



Midwest Special Services, Inc.

Financial Statements,
Supplementary Information and
Independent Auditor's Report

December 31, 2021 and 2020

Midwest Special Services, Inc.

Contents

December 31, 2021 and 2020

| | |
|------------------------------------------------------------------|-------|
| Independent Auditor’s Report | 1–2 |
| Financial Statements | |
| Statements of Financial Position | 3 |
| Statements of Activities | 4-5 |
| Statements of Changes in Net Assets | 6 |
| Statements of Cash Flows | 7 |
| Statements of Functional Expenses | 8-9 |
| Notes to Financial Statements | 10–24 |
| Independent Auditor’s Report on Supplementary Information | 25 |
| Statement of Activities—Employment Services | 26 |
| Statement of Activities—Day Services | 27 |



Independent Auditor's Report

To the Board of Directors of
Midwest Special Services, Inc.
Saint Paul, Minnesota 55106

We have audited the accompanying financial statements of Midwest Special Services, Inc., which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, changes in net assets, cash flows and functional expenses for the years then ended, and the related notes to the financial statements.

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

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Midwest Special Services, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Midwest Special Services, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Midwest Special Services, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Midwest Special Services, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit

A handwritten signature in black ink that reads "Boyum & Barescheer PLLP". The signature is written in a cursive, flowing style.

Boyum & Barescheer PLLP
Saint Paul, Minnesota
April 29, 2022

Midwest Special Services, Inc.

Statements of Financial Position

| <i>December 31,</i> | 2021 | 2020 |
|----------------------------------------------------------|---------------------|---------------------|
| ASSETS | | |
| Current Assets | | |
| Cash | \$ 1,147,574 | \$ 266,890 |
| Investments Held for Operations | 41,087 | 40,000 |
| Accounts Receivable, Net | 580,913 | 727,261 |
| Contributions and Grants Receivable | 576,528 | 134,146 |
| Prepaid Expenses and Other | 196,125 | 116,300 |
| Total Current Assets | 2,542,227 | 1,284,597 |
| Other Assets | | |
| Investments Designated for Deferred Compensation | 123,975 | 102,589 |
| Assets Held for Endowment | 1,836,294 | 1,611,191 |
| Land, Buildings and Equipment, Net | 1,401,126 | 1,669,103 |
| Intangible Assets, Net | 32,067 | 32,067 |
| Total Other Assets | 3,361,395 | 3,414,950 |
| Total Assets | \$ 5,903,622 | \$ 4,699,547 |
| LIABILITIES AND NET ASSETS | | |
| Current Liabilities | | |
| Current Portion of Notes Payable | \$ 19,495 | \$ 18,546 |
| Current Portion of Deferred Compensation Obligation | 12,687 | 11,484 |
| Accounts Payable | 87,434 | 92,354 |
| Accrued Liabilities | 498,964 | 293,071 |
| Total Current Liabilities | 618,581 | 415,455 |
| Long-Term Liabilities | | |
| Notes Payable, Net of Current Portion | 168,605 | 188,070 |
| Deferred Compensation Obligation, Net of Current Portion | 4,532 | 17,219 |
| Total Long-Term Liabilities | 173,137 | 205,289 |
| Total Liabilities | 791,717 | 620,744 |
| Net Assets | | |
| Net Assets Without Donor Restrictions | 2,958,154 | 2,402,936 |
| Net Assets With Donor Restrictions | 2,153,751 | 1,675,867 |
| Total Net Assets | 5,111,905 | 4,078,803 |
| Total Liabilities and Net Assets | \$ 5,903,622 | \$ 4,699,547 |

The accompanying notes are an integral part of the financial statements.

Midwest Special Services, Inc.

Statements of Activities

For the Year Ended December 31, 2021 and (with comparative totals for 2020)

| | 2021 | | | | | 2020 |
|------------------------------------------|-----------------------------|--------------|------------------------|----------------------------|--------------|--------------|
| | Without Donor Restrictions | | | With Donor Restrictions | Totals | Totals |
| | Employment/ Day Services | Day Services | Other Non-Operating | | | |
| Revenue: | | | | | | |
| Training Fees—County | \$ 824,567 | \$ 4,214,921 | \$ - | \$ - | \$ 5,039,488 | \$ 3,461,585 |
| Mobile Work Crew/Subcontract Sales | 187,278 | 43,326 | | | 230,604 | 177,219 |
| Case Service Income | 157,636 | | | | 157,636 | 92,067 |
| Extended Employment and Wage Equity | 157,950 | | | | 157,950 | 159,597 |
| Staff Billings for Leased Staff | 2,175 | 75,438 | | | 77,613 | 671,041 |
| Grants and Contributions | 173,525 | 108,453 | | 380,301 | 662,279 | 663,584 |
| Government Grants—PPP Loan Forgiveness | 192,581 | 1,054,419 | | | 1,247,000 | 1,247,000 |
| Governmental Emergency Funding | 343,832 | 1,326,727 | | | 1,670,559 | 1,035,205 |
| Interest and Investment Income | 1,528 | 4,377 | | 165,640 | 171,545 | 180,028 |
| Special Event, Net | | | 86,248 | | 86,248 | 124,440 |
| Deferred Compensation Investment Income | | | 21,380 | | 21,380 | 31,777 |
| Miscellaneous Income | 103,426 | 86,963 | | | 190,389 | 132,321 |
| Released from Restriction | 14,843 | 53,214 | | (68,057) | | |
| Total Revenue | 2,159,341 | 6,967,838 | 107,628 | 477,884 | 9,712,691 | 7,975,864 |
| Expenses: | | | | | | |
| Program Services | 1,353,851 | 5,896,815 | | | 7,250,666 | 6,929,815 |
| Supporting Services: | | | | | | |
| Management and General | 246,497 | 1,002,856 | | | 1,249,353 | 1,256,522 |
| Fundraising | 35,429 | 144,141 | | | 179,570 | 178,665 |
| Total Expenses | 1,635,778 | 7,043,811 | | | 8,679,589 | 8,365,002 |
| Increase (Decrease) in Net Assets | \$ 523,563 | \$ (75,973) | \$ 107,628 | \$ 477,884 | \$ 1,033,102 | \$ (389,138) |

The accompanying notes are an integral part of the financial statements.

Midwest Special Services, Inc.

