

**PROJECT BEE  
MINOT, NORTH DAKOTA**

AUDITED FINANCIAL STATEMENTS

FOR THE 18 MONTH PERIOD ENDED JUNE 30, 2022

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Management  
Project BEE  
Minot, North Dakota

### Opinion

We have audited the accompanying financial statements of Project BEE (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the 18 month period 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 Project BEE as of June 30, 2022, and the changes in its net assets and its cash flows for the 18 month period then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audit 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 Project BEE and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 Project BEE'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 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 Project BEE'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 Project BEE'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.



**BRADY, MARTZ & ASSOCIATES, P.C.**  
**MINOT, NORTH DAKOTA**

December 6, 2022

**PROJECT BEE**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2022**

**ASSETS**

Current assets	
Cash and cash equivalents	\$ 125,146
Accounts receivable	28,020
Prepaid expenses	4,477
Total current assets	157,643
Investments	2,372
Property and equipment (net)	2,886,509
Other assets	
Beneficial interest in community foundation	14,706
Capital credits	9,402
Security deposit	2,833
Total other assets	26,941
Total assets	\$ 3,073,465

**LIABILITIES AND NET ASSETS**

Current liabilities	
Accounts payable	\$ 22,161
Accrued interest payable	698
Accrued vacation	10,128
Credit card payable	708
Current portion of long-term notes payable	94,036
Total current liabilities	127,731
Long-term liabilities	
Note payable (net of current portion)	514,667
Less: Unamortized debt issuance costs	(2,208)
Total long-term liabilities	512,459
Total liabilities	640,190
Net assets	
Without donor restrictions	2,418,569
With donor restrictions	14,706
Total net assets	2,433,275
Total liabilities and net assets	\$ 3,073,465

See Notes to the Financial Statements

**PROJECT BEE**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE 18 MONTH PERIOD ENDED JUNE 30, 2022**

	Without Donor Restrictions	Donor Restricted	Total
Revenues and other support			
In-kind revenue	\$ 1,661,154	\$ -	\$ 1,661,154
Fundraising events	190,425	-	190,425
Rental revenue	28,723	-	28,723
Trust revenue	9,703	-	9,703
Program revenue	1,450	-	1,450
Interest and dividend income	1,181	-	1,181
Grant income:			
Emergency Shelter	406,693	-	406,693
Diaper Pantry	1,000	-	1,000
Broadway Circle	41,052	-	41,052
Street Outreach	135,349	-	135,349
General & Administrative	47,919	-	47,919
Fundraising	6,358	-	6,358
PPP loan forgiveness	36,643	-	36,643
Miscellaneous income	14,445	-	14,445
Unrealized loss on investments	(28)	-	(28)
Decrease in beneficial interest in assets held by others	-	(590)	(590)
Total revenues and other support	<u>2,582,067</u>	<u>(590)</u>	<u>2,581,477</u>
Expenses			
General and administration	261,441	-	261,441
Fundraising events	122,339	-	122,339
Program services	686,327	-	686,327
Total expenses	<u>1,070,107</u>	<u>-</u>	<u>1,070,107</u>
Change in net assets	1,511,960	(590)	1,511,370
Net assets at beginning of period	<u>906,609</u>	<u>15,296</u>	<u>921,905</u>
Net assets at end of period	<u>\$ 2,418,569</u>	<u>\$ 14,706</u>	<u>\$ 2,433,275</u>

