



Financial Statements  
December 31, 2019 (with comparative totals for 2018)  
**Village Family Service Center**

Village Family Service Center  
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December 31, 2019  
(with comparative totals for 2018)

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## Independent Auditor's Report

The Board of Directors  
Village Family Service Center  
Fargo, North Dakota

### Report on the Financial Statements

We have audited the accompanying financial statements of the Village Family Service Center (Village) which comprise the statement of financial position as of December 31, 2019, and the related statement of activities, functional expenses, and cash flows for the year then ended and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Village Family Service Center as of December 31, 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Report on Summarized Comparative Information**

We have previously audited the Village Family Service Center's 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 5, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018 is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Fargo, North Dakota  
July 28, 2020

## Village Family Service Center

### Statement of Financial Position

December 31, 2019

(With Comparative Totals for December 31, 2018)

	2019	2018
<b>Assets</b>		
Cash	\$ 346,512	\$ 1,278,621
Receivables, net	1,120,430	1,071,481
Due from Children's Village Foundation	455,738	410,288
Prepaid expenses	106,135	84,472
Investments	790	790
Goodwill	522,577	522,577
Property and equipment, net of accumulated depreciation	1,462,379	1,081,723
Interest in Children's Village Foundation Net Assets	6,441,476	6,715,479
Total assets	\$ 10,456,037	\$ 11,165,431
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts payable	\$ 213,264	\$ 186,779
Accrued liabilities	603,414	676,386
Deferred revenue	166,181	337,787
Due to Children's Village Foundation	2,203,133	2,203,133
Total liabilities	3,185,992	3,404,085
<b>Net Assets</b>		
Without donor restrictions	734,078	1,025,599
With donor restrictions	6,535,967	6,735,747
Total net assets	7,270,045	7,761,346
Total liabilities and net assets	\$ 10,456,037	\$ 11,165,431

# Village Family Service Center

## Statement of Activities

Year Ended December 31, 2019

(With Comparative Totals for Year Ended December 31, 2018)

	Without Donor Restrictions	With Donor Restrictions	Total	
			2019	2018
<b>Revenue, Support and Gains</b>				
Foundation	\$ 219,806	\$ -	\$ 219,806	\$ 208,396
Change in interest in Children's Village Foundation net assets	-	(274,003)	(274,003)	(773,331)
Donations from businesses, individuals, and organizations	737,686	-	737,686	351,441
Federal and other grant revenue	754,987	83,100	838,087	405,073
Gross special events revenue	407,923	-	407,923	454,316
Less cost of direct benefits to donors	(111,437)	-	(111,437)	(174,234)
Net special events revenue	296,486	-	296,486	280,082
Total received from public	2,008,965	(190,903)	1,818,062	471,661
Allocated by United Way	251,536	-	251,536	422,641
Total public support	2,260,501	(190,903)	2,069,598	894,302
<b>Revenue and Gains</b>				
Counseling fees	8,532,023	-	8,532,023	7,261,428
Village Business Institute	1,931,938	-	1,931,938	2,164,253
First Step Recovery	863,545	-	863,545	1,819,612
Program and sublease rent	218,151	-	218,151	178,290
Adoption fees	118,116	-	118,116	111,376
Truancy intervention	82,351	-	82,351	98,491
Financial Resource Center	207,301	-	207,301	-
Gain on sale of property and equipment	-	-	-	271,324
Miscellaneous revenues	33,414	-	33,414	29,023
Net assets released from restrictions	8,877	(8,877)	-	-
Total revenue and gains	11,995,716	(8,877)	11,986,839	11,933,797
Total revenue, support and gains	14,256,217	(199,780)	14,056,437	12,828,099
<b>Expenses</b>				
<b>Program services</b>				
Counseling services	5,808,302	-	5,808,302	5,101,748
Family therapy	2,081,975	-	2,081,975	1,947,880
Village Business Institute	1,648,390	-	1,648,390	2,091,075
Child care	536	-	536	96,345
First Step Recovery	1,650,858	-	1,650,858	1,590,249
Financial Resource Center	248,331	-	248,331	482
Big Brother Big Sister	291,842	-	291,842	272,776
Adoption	197,850	-	197,850	184,348
Truancy intervention	120,720	-	120,720	130,133
Alternative to Abortion	48,881	-	48,881	49,285
Intensive outpatient	423,459	-	423,459	331,731
Total program services expenses	12,521,144	-	12,521,144	11,796,052

Village Family Service Center

Statement of Activities

Year Ended December 31, 2019

(With Comparative Totals for Year Ended December 31, 2018)