Statements of Activities

For the Years Ended December 31, 2020

| | 2020 | | | | |
|------------------------------------------|-----------------------------|-----------------------|------------------------|----------------------------|---------------------|
| | Without Donor Restrictions | | | With Donor Restrictions | Totals |
| | Employment/ Day Services | Day Services | Other Non-Operating | | |
| Revenue: | | | | | |
| Training Fees—County | \$ 444,060 | \$ 3,017,525 | \$ - | \$ - | \$ 3,461,585 |
| Mobile Work Crew/Subcontract Sales | 145,208 | 32,011 | | | 177,219 |
| Case Service Income | 92,067 | | | | 92,067 |
| Extended Employment and Wage Equity | 159,597 | | | | 159,597 |
| Staff Billings for Leased Staff | 66,591 | 604,450 | | | 671,041 |
| Grants and Contributions | 335,186 | 170,424 | | 157,974 | 663,584 |
| Government Grants—PPP Loan Forgiveness | 171,863 | 1,075,137 | | | 1,247,000 |
| Governmental Emergency Funding | 70,394 | 964,812 | | | 1,035,205 |
| Interest and Investment Income | 11 | 38 | | 179,979 | 180,028 |
| Special Event, Net | | | 124,440 | | 124,440 |
| Deferred Compensation Investment Income | | | 31,777 | | 31,777 |
| Miscellaneous Income | 98,835 | 33,486 | | | 132,321 |
| Released from Restriction | 74,288 | 120,096 | | (194,384) | |
| Total Revenue | 1,658,099 | 6,017,979 | 156,217 | 143,569 | 7,975,864 |
| Expenses: | | | | | |
| Program Services | 1,165,005 | 5,764,810 | | | 6,929,815 |
| Supporting Services: | | | | | |
| Management and General | 82,930 | 1,173,592 | | | 1,256,522 |
| Fundraising | 11,792 | 166,873 | | | 178,665 |
| Total Expenses | 1,259,727 | 7,105,275 | | | 8,365,002 |
| Increase (Decrease) in Net Assets | \$ 398,372 | \$ (1,087,296) | \$ 156,217 | \$ 143,569 | \$ (389,138) |

The accompanying notes are an integral part of the financial statements.

Midwest Special Services, Inc.
Statements of Changes in Net Assets

| <i>For the Years Ended December 31,</i> | 2021 | 2020 |
|-----------------------------------------------------------|---------------------|---------------------|
| Net Assets Without Donor Restrictions | | |
| Net Assets, Beginning of Year | \$ 2,402,936 | \$ 2,935,643 |
| Change in Net Assets Without Donor Restrictions: | | |
| Employment/Day Services | 523,563 | 398,372 |
| Day Services | (75,973) | (1,087,296) |
| Other Non-Operating | 107,628 | 156,217 |
| Net Assets Without Donor Restrictions, End of Year | \$ 2,958,154 | \$ 2,402,936 |
| Net Assets With Donor Restrictions | | |
| Net Assets, Beginning of Year | \$ 1,675,867 | \$ 1,532,298 |
| Change in Net Assets With Donor Restrictions | 477,884 | 143,569 |
| Net Assets With Donor Restrictions, End of Year | \$ 2,153,751 | \$ 1,675,867 |
| Change in Net Assets Without Donor Restrictions | \$ 555,218 | \$ (532,707) |
| Change in Net Assets With Donor Restrictions | 477,884 | 143,569 |
| Total Change in Net Assets | \$ 1,033,102 | \$ (389,138) |

The accompanying notes are an integral part of the financial statements.

Midwest Special Services, Inc.

Statements of Cash Flows

| <i>For the Years Ended December 31,</i> | 2021 | 2020 |
|-------------------------------------------------------------|---------------------|-------------------|
| Cash Flows from Operating Activities | | |
| Cash Received from Program Services | \$ 5,743,243 | \$ 5,032,055 |
| Cash Received from Grants and Contributions, Net of Amounts | | |
| Restricted for Long-Term Purposes | 3,127,220 | 2,770,410 |
| Receipts from Special Events | 98,719 | 134,139 |
| Other Cash Receipts | 191,188 | 131,847 |
| Payments for Staff Wages, Taxes, and Benefits | (5,380,505) | (5,535,987) |
| Payments for Client Wages, Taxes, and Benefits | (179,902) | (132,895) |
| Payments to Vendors | (2,593,823) | (2,279,484) |
| Payments on Deferred Compensation Plan | (11,484) | (10,396) |
| Cash Paid for Interest | (5,006) | (7,638) |
| Net Cash Provided by Operating Activities | <u>989,650</u> | <u>102,051</u> |
| Cash Flows from Investing Activities | | |
| Proceeds from Sale of Property and Equipment | 3,491 | 29,645 |
| Purchases of Property and Equipment | (96,128) | (129,906) |
| Purchases of Investments | (56,250) | (351,260) |
| Proceeds from Sale of Investments | 11,148 | 338,000 |
| Net Cash (Used In) Investing Activities | <u>(137,739)</u> | <u>(113,521)</u> |
| Cash Flows from Financing Activities | | |
| Contributions Restricted for Endowment | 35,682 | 5,348 |
| Interest and Dividends Restricted for Endowment | 11,148 | 7,260 |
| Proceeds from Notes Payable | | 149,900 |
| Principal Payments on Notes Payable | (18,516) | (31,030) |
| Net Cash Provided by Financing Activities | <u>28,314</u> | <u>131,478</u> |
| Net Change in Cash and Restricted Cash | <u>880,225</u> | <u>120,008</u> |
| Cash and Restricted Cash, Beginning of Year | 313,683 | 193,675 |
| Cash and Restricted Cash, End of Year | \$ 1,193,908 | \$ 313,683 |

The accompanying notes are an integral part of the financial statements.

Midwest Special Services, Inc.

Statements of Functional Expenses

For the Year Ended December 31, 2021 and (with comparative totals for 2020)

