified the loan to a grant on the statement of activities. MOM must retain PPP documentation in its files for six years after the date the loan is forgiven or repaid in full and permit authorized representatives of SBA to access such files upon request. SBA may review any loan at any time at its discretion. Therefore, SBA may review MOM's good-faith certification concerning the necessity of its loan request, whether MOM calculated the loan amount correctly, whether MOM used loan proceeds for allowable uses specified in the CARES Act, and whether MOM is entitled to loan forgiveness in the amount claimed on its application. If SBA determines, MOM was ineligible for the loan or for forgiveness in whole or in part, SBA will seek repayment of the outstanding loan balance.

NOTE 13—COMMUNITY TRUST FUND

MOM also has a component fund at the Madison Community Foundation (Foundation) that was established in 2019. The Foundation, as a community trust, serves the mutual interests of Dane County and those individuals and organizations who wish to enhance the quality of life in the community through charitable giving.

Component funds of the Foundation are established by donors for the benefit of the community, and, when these funds are established, donors may indicate what organizations or causes should benefit from distributions from the fund. However, donors also grant the Foundation variance power that allows the Foundation to modify the donors' stipulations under certain circumstances as the Foundation monitors the changing needs of the community. Therefore, the funds are not included in MOM's financial statements.

The amount available for annual distributions represents 5% of a rolling twelve-quarter average. All other interest and appreciation is added to the funds. Principal may not be drawn from the funds except with approval of the Foundation's board of governors. MOM received a distribution of \$909 and \$234 from the fund during the years ended March 31, 2021 and 2020, respectively. The fair value of the fund at March 31, 2021 and 2020 was \$30,708 and \$5,278, respectively.

MIDDLETON OUTREACH MINISTRY, INC.
NOTES TO FINANCIAL STATEMENTS
 March 31, 2021 and 2020

NOTE 14—LINE OF CREDIT

MOM had a \$250,000 line of credit that matured on January 14, 2021, which was unused at March 31, 2021 and 2020. It was renewed for a \$325,000 line that matures on February 23, 2023. Advances on the credit line are payable in a single payment plus accrued monthly interest. The credit line carries a variable interest rate based on prime which was 3.25% as of March 31, 2021 and 2020. The line is secured by a general business security agreement.

NOTE 15—LIQUIDITY AND AVAILABILITY

The table below reflects MOM's financial assets as of the dates of the statements of financial position, reduced by amounts not available for general expenditures within one year of the statements of financial position dates because of contractual, board designations, or donor-imposed restrictions:

	2021	2020
Cash	\$ 1,600,899	\$ 657,961
Certificates of deposit	335,588	329,582
Unconditional promises to give	99,893	66,338
Accrued interest receivable	1,233	3,200
Other receivables	2,391	-
Other investments	1,322	1,322
Non-current promises to give	34,000	-
Beneficial interest in assets held by Madison Community Foundation	56,035	46,811
Financial assets, at year-end	\$ 2,131,361	\$ 1,105,214
Less those unavailable for general expenditures within one year, due to contractual, board designations, or donor-imposed restrictions:		
Board-designated capacity building	(521,000)	-
Board-designated capital reserve	(270,113)	(194,819)
Board-designated COVID relief	(210,000)	-
Board-designated operating reserve	(355,718)	(303,390)
Beneficial interest in assets held by Madison Community Foundation	(56,035)	(46,811)
Restricted by donor with purpose or period restrictions	(154,917)	(135,106)
Financial assets available to meet cash needs for general expenditures within one year	\$ 563,578	\$ 425,088

MIDDLETON OUTREACH MINISTRY, INC.
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NOTE 15—LIQUIDITY AND AVAILABILITY (continued)

MOM has a policy to structure its financial assets to be available as general expenditures, liabilities, and other obligations that come due. Due to the timing of MOM's contributions, MOM holds liquid cash balances as working capital to fund its obligations during the year. The rest of MOM's liquid assets are to fund fluctuations in contributions, unforeseen events, future program needs, and planned and unexpected building maintenance and repairs.

The purpose of the board designated operating reserve fund is to help ensure the long-term financial stability of MOM and position it to respond to varying economic conditions and changes affecting MOM'S financial position and ability for MOM to carry out its mission. The target amount to be maintained in the operating reserve fund is equal to three months of the current operating cash expense budget. The purpose of the board designated capital reserve fund is to provide funding for significant future anticipated capital projects (improvements and maintenance) for its property, building, vehicles, and equipment.

In fiscal year 2021, MOM created a board designated COVID-19 fund to help clients with additional housing stabilization cash assistance needs due to COVID-related financial strain. MOM also created a board designated capacity building fund to finance impending new client programs that align with MOM's mission, allowing the organization time to create sustainable funding plans for these programs. The fund also supports organizational investment that allows for accelerated capacity building.

As more fully described in Note 14, MOM also has a line of credit in the amount of \$325,000, which it could draw upon in the event of an unanticipated liquidity need.

NOTE 16—COVID-19 CONSIDERATIONS

MOM's operations may be affected by the ongoing COVID-19 outbreak that was declared a pandemic by the World Health Organization in March 2020. The ultimate disruption and effect on MOM is uncertain; however, it may result in a material adverse impact on MOM's financial position, activities, and cash flows. Possible effects may include, but are not limited to, disruption to MOM's donors and revenues, absenteeism in MOM's workforce and volunteers, and a decline in the value of assets held by MOM.