	Without Donor Restrictions	With Donor Restrictions	Total	
			2019	2018
Supporting services				
Management and general	\$ 1,580,663	\$ -	\$ 1,580,663	\$ 1,332,132
Fundraising	445,931	-	445,931	364,584
Total supporting services expenses	2,026,594	-	2,026,594	1,696,716
Total expenses	14,547,738	-	14,547,738	13,492,768
Change in Net Assets	(291,521)	(199,780)	(491,301)	(664,669)
Net Assets, Beginning of Year	1,025,599	6,735,747	7,761,346	8,426,015
Net Assets, End of Year	\$ 734,078	\$ 6,535,967	\$ 7,270,045	\$ 7,761,346

Village Family Service Center

Statement of Functional Expenses

Year Ended December 31, 2019

(With Comparative Totals for Year Ended December 31, 2018)

	Counseling Services	Family Therapy	Village Business Institute	Child Care	First Step Recovery	Financial Resource Center
Salaries	\$ 3,360,686	\$ 1,259,993	\$ 747,249	\$ 536	\$ 948,796	\$ 131,163
Employee benefits	597,869	218,506	127,589	-	163,324	18,418
Travel	45,511	60,922	23,597	-	3,340	225
Allocated program rent and utilities	332,675	60,540	103,677	-	112,439	8,497
Contracted services	81,654	9,543	252,670	-	15,638	16,995
Office supplies and postage	47,482	6,925	11,237	-	10,555	4,223
Printing and publications	22,769	7,778	36,418	-	9,754	9,291
Telephone	44,940	34,672	12,744	-	4,428	1,205
Repairs, maintenance and other rentals	123,759	31,142	27,746	-	35,598	1,308
Staff training	19,933	15,156	5,046	-	4,529	2,321
Professional fees	35,537	12,606	8,178	-	28,773	11,624
Advertising	49,023	156	3,881	-	17,894	500
Insurance	14,207	13,373	8,969	-	3,070	1,255
Interest	-	-	-	-	-	-
Client assistance and special programs	300	8,725	-	-	7,251	517
Administrative charge	954,805	339,066	276,936	-	276,884	40,789
Other	44,005	212	96	-	103	-
Total expenses before depreciation	5,775,155	2,079,315	1,646,033	536	1,642,376	248,331
Depreciation	33,147	2,660	2,357	-	8,482	-
Total expenses	<u>\$ 5,808,302</u>	<u>\$ 2,081,975</u>	<u>\$ 1,648,390</u>	<u>\$ 536</u>	<u>\$ 1,650,858</u>	<u>\$ 248,331</u>



Village Family Service Center

Statement of Functional Expenses

Year Ended December 31, 2019

(With Comparative Totals for Year Ended December 31, 2018)

	Big Brother Big Sister	Adoption	Truancy Intervention	Alternative to Abortion	Intensive Outpatient	Total Program Services Expenses
Salaries	\$ 167,265	\$ 83,888	\$ 89,288	\$ 32,779	\$ 208,926	\$ 7,030,569
Employee benefits	46,211	17,887	19,119	6,720	31,895	1,247,538
Travel	2,025	1,786	991	-	642	139,039
Allocated program rent and utilities	10,656	11,982	-	-	37,745	678,211
Contracted services	-	30,851	-	-	41,621	448,972
Office supplies and postage	1,792	1,630	308	420	5,052	89,624
Printing and publications	9,475	1,088	649	-	1,894	99,116
Telephone	1,629	2,417	1,043	459	1,975	105,512
Repairs, maintenance and other rentals	2,031	2,609	-	-	12,923	237,116
Staff training	4,274	277	-	-	2,011	53,547
Professional fees	193	972	-	4,254	2,163	104,300
Advertising	587	3,952	-	299	979	77,271
Insurance	804	1,404	533	-	998	44,613
Interest	-	-	-	-	-	-
Client assistance and special programs	3,086	117	-	-	1,115	21,111
Administrative charge	41,611	58,852	8,789	3,950	72,012	2,073,694
Other	(141)	(22,015)	-	-	-	22,260
Total expenses before depreciation	291,498	197,697	120,720	48,881	421,951	12,472,493
Depreciation	344	153	-	-	1,508	48,651
Total expenses	\$ 291,842	\$ 197,850	\$ 120,720	\$ 48,881	\$ 423,459	\$ 12,521,144

Village Family Service Center

Statement of Functional Expenses

Year Ended December 31, 2019

(With Comparative Totals for Year Ended December 31, 2018)