| | 2021 | | | | | 2020 | |
|------------------------------------|-----------------------------|---------------------|----------------------|---------------------------|-------------------|---------------------|---------------------|
| | Program Services | | Total Program | | Fundraising | Totals | Totals |
| | Employment/ Day Services | Day Services | Services Expenses | Management and General | | | |
| Personnel Expenses: | | | | | | | |
| Salaries and Wages | \$ 727,047 | \$ 2,770,261 | \$ 3,497,308 | \$ 794,185 | \$ 131,723 | \$ 4,423,216 | \$ 4,291,028 |
| Employee Benefits | 122,338 | 443,693 | 566,031 | 132,089 | 15,960 | 714,080 | 792,606 |
| Payroll Taxes and Insurance | 62,052 | 242,400 | 304,452 | 66,115 | 11,323 | 381,890 | 477,508 |
| Non-Staff Services | 5,664 | 61,548 | 67,212 | | | 67,212 | 12,840 |
| | <u>917,101</u> | <u>3,517,902</u> | <u>4,435,003</u> | <u>992,389</u> | <u>159,006</u> | <u>5,586,398</u> | <u>5,573,982</u> |
| Operating Expenses: | | | | | | | |
| Occupancy | 22,902 | 874,605 | 897,507 | 4,916 | 600 | 903,023 | 836,118 |
| Transportation | 63,037 | 550,376 | 613,413 | | | 613,413 | 526,672 |
| Depreciation and Amortization | 79,820 | 291,702 | 371,522 | 24,650 | | 396,172 | 468,767 |
| Repair and Maintenance | 18,595 | 222,311 | 240,906 | 11,979 | 600 | 253,485 | 148,898 |
| Office/Technology | 37,054 | 119,334 | 156,388 | 54,919 | 9,111 | 220,418 | 201,495 |
| Client Wages, Taxes and Benefits | 146,113 | 33,789 | 179,902 | | | 179,902 | 132,895 |
| Program Activity and Supplies | 9,543 | 133,500 | 143,043 | | | 143,043 | 159,782 |
| Professional Fees | 8,199 | 4,516 | 12,715 | 109,512 | 1,799 | 124,026 | 107,900 |
| Miscellaneous | 16,470 | 33,537 | 50,007 | 21,341 | 960 | 72,308 | 60,350 |
| Bad Debt | 9,000 | 31,950 | 40,950 | | | 40,950 | 30,850 |
| Dues, Licensing, and Subscriptions | 2,010 | 8,349 | 10,359 | 20,559 | 4,382 | 35,300 | 28,327 |
| Building and Other Insurance | 9,180 | 18,999 | 28,179 | 2,698 | 2,087 | 32,964 | 32,357 |
| Nursing Services | 2,318 | 27,208 | 29,526 | | | 29,526 | 20,795 |
| Meeting and Travel | 9,017 | 9,590 | 18,607 | 4,260 | 244 | 23,111 | 13,164 |
| Training | 2,127 | 11,499 | 13,626 | 1,601 | 386 | 15,613 | 12,679 |
| Staff Recruitment/Advertising | 1,365 | 7,648 | 9,013 | 529 | 395 | 9,937 | 9,971 |
| | <u>436,750</u> | <u>2,378,913</u> | <u>2,815,663</u> | <u>256,964</u> | <u>20,564</u> | <u>3,093,191</u> | <u>2,791,020</u> |
| Total Expenses | \$ 1,353,851 | \$ 5,896,815 | \$ 7,250,666 | \$ 1,249,353 | \$ 179,570 | \$ 8,679,589 | \$ 8,365,002 |
| Percentages | 16% | 68% | 84% | 14% | 2% | | |

The accompanying notes are an integral part of the financial statements.

Midwest Special Services, Inc.
Statements of Functional Expenses

For the Year Ended December 31, 2020

| | Program Services | | Total Program Services Expenses | Management and General | Fundraising | Totals |
|------------------------------------|-----------------------------|---------------------|---------------------------------------|---------------------------|-------------------|---------------------|
| | Employment/ Day Services | Day Services | | | | |
| Personnel Expenses: | | | | | | |
| Salaries and Wages | \$ 559,997 | \$ 2,769,552 | \$ 3,329,549 | \$ 832,990 | \$ 128,489 | \$ 4,291,028 |
| Employee Benefits | 123,890 | 512,162 | 636,052 | 143,645 | 12,909 | 792,606 |
| Payroll Taxes and Insurance | 72,957 | 320,991 | 393,948 | 72,430 | 11,130 | 477,508 |
| Non-Staff Services | | 12,840 | 12,840 | | | 12,840 |
| | 756,844 | 3,615,545 | 4,372,389 | 1,049,065 | 152,528 | 5,573,982 |
| Operating Expenses: | | | | | | |
| Occupancy | 20,523 | 812,069 | 832,592 | 2,926 | 600 | 836,118 |
| Transportation | 52,190 | 474,482 | 526,672 | | | 526,672 |
| Depreciation and Amortization | 112,161 | 329,838 | 441,999 | 26,768 | | 468,767 |
| Office/Technology | 34,733 | 101,405 | 136,138 | 56,584 | 8,773 | 201,495 |
| Program Activity and Supplies | 9,874 | 149,908 | 159,782 | | | 159,782 |
| Repair and Maintenance | 14,490 | 128,862 | 143,352 | 4,946 | 600 | 148,898 |
| Client Wages, Taxes and Benefits | 107,122 | 25,773 | 132,895 | | | 132,895 |
| Professional Fees | 10,867 | 12,928 | 23,795 | 76,585 | 7,520 | 107,900 |
| Miscellaneous | 9,708 | 28,127 | 37,835 | 20,428 | 2,087 | 60,350 |
| Building and Other Insurance | 8,877 | 18,786 | 27,663 | 2,618 | 2,076 | 32,357 |
| Bad Debt | 12,400 | 18,450 | 30,850 | | | 30,850 |
| Dues, Licensing, and Subscriptions | 1,727 | 9,552 | 11,279 | 13,259 | 3,789 | 28,327 |
| Nursing Services | 1,757 | 19,038 | 20,795 | | | 20,795 |
| Meeting and Travel | 5,478 | 5,601 | 11,079 | 2,025 | 60 | 13,164 |
| Training | 4,834 | 6,358 | 11,192 | 1,122 | 365 | 12,679 |
| Staff Recruitment/Advertising | 1,420 | 8,088 | 9,508 | 196 | 267 | 9,971 |
| | 408,161 | 2,149,265 | 2,557,426 | 207,457 | 26,137 | 2,791,020 |
| Total Expenses | \$ 1,165,005 | \$ 5,764,810 | \$ 6,929,815 | \$ 1,256,522 | \$ 178,665 | \$ 8,365,002 |
| Percentages | 14% | 69% | 83% | 15% | 2% | |

The accompanying notes are an integral part of the financial statements.

December 31, 2021 and 2020

1. Organization

Midwest Special Services, Inc. (MSS) is a nonprofit corporation that provides services and supports to over 600 adults with Intellectual and Developmental Disabilities (I/DD) or related conditions by offering Day and Employment Services. MSS is dedicated to supporting people in living the lives that they choose. Individuals in our programs may receive solely Day or Employment Services, or a combination of both. MSS provides services at six locations in the Twin Cities metro: Apple Valley, Brooklyn Park, Eagan, Oakdale, Shoreview, and St Paul, as well as many places in the larger community. Day Services help people develop and maintain life skills so they can fully participate in community life. Employment Services range from exploring basic work concepts to providing any needed supports once a person has achieved competitive integrated employment.

2. Summary of Significant Accounting Policies

Basis of Presentation

MSS's financial statements are presented using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets, revenues, and gains and losses are classified based on the existence or absence of any donor-imposed restrictions. Accordingly, net assets of MSS and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions: This class of net assets is not subject to donor-imposed restrictions and may be expended in performing the objectives of MSS at the discretion of management and the Board of Directors.