See Notes to the Financial Statements

**PROJECT BEE**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE 18 MONTH PERIOD ENDED JUNE 30, 2022**

	Program Services					Fundraising	General and Administrative	Total Expenses
	Emergency Shelter	Diaper Pantry	Street Outreach	Broadway Circle	Total Program Services			
Salaries	\$ 157,102	\$ -	\$ 29,596	\$ -	\$ 186,698	\$ 79,738	\$ 83,278	\$ 349,714
Employee benefits	-	-	-	-	-	-	52,662	52,662
Payroll taxes	12,321	-	6,291	-	18,612	6,462	9,347	34,421
Food	1,826	-	-	-	1,826	-	47	1,873
Supplies	146,726	23,523	252	-	170,501	4,286	16,373	191,160
Travel and training	360	95	-	-	455	1,196	767	2,418
Bank service charges and penalties	-	-	-	-	-	20	899	919
Dues and memberships	-	-	-	-	-	-	3,718	3,718
Professional fees	-	-	-	-	-	-	21,766	21,766
Insurance	14,215	-	-	5,062	19,277	-	1,622	20,899
Repairs and maintenance	5,198	-	164	1,500	6,862	-	29	6,891
Utilities	26,442	-	-	18,641	45,083	-	46,397	91,480
Telephone	8,148	-	-	-	8,148	-	2,984	11,132
Depreciation	47,120	-	-	33,267	80,387	-	3,201	83,588
Amortization	393	-	-	-	393	-	-	393
Advertising and promotion	-	-	-	-	-	-	4,329	4,329
Rent and lease expense	3,485	-	-	-	3,485	-	-	3,485
Interest expense	39,918	-	216	-	40,134	-	223	40,357
Program expense	-	-	-	39,984	39,984	-	-	39,984
Fundraising expense	-	15	-	-	15	15,884	-	15,899
Administrative expense	7,073	962	165	9	8,209	14,117	12,098	34,424
Miscellaneous expense	55,703	-	545	10	56,258	636	1,701	58,595
<b>Total expenses</b>	<b>\$ 526,030</b>	<b>\$ 24,595</b>	<b>\$ 37,229</b>	<b>\$ 98,473</b>	<b>\$ 686,327</b>	<b>\$ 122,339</b>	<b>\$ 261,441</b>	<b>\$ 1,070,107</b>

See Notes to the Financial Statements

**PROJECT BEE**  
**STATEMENT OF CASH FLOWS**  
**FOR THE 18 MONTH PERIOD ENDED JUNE 30, 2022**

Cash flows from operating activities	
Change in net assets	\$ 1,511,370
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
In-kind property contributions	(1,532,000)
Depreciation expense	83,588
Amortization expense	393
Capital credits	(500)
Net decrease (increase) in beneficial interest in community foundation	590
PPP loan forgiveness	(36,643)
Effects on operating cash flows due to changes in:	
Grants receivable	25,000
Accounts receivable	(27,620)
Contributions receivable	22,675
Trust receivable	7,000
Prepaid expenses	441
Accounts payable	22,161
Accrued interest payable	(119)
Accrued vacation	8,967
Security deposit	(2,833)
Credit cards payable	(1,687)
Payroll tax liabilities	(114)
Cash provided by operating activities	<u>80,669</u>
Cash flows from investing activities	
Purchase of property and equipment	(146,098)
Marketable equity securities	28
Cash used by investing activities	<u>(146,070)</u>
Cash flows from financing activities	
PPP loan proceeds	18,343
Long-term notes payable proceeds	69,725
Loan refinance	(2,105)
Principal payments on long-term notes payable	(81,955)
Cash used by financing activities	<u>4,008</u>
Net decrease in cash and cash equivalents	(61,393)
Cash and cash equivalents at beginning of period	<u>186,539</u>
Cash and cash equivalents at end of period	<u>\$ 125,146</u>
Schedule of other cash flow information	
Cash paid during the period for interest	<u>\$ 40,476</u>
Supplemental schedule of noncash financing and investing activities	
PPP Loan Forgiveness	<u>\$ 36,643</u>
Donated Building	<u>\$ 1,532,000</u>

See Notes to the Financial Statements



**PROJECT BEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Principal Business Activity**

Project BEE (formerly known as the Young Women’s Christian Association of Minot) was incorporated as a non-profit organization under the provisions of the North Dakota Non-profit Corporation Act. In June of 2021, the YWCA of Minot severed ties with the Young Women’s Christian Association USA. The Organization rebranded and is now operating under the name of “Project BEE.” Project BEE’s primary focus is to provide equity and anti-poverty services to rural communities in North Dakota. The Organization provides emergency shelter, shower services, career closet and basic needs pantry, and rental assistance for homeless individuals. Project BEE is a member of the National Diaper Bank Network and offers diapers to those in need through the Dakota Diaper Pantry. The Organization’s primary sources of revenue are grants, fundraisers, and donations.