Net Assets With Donor Restrictions: This class of net assets is subject to stipulations imposed by donors and grantors. Some donor-imposed restrictions are temporary in nature; those restrictions will be met by the passage of time or by actions of MSS specified by the donor. Other donor-imposed restrictions are perpetual in nature, whereby the donor has stipulated that resources be maintained in perpetuity. Donor-restricted contributions are reported as increases in net assets with donor restrictions. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. 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.

December 31, 2021 and 2020

2. Summary of Significant Accounting Policies (Continued)

Cash

For purposes of the Statements of Cash Flows, cash held for investment purposes is included with investments and assets held for endowment (see Note 4).

Accounts Receivable

Accounts receivable due from governmental sources and trade customers are stated at the amount management expects to collect. The allowance is estimated and recorded based on management's assessment of the current status of individual accounts. Accounts receivable determined to be uncollectible are written off through a charge to the allowance.

Contributions and Grants Receivable

Unconditional promises to give and grants committed to MSS that are expected to be collected within one year are recorded at net realizable value. Conditional promises to give are not recognized as revenue until the conditions are substantially met.

Investments

The fair value of investments is estimated based upon quoted market prices. The realized and unrealized gains and losses are reflected as investment income (loss) in the Statements of Activities as net assets without donor restrictions or net assets with donor restrictions investment income (loss), depending on the donor restrictions of the underlying investments.

Fair Value Measurements

Certain financial instruments are required to be measured annually at fair value. Accounting standards provide the following three-tier fair value hierarchy determined by the inputs used in measuring fair value:

- Level 1: Observable inputs such as quoted prices in active markets for identical assets
- Level 2: Observable inputs such as quoted prices in active markets for similar assets or other significant observable inputs
- Level 3: Significant unobservable inputs

Disclosures for investments (Notes 5, 7, and 8) include references to the above inputs.

December 31, 2021 and 2020

2. Summary of Significant Accounting Policies (Continued)

Land, Buildings and Equipment

Land, buildings and equipment are reported at cost if purchased, or at estimated fair value if acquired by donation. An asset acquired at cost or value of less than \$2,000 is expensed when acquired. Depreciation is computed using the straight-line method over estimated useful lives of three to forty years. Amortization of leasehold improvements is computed over the term of the lease. When assets are retired or otherwise disposed of, the recorded value and related accumulated depreciation are removed, and the resulting gain or loss is reflected in the Statements of Activities as miscellaneous income or loss.

Revenue Recognition

Governmental service fees are recognized as revenue in the period in which the related services are performed.

Mobile Work Crew/Subcontract Sales revenue is recognized as revenue in the period in which the related services are performed.

Staff Billings for Leased Staff revenue is recognized as revenue in the period in which the related services are performed.

Contributions, including unconditional promises to give, are recognized as revenue when received without donor restrictions or with donor restrictions, based on the existence and nature of any donor restrictions.

Conditional promises to give are recognized when the conditions on which they depend are substantially met. MSS records its various forgivable governmental emergency funding as revenue when the conditions on which they depend are substantially met in accordance with ASU 2018-08 Not-for-Profit Entities (Topic 958) as governmental emergency funding on the Statements of Activities.

Donor-restricted contributions are reported as net assets with donor restrictions. When a stipulated time restriction ends or a 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.

Contribution revenue and investment income that are donor-restricted as to purpose or timing of use are recognized as unrestricted revenue if the specified restriction is met in the same period as the revenue is reported.

December 31, 2021 and 2020

2. Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

MSS holds events during the year in order to raise funds. Revenue from sponsorships and ticket sales related to a fundraising event is recognized when the event takes place. Contributions received and promises to give as a result of the event follow the revenue recognition for contribution revenue noted above.

In-kind contributions are recorded at their estimated fair values. Contributed services are recorded only if the services create or enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, and would need to be purchased if not provided by donation.

Functional Expenses

Costs of program service have been presented in the Statements of Functional Expenses on a direct allocation basis. Supporting services are classified on a direct allocation basis based upon an analysis of personnel time and space utilized for the related activities.

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, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes

MSS is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. MSS is a publicly-supported organization and contributions to it qualify as a charitable tax deduction for the contributors as permitted by law.

MSS has not been recently audited; accordingly, the information returns for the past three years are open to examination. Management has evaluated its tax positions and has concluded that they do not result in anything that would require either recording or disclosure in the financial statements based on the criteria set forth in ASC 740.

December 31, 2021 and 2020

2. Summary of Significant Accounting Policies (Continued)

Employee Retention Credit

During 2021, MSS applied for a credit under the Employee Retention Credit (ERC) in the amount of \$1,660,599. The ERC is a refundable credit against certain payroll taxes allowed to an eligible employer for qualifying wages, that was established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act and further amended by the Consolidated Appropriations Act (CAA) and the American Rescue Plan (ARP). MSS expects to meet the ERC's eligibility requirements and considers these payments as revenue for the year ended December 31, 2021 in accordance with the guidance for conditional contributions as it believes they have overcome any measurable performance or other barrier required for the credit.

Subsequent Events

Management has assessed the effects of subsequent events through April 29, 2022, the date the financial statements were available to be released (See Note 23).

Recently Issued Accounting Standards

Leases—In February 2016, the FASB issued ASU 2016-02, Leases, which amends the existing accounting standards for lease accounting, including changes to accounting for leases for Lessors. In 2020, the FASB delayed the effective date for nonpublic entities to fiscal years beginning after December 15, 2021. Early adoption is permitted. The new lease standard requires a modified retrospective adoption. MSS is evaluating the impact of this standard on future reporting.

Not-for-Profit Entities (Topic 958) Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (ASU 2020-07)—Effective for MSS in 2022, the amendments in this Update apply to nonprofit organizations that receive contributed nonfinancial assets. Contribution revenue may be presented in the financial statements using different terms (for example, gifts, donations, grants, gifts-in-kind, donated services, or other terms). The amendments address presentation and disclosure of contributed nonfinancial assets. The term nonfinancial asset includes fixed assets (such as land, buildings, and equipment), use of fixed assets or utilities, materials and supplies, intangible assets, services, and unconditional promises of those assets.

Midwest Special Services, Inc.