**Basis of Accounting**

The financial statements of the Organization have been prepared on the accrual basis.

**Basis of Presentation**

The accompanying financial statements are presented in accordance with accounting principles generally accepted in the United States of America, (“GAAP”), as codified by the Financial Accounting Standards Board (FASB). Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions.

**Change of Fiscal Year**

In September of 2021, Project BEE changed its year end from a calendar year end to a fiscal year end. Project BEE’s fiscal year will now be July 1 through June 30.

**Fund Accounting**

To ensure observance of limitations and restrictions placed on the use of resources available to the Organization, the accounts of the Organization are maintained in accordance with the principles of fund accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purposes. Separate accounts are maintained for each fund; however, in the accompanying financial statements, funds that have similar characteristics have been combined into fund groups. Accordingly, all financial transactions have been recorded and reported by fund group.

**PROJECT BEE**  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
JUNE 30, 2022

The assets, liabilities, and net assets of the Organization are reported in two self-balancing fund types as follows:

**Net assets without donor restrictions**, which include unrestricted resources and are subject to self-imposed limits by action of the governing board. Board-designated net assets may be earmarked for future programs, investment, contingencies, purchase or construction of fixed assets, or other uses. The governing board may delegate designation decisions to internal management. Such designations are considered to be included in board-designated net assets.

**Net assets with donor restrictions** represent net assets resulting from contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations. Some donor-imposed restrictions are temporary in nature, stipulating that resources be used after a specified date, for particular programs or services, or to acquire buildings or equipment. Other donors impose restrictions that are perpetual in nature, stipulating that resources be maintained in perpetuity. Laws may extend those limits to investment returns from those resources and to other enhancements (diminishments) of those resources. Thus, those laws extend donor-imposed restrictions.

#### **Fair Value**

FASB Accounting Standards Codification (ASC) 820, Fair Value Measurements and Disclosures, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

LEVEL 1 – Inputs to value investments are based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

LEVEL 2 – Inputs are other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly through corroboration with observable market data.

LEVEL 3 – Inputs are unobservable. Inputs reflect the reporting entity's own assumptions about the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk) developed based on the best information available under the circumstances.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

**PROJECT BEE**  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
JUNE 30, 2022

Following is a description of the valuation methodologies used for assets measured at fair value:

Beneficial Interest – Valued at fair value of fund investments as reported by the community foundation.

Marketable securities – Valued at the quoted prices for identical or similar assets or liabilities in inactive markets.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

### **Contributions**

In accordance with professional standards, contributions received are recorded as with, or without, donor restricted support depending on the existence and/or nature of any donor restrictions.

### **Cash and Cash Equivalents**

The Organization considers all cash deposits and temporary cash investments with maturity of three months or less, when purchased, to be cash and cash equivalents.

### **Investments**

The Organization records investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statement of financial position. Net investment return/(loss) is reported in the statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

### **Accounts Receivable**

Accounts receivable are carried at the original invoice amount less an estimate made for doubtful receivables. The Organization determines the allowance for doubtful accounts by regularly evaluating individual customer receivables and considering a customer's financial condition, credit history, and current economic conditions. Management has determined that no allowance for doubtful accounts is necessary for the 18 month period ended June 30, 2022. Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivables previously written off are recorded as revenue when received.