Notes to Financial Statements

December 31, 2021 and 2020

3. Availability and Liquidity

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the Statement of Financial Position date, are comprised of the following:

| | 2021 | 2020 |
|-------------------------------------|---------------------|---------------------|
| Cash and Cash Equivalents | \$ 1,147,574 | \$ 266,890 |
| Investments Held for Operations | 41,087 | 40,000 |
| Accounts Receivable, Net | 580,913 | 727,261 |
| Contributions and Grants Receivable | 356,189 | 129,623 |
| Total | <u>\$ 2,125,763</u> | <u>\$ 1,163,774</u> |

MSS's goal is generally to maintain financial assets to meet 60 days of operating expenses (approximately \$1,500,000). As part of its liquidity plan, excess cash is invested in short-term investments including marketable certificates of deposit and savings accounts. In addition to the financial assets available to meet operating expenses as identified in the above table, MSS also has an active line of credit whereby it can borrow up to \$700,000 for use in operations (Note 11). MSS held investments valued at \$123,975 at December 31, 2021 to fund its obligation under the deferred compensation agreement (Note 13). These investments could be used for general operating expenditures if necessary. In addition, MSS holds assets for endowment and the cumulative earnings that the board has not appropriated for expenditure are available for use in operations (Note 15).

4. Cash and Restricted Cash Reconciliation

The following provides a reconciliation of cash and restricted cash reported on the Statements of Financial Position that equal the total amounts on the Statements of Cash Flows as of December 31:

| | 2021 | 2020 |
|---------------------------------|---------------------|-------------------|
| Cash and Cash Equivalents | \$ 1,147,574 | \$ 266,890 |
| Investments Held for Operations | 41,087 | 40,000 |
| Assets Held for Endowment | 5,247 | 6,793 |
| Total | <u>\$ 1,193,908</u> | <u>\$ 313,683</u> |

5. Investments Held for Operations

Investments held for operations consisted of certificates of deposit. All certificates were scheduled to mature within a twelve-month period and are reported at cost, which approximates fair value.

Midwest Special Services, Inc.

Notes to Financial Statements

December 31, 2021 and 2020

6. Accounts Receivable

Accounts receivable consisted of the following at December 31:

| | 2021 | 2020 |
|---------------------------------|-------------------|-------------------|
| Governmental Units | \$ 536,454 | \$ 671,638 |
| Mobile Work Crew Customers | 49,200 | 61,987 |
| Allowance for Doubtful Accounts | (4,741) | (6,364) |
| Total | <u>\$ 580,913</u> | <u>\$ 727,261</u> |

7. Investments Designated for Deferred Compensation

Investments designated for the funding of the deferred compensation obligation (see Note 13) were mutual funds measured on the basis of Level 1 inputs.

Net investment return consisted of the following for the years ended December 31:

| | 2021 | 2020 |
|-------------------------------------|------------------|------------------|
| Net Realized and Unrealized Gain | \$ 21,010 | \$ 18,040 |
| Dividends and Interest, Net of Fees | 370 | 13,737 |
| Net Investment Return | <u>\$ 21,380</u> | <u>\$ 31,777</u> |

8. Assets Held for Endowment

Assets held for endowment consisted of the following at December 31:

| | 2021 | 2020 |
|-----------------------------------------|---------------------|---------------------|
| Cash | \$ 5,247 | \$ 6,793 |
| Money Market Funds | 38,797 | 385,650 |
| Endowment Receivables | | 75,054 |
| Investments Measured on Level 1 Inputs: | | |
| Mutual Funds | 1,792,250 | 1,143,695 |
| Total | <u>\$ 1,836,294</u> | <u>\$ 1,611,191</u> |

Net investment return consisted of the following for the years ended December 31:

| | 2021 | 2020 |
|-------------------------------------|-------------------|-------------------|
| Net Realized and Unrealized Gain | \$ 154,492 | \$ 172,720 |
| Dividends and Interest, Net of Fees | 11,148 | 7,259 |
| Net Investment Return | <u>\$ 165,640</u> | <u>\$ 179,979</u> |

Investment return is net of investment expense of \$14,100 and \$10,565 for the years ended December 31, 2021 and 2020, respectively.

Midwest Special Services, Inc.

Notes to Financial Statements

December 31, 2021 and 2020

9. Land, Buildings and Equipment

Land, buildings and equipment consisted of the following at December 31:

| | <u>Useful Lives</u> | <u>2021</u> | <u>2020</u> |
|-------------------------------------|---------------------|---------------------|---------------------|
| Land | | \$ 421,224 | \$ 421,224 |
| Buildings and Improvements | 20–40 Years | 4,164,990 | 4,117,695 |
| Leasehold Improvements | 3–40 Years | 752,719 | 762,403 |
| Transportation Equipment | 5 Years | 2,243,816 | 2,425,984 |
| Furniture and Office Equipment | 5 Years | 1,177,683 | 1,166,951 |
| Workshop Equipment | 3–5 Years | 77,878 | 77,878 |
| Construction in Progress | | 3,500 | |
| Total Land, Buildings and Equipment | | <u>8,841,810</u> | <u>8,972,136</u> |
| Less: Accumulated Depreciation | | <u>(7,440,684)</u> | <u>(7,303,033)</u> |
| Land, Buildings and Equipment, Net | | <u>\$ 1,401,126</u> | <u>\$ 1,669,103</u> |

Depreciation expense was \$364,105 and \$413,542 for the years ended December 31, 2021 and 2020, respectively.

10. Intangible Assets

MSS developed software both for internal use and for sale to external clients. Certain expenses relating to the software development were capitalized and amortized over the estimated useful life. The carrying value consisted of \$-0- and \$32,067 at December 31, 2021 and 2020, respectively. Amortization expense was \$32,067 and \$55,225 for the years ended December 31, 2021 and 2020, respectively.

11. Line of Credit Payable

MSS has a line of credit agreement whereby it may borrow up to \$700,000. The agreement expires in April 2023, and requires monthly interest payments on the outstanding balance at prime plus 0.50% with a floor of 4.50%, the effective rate at December 31, 2020. The line of credit is secured by MSS assets. There were no outstanding balances on this line of credit at December 31, 2021 and 2020.

Midwest Special Services, Inc.

Notes to Financial Statements

December 31, 2021 and 2020

12. Notes Payable

Notes payable consisted of the following at December 31:

| | <u>2021</u> | <u>2020</u> |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|--------------------------|
| Note Payable to Bank: Note payable in the original amount of \$75,731 issued to finance the cost of transportation equipment. Payments are due in monthly installments of \$1,746 including interest at 5.0%. Final payment is due November 15, 2023. The note is collateralized by the vehicle. | \$ 38,200 | \$ 56,716 |
| Economic Injury Disaster Loan (EIDL): Note payable in the original amount of \$149,900 due in monthly installments of \$641 beginning July 19, 2022 including interest at 2.75% and maturing in July 2050. The note is secured by substantially all assets of MSS. | <u>149,900</u> | <u>149,900</u> |
| Total Notes Payable | <u>188,100</u> | <u>206,616</u> |
| Less: Current Portion | <u>(19,495)</u> | <u>(18,546)</u> |
| Net Long-Term Notes Payable | <u><u>\$ 168,605</u></u> | <u><u>\$ 188,070</u></u> |

Aggregate maturities of long-term debt at December 31, 2021, are as follows:

| <u>Year</u> | <u>Amount</u> |
|-------------|--------------------------|
| 2022 | \$ 19,495 |
| 2023 | 22,268 |
| 2024 | 3,754 |
| 2025 | 3,859 |
| 2026 | 3,967 |
| Thereafter | <u>134,757</u> |
| Total | <u><u>\$ 188,100</u></u> |

MSS executed the standard loan documents required or securing an EIDL from the United States Small Business Administration (SBA) in light of the impact of the COVID-19 pandemic on MSS's business. The proceeds are to be used for working capital purposes.

December 31, 2021 and 2020

13. Deferred Compensation

MSS has a deferred compensation agreement with a former President of MSS. Under the terms of the agreement, the original obligation of approximately \$126,000 is to be paid out over approximately 23 years, with 10% annual interest earned on the unpaid balance. A monthly payment of \$1,153 began on March 1, 2000 and is to be paid to the former President of MSS or designated beneficiary for the shorter of the life of the agreement or their lifetimes. Any unpaid balance at the death of both beneficiaries will be forfeited back to MSS. The former President of MSS passed away in April 2020 and the monthly benefit is currently being paid to the designated beneficiary.

The principal amount of the deferred compensation obligation was \$17,219 and \$28,703 at December 31, 2021 and 2020, respectively. Interest expense on the outstanding obligation amounted to \$2,352 and \$3,441 for the years ended December 31, 2021 and 2020, respectively. MSS held investments valued at \$123,975 and \$102,589 at December 31, 2021 and 2020, respectively, to fund its obligation under the deferred compensation agreement (Note 7).

Future commitments of the deferred compensation obligation at December 31, 2021 are as follows, assuming the obligation continues for the full term:

| <u>Year</u> | <u>Amount</u> |
|----------------|------------------|
| 2022 | \$ 13,836 |
| 2023 | 4,612 |
| Less: Interest | (1,229) |
| Total | <u>\$ 17,219</u> |

14. Net Assets With Donor Restrictions

The following schedule reflects net assets with donor restrictions at December 31:

| | <u>2021</u> | <u>2020</u> |
|---------------------------------------------------|---------------------|---------------------|
| Time Restrictions: | | |
| Appreciation of Investments—O'Neil Endowment Fund | \$ 846,326 | \$ 680,686 |
| Program Restrictions: | | |
| Art Related Grants | 47,117 | 65,175 |
| Employment Services Development | 55,000 | |
| Minnesota Department of Transportation Grants | 208,800 | |
| Other | 6,239 | |
| Amounts Required to be Maintained in Perpetuity: | | |
| O'Neil Endowment Fund | 990,269 | 930,006 |
| Total | <u>\$ 2,153,751</u> | <u>\$ 1,675,867</u> |

December 31, 2021 and 2020

15. Endowment Fund

MSS has an endowment referred to as the O’Neil Endowment Fund that was established to provide funding for special projects, services or programs that benefit individuals who receive services from MSS. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence and nature of donor-imposed restrictions. The endowment fund has no income restrictions.

Interpretation of Relevant Law—Endowment funds are regulated by the Uniform Prudent Management of Institutional Funds Act (“UPMIFA”) as enacted by the State of Minnesota effective August 1, 2008. The Board of Trustees of MSS has interpreted UPMIFA as requiring the preservation of the original gift of donor-restricted endowment funds absent explicit donor stipulations to the contrary. At December 31, 2021 and 2020, there were no such donor stipulations. The original gift is valued at fair value on the date of the gift. As a result of this interpretation, MSS retains in perpetuity (a) the original value of initial and subsequent gift amounts including promises to give at fair value 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. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by MSS in a manner consistent with the standard of prudence prescribed by UPMIFA.

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

- The duration and preservation of the fund
- The purposes of MSS and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of MSS
- The investment policies of MSS

 December 31, 2021 and 2020

15. Endowment Fund (Continued)

Changes in the O’Neil Endowment Fund for the years ended December 31, 2021 and 2020 are as follows:

| | Without Donor Restrictions | With Donor Restrictions | Total |
|----------------------------------------|-------------------------------|----------------------------|---------------------|
| January 1, 2020 | \$ - | \$ 1,350,809 | \$ 1,350,809 |
| Interest and Dividends, Net of Fees | | 7,259 | 7,259 |
| Appreciation of Investments | | 172,720 | 172,720 |
| Contributions | | 79,904 | 79,904 |
| December 31, 2020 | \$ - | \$ 1,610,692 | \$ 1,610,692 |
| Interest and Dividends, Net of Fees | | 11,148 | 11,148 |
| Appreciation of Investments | | 154,492 | 154,492 |
| Contributions | | 60,263 | 60,263 |
| December 31, 2021 | <u>\$ -</u> | <u>\$ 1,836,595</u> | <u>\$ 1,836,595</u> |

Return Objectives and Risk Parameters—The Board of Directors has adopted an Endowment Investment policy designed to maintain the purchasing power of the endowment assets and to provide for a predictable amount of annual distributions that will keep pace with increasing funding needs. Endowment assets include those assets of donor-restricted funds that MSS must hold in perpetuity as well as the cumulative earnings on those funds that the board has not appropriated for expenditure. Endowment assets also include assets designated as endowment by the Board of Directors. MSS expects the O’Neil Endowment Fund to attain, over a rolling three-year period, an average total return, after fees, greater than inflation, as defined by the consumer price index. MSS also expects the O’Neil Endowment Fund to achieve a long-term total return equivalent to a benchmark of blended indices. MSS has established a risk tolerance of moderate volatility and is willing to absorb some interim fluctuations in market value and rates of return in order to achieve longer-term objectives.

Strategies Employed for Achieving Objectives—In accordance with the Endowment Investment Policy, MSS’s Finance Committee, in conjunction with outside advisors, has developed a diversified endowment investment portfolio. MSS’s investment strategy seeks both capital appreciation (realized and unrealized) and current yield (interest and dividends). MSS seeks an allocation of short-term and long-term investments diversified between equities and fixed income, but places greater emphasis on equity-based investments within prudent risk constraints.

December 31, 2021 and 2020

15. Endowment Fund (Continued)

Spending Policy and the Relationship of Investment Objectives to the Spending Policy—The Board has chosen to release funds from the endowment for spending as long as the principal restricted in accordance with the donor’s wishes is preserved and the total endowment remains in excess of \$1,000,000.

16. Retirement Plan

MSS sponsors a defined-contribution 401(k) retirement plan. Eligible employees may elect to contribute to the plan under a salary reduction arrangement. MSS is required to make a matching contribution of 50% of employee contributions to the plan, up to a maximum employer contribution of 3% of qualified compensation. The matching contribution was approximately \$84,000 and \$80,000 for the years ended December 31, 2021 and 2020, respectively.