**PROJECT BEE**  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
JUNE 30, 2022

**Property and Equipment**

Property and equipment are stated at cost or fair market value when received as a gift. Additions, renewals, and betterments are capitalized, whereas expenditures for maintenance and repairs are charged to expense. Depreciation is computed using the straight-line method over the following estimated useful lives:

Buildings and improvements	10-40 years
Furniture and equipment	5-10 years

The Organization considers purchases over \$500 for capitalization.

**Beneficial Interest**

Beneficial interest in assets held by others consists of a fund established with the Minot Area Community Foundation. Beneficial interest in assets held by others is stated at the fair value of the underlying marketable securities in the Statement of Financial Position. Distributions and changes in fair value are recognized in the Statement of Activities.

Project BEE and Minot Area Community Foundation (the Foundation) understand that the bylaws of the Foundation and applicable tax laws require that the Board of Directors of the Foundation have variance powers over the assets donated to Project BEE of Minot Foundation Funds (the Funds). The Foundation retains the power to modify any restriction or condition on any distributions from the Funds for any specified charitable purpose or to specified organizations if, it is the sole judgment of the Foundation, such restriction or condition becomes, in effect, unnecessarily incapable of fulfillment, or inconsistent with the charitable needs of the community of the area which the Foundation serves.

It is agreed that no restrictions or conditions may be imposed upon the administration of the Funds which will prevent the Foundation from freely and effectively employing the transferred assets or income there from and furtherance of its exempt status. The Foundation also retains the power, in the Foundation's sole discretion, to modify or withhold any distribution of principal if such distribution would otherwise fail to qualify for charitable purposes as defined in Section 170(c) of the Internal Revenue Code.

**Accrued Vacation**

Full time employees will accrue 24 hours of PTO per year, and part time employees will accrue 12 hours per year. For those employees not of Director status, any vacation hours accrued above the designated carry-over hours will automatically transfer to the employee's Extended Illness Bank account effective on the final payroll of each calendar year. For those with Director status, PTO carryover is set at 80 hours. When PTO hours reach the maximum, accrual is automatically suspended. When an employee of Director status uses PTO and brings the available amount below the maximum, accrual will begin again.

**Debt Issuance Costs**

Unamortized debt issuance costs are being deferred over the term of the loan on a straight-line basis.

**PROJECT BEE**  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
JUNE 30, 2022

**In-Kind Contributions**

Contributed goods and supplies are recorded at their estimated fair value at the date of donation. The Organization reports nonmonetary contributions as unrestricted revenue in the accompanying Statement of Activities and Changes in Net Assets.

**Grants**

Proceeds from grant awards are made on either a reimbursement basis or advance basis. Under the reimbursement basis, the expenditures are incurred prior to the granting agency reimbursing funds. Grant revenue and related grant receivables are recognized when the expenditures have been incurred, but not yet reimbursed. Under the advance basis, the Organization receives the full amount of the grant award, upon which the amount received is classified as deferred revenue, and revenue is recognized as the amounts earned either by passage of time or incurring the eligible expenditures.

**Functional Allocation of Expenses**

The cost of providing various programs and other activities has been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited based upon budget estimates made by the Organization's management.

**Advertising Cost**

Advertising costs are expensed as incurred.

**Income Taxes**

Project BEE is exempt from payment of federal income taxes under Section 501(c)(3) of the Internal Revenue Code, and thereby is also exempt from payment of state income taxes. The Organization has been classified as a publicly-supported organization, which is not a private foundation under Section 509(a) of the code.

Under professional standards, the Organization's policy is to evaluate the likelihood that its uncertain tax positions will prevail upon examination based on the extent to which those positions have substantial support within the Internal Revenue Code and Regulations, Revenue Rulings, court decisions, and other evidence.

**Use of Estimates**

The preparation of financial statements in accordance 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 and the disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results could differ from those estimates.