17. Lease Commitments

MSS leases space for the Apple Valley, Eagan, Brooklyn Park, and Oakdale licensed Day Services programs under multi-year leases. Under the lease terms, MSS pays a proportionate share of operating costs as additional rent. In addition, MSS leases space in a building under a multi-year lease, which expires in 2024, for a collaborative art gallery in St. Paul.

Rent expense including operating costs was approximately \$789,000 and \$757,000 for the years ended December 31, 2021 and 2020, respectively. Office equipment lease expense was approximately \$25,000 for the years ended December 31, 2021 and 2020.

Future minimum lease payments for operating leases with initial terms in excess of one year are approximately as follows at December 31, 2021:

| <u>Year</u> | <u>Amount</u> |
|-------------|---------------------|
| 2022 | \$ 744,135 |
| 2023 | 293,206 |
| 2024 | 242,771 |
| 2025 | 38,295 |
| Total | <u>\$ 1,318,407</u> |

Midwest Special Services, Inc.

Notes to Financial Statements

December 31, 2021 and 2020

18. Special Event

Revenue from the special event as presented on the Statements of Activities is as follows:

| | <u>2021</u> | <u>2020</u> |
|----------------------------------|------------------|-------------------|
| Gross Revenue | \$ 123,496 | \$ 152,302 |
| Less: | | |
| Cost of Direct Benefit to Donors | 24,777 | 18,163 |
| Other Direct Costs | <u>12,471</u> | <u>9,698</u> |
| Special Event Revenue, Net | <u>\$ 86,248</u> | <u>\$ 124,440</u> |

19. Concentrations of Risk

Revenue from governmental units for services, primarily the State of Minnesota and the Counties of Ramsey, Hennepin, Dakota and Washington included under Employment Services and Day Training and Habilitation on the Statements of Activities represented 58% and 55% of total revenue for the years ended December 31, 2021 and 2020, respectively. Revenue from Federal, state, and local government programs on the Statement of Activities represented approximately 30% and 29% of total revenue for each of the years ended December 31, 2021 and 2020, respectively.

20. Paycheck Protection Program

In April 2020, MSS applied for and received a \$1,247,000 loan under the Paycheck Protection Program (PPP). The loan was uncollateralized and was fully guaranteed by the Federal government. MSS applied for and received forgiveness of the loan in 2020. MSS initially recorded the loan as a refundable advance and subsequently recognized the loan as grant revenue upon forgiveness.

In February 2021, MSS applied for and received a \$1,247,000 loan under a second draw PPP loan (PPP2). The loan was uncollateralized and was fully guaranteed by the Federal government. MSS applied for and received forgiveness of the loan in 2021. MSS initially recorded the loan as a refundable advance and subsequently recognized the loan as grant revenue upon forgiveness.

The PPP and PPP2 were provided to qualifying businesses. The loans and accrued interest were forgivable if the borrower used the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities and maintained their payroll levels. The amount of the loan forgiveness might have been reduced if the borrower terminated employees or reduced salaries during the measured period. The SBA may undertake a review of a loan of any size during the six-year period following forgiveness or repayment of the loan. The timing and outcome of any SBA review is not known.

December 31, 2021 and 2020

21. Reclassifications

Certain reclassifications have been made to the 2020 presentation to provide comparability to the 2021 presentation.

22. Uncertainty

In March 2020, the United States of America declared a national emergency related to the coronavirus (COVID-19) pandemic and it is anticipated that the impact will continue for some time. Impacts of COVID-19 during 2021 included disruption and restriction on MSS's employees' ability to work and utilize services, MSS's ability to put on fundraising events, and temporary closures of MSS's facilities. The potential economic impact brought by, and for the duration of, COVID-19 is difficult to assess and will depend on future developments that are highly uncertain and cannot be predicted at this time.

23. Subsequent Events - EIDL

Subsequent to December 31, 2021 the Organization modified the EIDL Loan borrowing an additional amount bringing the principal amount to \$753,000. In addition, the first installment payment was deferred until December 2022.

Independent Auditor's Report on Supplementary Information

To the Board of Directors of
Midwest Special Services, Inc.
Saint Paul, Minnesota 55106

We have audited the financial statements of Midwest Special Services, Inc. as of and for the year ended December 31, 2021, and have issued our report thereon dated April 29, 2022, which contained an unmodified opinion on those financial statements and which appears on pages 1 and 2. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The Statement of Activities—Employment Services and the Statement of Activities—Day Services are presented for the purposes of additional analysis and are not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

Boyum & Barescheer PLLP

Boyum & Barescheer PLLP
Saint Paul, Minnesota
April 29, 2022

Midwest Special Services, Inc.

Statement of Activities—Employment Services

For the Year Ended December 31, 2021

| | Employment Services | Community Hub | Vocational Rehabilitation | Totals |
|----------------------------------------|------------------------|------------------|------------------------------|-------------------|
| Revenue: | | | | |
| Training Fees—County | \$ 824,567 | \$ - | \$ - | \$ 824,567 |
| Mobile Work Crew/Subcontract Sales | 139,297 | | 47,981 | 187,278 |
| Case Service Reimbursement | | | 157,636 | 157,636 |
| Extended Employment and Wage Equity | | | 157,950 | 157,950 |
| Staff Billings for Leased Staff | 2,175 | | | 2,175 |
| Grants and Contributions | 54,889 | | 118,636 | 173,525 |
| Emergency Funding/PPP | 284,025 | 14,606 | 237,782 | 536,413 |
| Interest and Investment Income | 1,264 | | 264 | 1,528 |
| Miscellaneous Income | 7,479 | 70,587 | 25,360 | 103,426 |
| Released from Restriction | 14,843 | | | 14,843 |
| Total Revenue | 1,328,539 | 85,193 | 745,609 | 2,159,341 |
| Personnel Expenses: | | | | |
| Salaries and Wages | 390,108 | 22,250 | 314,689 | 727,047 |
| Employee Benefits | 45,246 | 3,734 | 73,358 | 122,338 |
| Payroll Taxes and Insurance | 36,546 | 1,643 | 23,863 | 62,052 |
| Non-Staff Services | 5,664 | | | 5,664 |
| Total Personnel Expenses | 477,564 | 27,627 | 411,910 | 917,101 |
| Operating Expenses: | | | | |
| Client Wages, Taxes and Benefits | 116,508 | | 29,605 | 146,113 |
| Depreciation and Amortization | 51,211 | 9,443 | 19,166 | 79,820 |
| Transportation | 61,914 | 1,123 | | 63,037 |
| Office/Technology | 20,171 | 987 | 15,896 | 37,054 |
| Occupancy | 20,976 | 1,926 | | 22,902 |
| Repair and Maintenance | 16,706 | 1,889 | | 18,595 |
| Miscellaneous | 11,269 | 2,717 | 2,484 | 16,470 |
| Program Activity and Supplies | 9,043 | 334 | 166 | 9,543 |
| Building and Other Insurance | 7,813 | | 1,367 | 9,180 |
| Meeting and Travel | 419 | | 8,598 | 9,017 |
| Bad Debt | 6,175 | | 2,825 | 9,000 |
| Professional Fees | 1,002 | 1,225 | 5,972 | 8,199 |
| Nursing Services | 2,318 | | | 2,318 |
| Training | 1,213 | 40 | 874 | 2,127 |
| Dues, Licensing, and Subscriptions | 1,641 | | 369 | 2,010 |
| Staff Recruitment/Advertising | 788 | | 577 | 1,365 |
| Total Expenses | 329,167 | 19,684 | 87,899 | 436,750 |
| Total Program Services Expenses | 806,731 | 47,311 | 499,809 | 1,353,851 |
| Management and General Expenses | 126,060 | 4,872 | 115,565 | 246,497 |
| Fundraising Expenses | 18,119 | 700 | 16,610 | 35,429 |
| Total Expenses | 950,909 | 52,884 | 631,984 | 1,635,778 |
| Net from Operations | \$ 377,630 | \$ 32,309 | \$ 113,625 | \$ 523,563 |