**PROJECT BEE**  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
JUNE 30, 2022

**Revenue Recognition**

Under ASU Topic 606, revenue from contracts with customers, the Organization recognizes revenue from program services when the services are provided. A large portion of the Organization's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain requirements and/or incurring of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. No amounts have been received in advance under Project BEE's federal and state contracts and grants.

Under ASU Topic 958, the Organization recognizes contributions when cash, an unconditional promise to give, or notification of a beneficial interest is received. Depending on the existence and/or nature of any restrictions, contributions received are recorded as support with donor restrictions or support without donor restrictions. The Organization reports contributions restricted by donors 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, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restriction.

**Recent Accounting Pronouncements**

ASU No. 2020-07 *Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets* was developed to address presentation and disclosure requirements for not-for-profit entities for contributed nonfinancial assets, or gift-in-kind. This update is effective for the 18 month period ended June 30, 2022 and the implementation of the standard has no effect on net assets. As required by the new standard, the Organization has expanded its disclosures related to contributed nonfinancial assets.

**NOTE 2 INVESTMENTS**

Marketable equity securities at June 30, 2022 consist of the following:

Cost	Unrealized Gain	Market Value
<u>\$ 1,877</u>	<u>\$ 495</u>	<u>\$ 2,372</u>

**PROJECT BEE**  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
JUNE 30, 2022

**NOTE 3 FAIR VALUE MEASUREMENTS**

The beneficial interest in assets held at the Minot Area Community Foundation (the Foundation) have been valued, as a practical expedient, at the fair value of the Organization's share of the Foundation's investment pools as of the measurement date. The Foundation values securities and other financial instruments on a fair value basis of accounting. The estimated fair value of certain investments of the Foundation, which includes private placements and other securities for which prices may not be readily available, are determined by the management of the Foundation and may not reflect amounts that could be realized upon immediate sale, nor amounts that ultimately may be realized. Accordingly, the estimated fair values may differ significantly from the values that would have been used had a ready market existed for these investments.

The Foundation's investments are composed of marketable securities. The beneficial interest in assets held at the Foundation are not redeemable by the Organization, as described in Note 1.

The following table presents assets measured at fair value on a recurring basis as of June 30, 2022:

Description	Total Carrying Amount	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Marketable equity securities	\$ 2,372	\$ 2,372	\$ -	\$ -
Beneficial interest in community foundation	14,706	-	-	14,706
Total	<u>\$ 17,078</u>	<u>\$ 2,372</u>	<u>\$ -</u>	<u>\$ 14,706</u>

Financial instruments classified as Level 3 in the fair value hierarchy represent the Organization's investments in financial instruments in which management has used at least one significant unobservable input in the valuation model. The following table represents a reconciliation of the activities for Level 3 financial instruments:

	Beneficial interest in community foundation
Balance, January 1, 2021	\$ 15,296
Gain (Loss) on beneficial interest in community foundation	(590)
Balance, June 30, 2022	<u>\$ 14,706</u>

**PROJECT BEE**  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
JUNE 30, 2022

**NOTE 4 PROPERTY AND EQUIPMENT**

Details pertaining to property and equipment and accumulated depreciation at June 30, 2022 are as follows:

Land improvements	\$ 505,171
Land	1,033,000
Buildings and improvements	1,961,709
Furniture and fixtures	157,260
Machinery and equipment	60,553
Computer software	8,108
	<u>3,725,801</u>
Less accumulated depreciation	(839,292)
Total net property and equipment	<u><u>\$ 2,886,509</u></u>

**NOTE 5 REVENUE RECOGNITION IN ACCORDANCE WITH FASB ASC 606**

Accounts receivable from contracts with customers at June 30, 2022 were as follows:

Beginning of the period	\$ 400
End of the period	28,020

**NOTE 6 LEASES**

In April 2021, the Organization entered into a lease for office space under an operating lease. The lease calls for monthly payments of \$750 until the lease expires on April 1, 2023. The Organization paid a security deposit in the amount of \$750 relating to this lease.