See independent auditor's report on supplementary information.

Midwest Special Services, Inc.

Statement of Activities—Day Services

For the Year Ended December 31, 2021

| | St. Paul | Shoreview | Apple Valley | Brooklyn Park | Eagan | Oakdale | Totals |
|----------------------------------------|--------------------|--------------------|------------------|--------------------|--------------------|------------------|--------------------|
| Revenue: | | | | | | | |
| Training Fees—County | \$ 685,229 | \$ 505,756 | \$ 828,810 | \$ 507,566 | \$ 816,064 | \$ 871,496 | \$ 4,214,921 |
| Mobile Work Crew/Subcontract Sales | 7,489 | | | | | 35,837 | 43,326 |
| Staff Billings for Leased Staff | 29,386 | 15,719 | 4,744 | 11,197 | 13,517 | 875 | 75,438 |
| Grants and Contributions | 25,740 | 18,844 | 16,118 | 14,092 | 16,505 | 17,154 | 108,453 |
| Emergency Funding/PPP | 408,016 | 205,013 | 478,525 | 325,122 | 505,415 | 459,055 | 2,381,146 |
| Interest Income | 447 | 800 | 624 | 821 | 819 | 866 | 4,377 |
| Miscellaneous Income | 9,222 | 14,181 | 11,006 | 17,914 | 20,230 | 14,411 | 86,963 |
| Released from Restriction | 15,180 | 6,409 | 3,642 | 3,447 | 8,675 | 15,861 | 53,214 |
| Total Revenue | 1,180,708 | 766,721 | 1,343,470 | 880,160 | 1,381,225 | 1,415,554 | 6,967,838 |
| Personnel Expenses: | | | | | | | |
| Salaries and Wages | 573,270 | 277,123 | 552,712 | 353,234 | 497,476 | 516,446 | 2,770,261 |
| Employee Benefits | 104,152 | 31,503 | 91,652 | 66,154 | 72,749 | 77,483 | 443,693 |
| Payroll Taxes and Insurance | 53,099 | 25,997 | 47,887 | 31,781 | 45,351 | 38,285 | 242,400 |
| Non-Staff Services | 6,017 | 21,797 | | 4,694 | 20,027 | 9,013 | 61,548 |
| Total Personnel Expenses | 736,538 | 356,420 | 692,251 | 455,863 | 635,603 | 641,227 | 3,517,902 |
| Operating Expenses: | | | | | | | |
| Occupancy | 25,393 | 18,893 | 258,486 | 146,551 | 264,226 | 161,056 | 874,605 |
| Transportation | 56,988 | 136,925 | 59,190 | 41,557 | 62,806 | 192,910 | 550,376 |
| Depreciation and Amortization | 77,539 | 63,806 | 27,596 | 54,528 | 61,523 | 6,710 | 291,702 |
| Repair and Maintenance | 44,158 | 36,421 | 33,833 | 27,010 | 47,603 | 33,286 | 222,311 |
| Program Activity and Supplies | 17,209 | 14,530 | 23,521 | 22,287 | 28,632 | 27,321 | 133,500 |
| Office/Technology | 22,345 | 17,637 | 17,447 | 18,897 | 22,816 | 20,192 | 119,334 |
| Client Wages, Taxes and Benefits | 5,283 | 41 | | 392 | | 28,073 | 33,789 |
| Miscellaneous | 13,205 | 2,921 | 4,711 | 5,318 | 3,903 | 3,479 | 33,537 |
| Bad Debt | 5,625 | 2,825 | 4,475 | 4,525 | 8,075 | 6,425 | 31,950 |
| Nursing Services | 7,600 | 2,489 | 4,826 | 4,123 | 5,719 | 2,451 | 27,208 |
| Building and Other Insurance | 5,008 | 3,871 | 2,225 | 2,909 | 2,726 | 2,260 | 18,999 |
| Training | 1,888 | 1,439 | 2,151 | 1,583 | 2,825 | 1,613 | 11,499 |
| Meeting and Travel | 472 | 3,807 | 517 | 881 | 1,275 | 2,638 | 9,590 |
| Dues, Licensing, and Subscriptions | 1,650 | 1,423 | 1,501 | 1,408 | 1,468 | 899 | 8,349 |
| Staff Recruitment/Advertising | 1,064 | 1,197 | 1,256 | 599 | 1,815 | 1,717 | 7,648 |
| Professional Fees | 1,073 | 1,618 | 547 | 501 | 529 | 248 | 4,516 |
| Total Expenses | 286,500 | 309,843 | 442,282 | 333,069 | 515,941 | 491,278 | 2,378,913 |
| Total Program Services Expenses | 1,023,038 | 666,263 | 1,134,533 | 788,932 | 1,151,544 | 1,132,505 | 5,896,815 |
| Management and General Expenses | 177,033 | 130,682 | 174,909 | 143,551 | 210,516 | 166,164 | 1,002,856 |
| Fundraising Expenses | 25,445 | 18,783 | 25,140 | 20,633 | 30,258 | 23,883 | 144,141 |
| Total Expenses | 1,225,516 | 815,728 | 1,334,582 | 953,115 | 1,392,318 | 1,322,552 | 7,043,811 |
| Net from Operations | \$ (44,808) | \$ (49,007) | \$ 8,887 | \$ (72,956) | \$ (11,093) | \$ 93,003 | \$ (75,973) |