In April 2021, the Organization entered into a lease for office space under an operating lease. The lease calls for monthly payments of \$2,083 until the lease expires on April 1, 2023. The Organization paid a security deposit in the amount of \$2,083 relating to this lease.

Minimum future lease payments for the above leases are as follows:

<u>Year Ending June 30,</u>	
2023	\$ 25,497

Rental expense was \$46,397 for the 18 month period ended June 30, 2022.

**NOTE 7 CONCENTRATION OF CREDIT RISK**

The Organization maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits as guaranteed by the Federal Deposit Insurance Corporation (FDIC). The Organization maintains their cash deposits in large, well-capitalized financial institutions. The Organization has not experienced any losses in such accounts nor does the Organization believe it is exposed to any significant credit risk on cash accounts.



**PROJECT BEE**  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
JUNE 30, 2022

**NOTE 8 LONG-TERM DEBT**

Details pertaining to the Organization's notes payable and assets assigned as collateral thereon at June 30, 2022, are as follows:

<u>Payee / Collateral</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Current Portion</u>	<u>Total Due</u>	<u>Unamortized Debt Issuance Costs</u>
Bremer Bank / Building	3.86%	12/20/2026	\$ 39,311	\$ 553,978	\$ (2,208)
Bremer Bank / Shower Trailer	3.71%	11/7/2022	54,725	54,725	-
			<u>\$ 94,036</u>	<u>\$ 608,703</u>	<u>\$ (2,208)</u>

The aggregate amount of required future principal payments on the above long-term obligations as of June 30, 2022, is as follows:

For the year ending June 30:	
2023	\$ 94,036
2024	40,803
2025	42,459
2026	44,127
2027	387,278
Total	<u>\$ 608,703</u>

Under the terms of the above agreement, the Organization is subject to various loan covenants, all of which had been complied with as of June 30, 2022.

**NOTE 9 IN-KIND REVENUE**

The Organization received donated goods and supplies, without any donor restrictions, with an estimated fair value at the date of donation of \$129,154 in 2022. These donated goods and supplies were used and distributed through several of the Organization's programs. The Organization also received donated land and building for the Organization's Broadway Circle Project with an estimated fair value of \$1,532,000 in 2022 based upon an appraisal conducted by the City of Minot.

**NOTE 10 CONTRIBUTED SERVICES**

A substantial number of unpaid volunteers have made significant contributions of their time to carry out the mission of the organization. In accordance with professional standards, the value of this contributed time is not reflected in these statements.

**PROJECT BEE**  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
JUNE 30, 2022

**NOTE 11 GRANTS**

On November 23, 2021, Project BEE signed a sub-recipient agreement with the City of Minot for the development of a family homeless shelter with six emergency shelter units for low- and moderate-income households. The shelter will be located at 1901 South Broadway in Minot, ND. The City shall provide up to \$1,906,857 of their National Disaster Resilience award. As of June 30, 2022, the Organization has spent \$24,367 of this grant. The project shall commence on November 23, 2021 and shall be completed by December 31, 2022.

On November 23, 2021, Project BEE signed a sub-recipient agreement with the City of Minot to develop and construct seventeen affordable rental units for low- and moderate-income households. The affordable rental units will be located at 1901 South Broadway in Minot, ND. The City shall provide up to \$2,117,966 of their National Disaster Resilience award. As of June 30, 2022, the Organization has spent \$43,719 of this grant. The project shall commence on November 23, 2021 and shall be completed by December 31, 2022.

**NOTE 12 ECONOMIC DEPENDENCY**

Project BEE receives a substantial amount of its support from federal, state, and local governments. A significant reduction in the level of this support, if this were to occur, may have a material effect on the Organization's programs.

**NOTE 13 NET ASSETS WITHOUT DONOR RESTRICTIONS**

The board of directors of Project BEE had enacted policies that affect the presentation of board designation on net assets. Bequests without donor restrictions may be designated by the board of directors for short term investment and are presented as board designated funds. The Organization does not maintain any board designated net assets as of June 30, 2022.

**NOTE 14 NET ASSETS WITH DONOR RESTRICTION**

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

Subject to the Organization's spending policy and appropriation:	
Beneficial interest held in community foundation	<u>\$ 14,706</u>

**PROJECT BEE**  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
JUNE 30, 2022

**NOTE 15 SUMMARY OF FINANCIAL ASSETS AVAILABLE FOR GENERAL USE**

The following reflects the financial assets of Project BEE as of June 30, 2022, reduced by amounts unavailable for general expenditure because of contractual or donor-imposed restrictions within one year of the statement of financial position date. Amounts unavailable also includes amounts set aside for short-term investing in the operating reserve that could be drawn upon if the governing board approves that action. However, amounts already appropriated from either the donor-restricted endowments or operating reserve for general expenditure within one year of the statement of financial position date have not been subtracted as unavailable. Financial assets are considered to be cash and cash equivalents and other assets readily convertible to cash.

Financial assets:	
Cash and cash equivalents	\$ 125,146
Accounts receivable	28,020
Investments	2,372
Beneficial interest in community foundation	14,706
Total financial assets	<u>170,244</u>
Less those unavailable for general expenditures within one year:	
Contractual or donor imposed restrictions	
Beneficial interest in community foundation	<u>14,706</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 155,538</u>

**NOTE 16 UNCERTAIN TAX POSITIONS**

It is the opinion of management that the Organization has no significant uncertain tax positions that would be subject to change upon examination. The federal income tax returns of the Organization are subject to examination by the IRS, generally for three years after they were filed. All required filings with tax authorities are up-to-date.

**NOTE 17 PAYCHECK PROTECTION PROGRAM**

On March 27, 2020, Congress enacted the Coronavirus Aid, Relief, and Economic Security Act (CARES ACT) which established the Paycheck Protection Program (the "Program"). The Program was created to assist small businesses in paying their employees and certain other expenses during the COVID-19 crisis. The Organization applied for a loan under this program and received a loan from Bremer Bank in the amount of \$18,300 on April 30, 2020. The loan is forgivable provided the funds are used for qualifying expenses including payroll, rent, and utilities as required by the SBA loan program. The Organization was granted forgiveness of the entire PPP Loan balance in March 2021.

**PROJECT BEE**  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
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On January 13, 2021 the Second Draw Paycheck Protection Program opened. Under the Second Draw Program, certain eligible borrowers that previously received a First Draw PPP Loan can apply for a Second Draw PPP Loan with the same general loan terms. Project BEE applied for a loan under this program and received a loan from Bremer bank in the amount of \$18,343 on January 24, 2021. The loan is forgivable if the Project BEE meets certain criteria as established under the program. The Organization was granted forgiveness of the entire PPP Loan balance in October 2021.

**NOTE 18 FUTURE ACCOUNTING PRONOUNCEMENTS**

ASU 2016-02, *Leases (Topic 842)*: During 2016, the FASB issued guidance to change the accounting for leases. The main provision of ASU 2016-02 is that lessees will be required to recognize lease assets and lease liabilities for most long-term leases, including those classified as operating leases under GAAP. The ASU is effective for the Organization for fiscal years beginning after December 31, 2021, and interim periods within fiscal years beginning after December 31, 2022.

Management has not yet determined what effect this pronouncement will have on the Organization's financial statements.

With the exception of the new standard discussed above, we have not identified any other new accounting pronouncements that have potential significance to the Organization's financial statements.

**NOTE 19 SUBSEQUENT EVENTS**

No significant events occurred subsequent to the Organization's period end. Subsequent events have been evaluated through December 6, 2022, which is the date these financial statements were available to be issued.