	Support Services			Total Expenses	
	Management and General	Fund Raising	Total Support	2019	2018
Salaries	\$ 1,857,816	\$ 338,042	\$ 2,195,858	\$ 9,226,427	\$ 8,738,341
Employee benefits	319,712	59,717	379,429	1,626,967	1,545,449
Travel	27,723	4,839	32,562	171,601	249,514
Allocated program rent and utilities	216,162	11,329	227,491	905,702	841,568
Contracted services	221,527	-	221,527	670,499	811,253
Office supplies and postage	50,348	3,301	53,649	143,273	148,016
Printing and publications	29,259	20,952	50,211	149,327	143,399
Telephone	41,294	4,154	45,448	150,960	136,347
Repairs, maintenance and other rentals	131,703	-	131,703	368,819	142,320
Staff training	32,418	808	33,226	86,773	95,753
Professional fees	131,111	789	131,900	236,200	268,018
Advertising	394,161	-	394,161	471,432	96,735
Insurance	46,217	834	47,051	91,664	74,734
Interest	46	-	46	46	267
Client assistance and special programs	-	121	121	21,232	28,636
Administrative charge	(2,073,694)	-	(2,073,694)	-	-
Other	66,211	716	66,927	89,187	58,704
	<u>1,492,014</u>	<u>445,602</u>	<u>1,937,616</u>	<u>14,410,109</u>	<u>13,379,054</u>
Total expenses before depreciation					
Depreciation	88,649	329	88,978	137,629	113,714
	<u>88,649</u>	<u>329</u>	<u>88,978</u>	<u>137,629</u>	<u>113,714</u>
Total expenses	<u>\$ 1,580,663</u>	<u>\$ 445,931</u>	<u>\$ 2,026,594</u>	<u>\$ 14,547,738</u>	<u>\$ 13,492,768</u>

## Village Family Service Center

### Statement of Cash Flows

Year Ended December 31, 2019

(With Comparative Totals For Year Ended December 31, 2018)

	2019	2018
Operating Activities		
Change in net assets	\$ (491,301)	\$ (664,669)
Adjustments to reconcile changes in net assets to net cash used for operating activities		
Depreciation	137,629	113,714
Gain on sale of property and equipment	-	(271,324)
Change in interest in Children's Village Foundation net assets	274,003	773,331
Changes in assets and liabilities		
Receivables	(94,399)	(206,302)
Prepaid expenses	(21,663)	1,666
Checks issued in excess of bank balance	-	(1,993)
Accounts payable	26,485	(86,800)
Accrued liabilities	(72,972)	(170,417)
Deferred revenue	(171,606)	(5,165)
	(413,824)	(517,959)
Net Cash Used For Operating Activities		
Investing Activities		
Purchases of property and equipment	(518,285)	(124,702)
Proceeds on sale of property and equipment	-	711,883
	(518,285)	587,181
Net Cash (Used For) From Investing Activities		
Net Cash Used For Financing Activity		
Payments on long-term debt	-	(2,069)
	-	(2,069)
Net Change in Cash	(932,109)	67,153
Cash, Beginning of Year	1,278,621	1,211,468
Cash, End of Year	\$ 346,512	\$ 1,278,621
Supplemental Disclosure of Cash Flow Information		
Cash paid during the year for interest	\$ 46	\$ 267

## **Note 1 - Organization and Summary of Significant Accounting Policies**

### **Organization and Nature of Operations**

The Village Family Service Center (Village) is a nonprofit organization established to improve the quality of life through services designed to strengthen individuals, families, and organizations.

### **Comparative Financial Information**

The accompanying financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America (GAAP). Accordingly, such information should be read in conjunction with the audited financial statements for the year ended December 31, 2018, from which the summarized information was derived.

### **Estimates**

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

### **Income Taxes**

The Village is organized as a North Dakota nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Internal Revenue Code Section 501(c)(3). The Village is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Village is subject to income tax on net income that is derived from business activities that are unrelated to their exempt purposes. The Village files an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS to report its unrelated business taxable income.

The Village believes that it has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. The Village would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

### **Concentrations of Credit Risk**

The Village maintains its cash accounts in various deposit accounts, the balances of which are periodically in excess of federally insured limits.

### **Cash and Cash Equivalents**

The Village considers all cash and highly liquid financial instruments with original maturities of three months or less, and which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to capital expenditures or other long-term purposes of the Village are excluded from this definition.

### **Receivables and Credit Policy**

Accounts receivable consist primarily of uncollateralized client and third-party payor obligations. Payments of client receivables are allocated to the specific claims identified in the remittance advice.

The carrying amount of the client receivables is reduced by a valuation allowance that reflects management's estimate of amounts that will not be collected from clients and third-party payors. Management determines the allowance for uncollectable accounts receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Accounts receivable are written off when deemed uncollectable.

### **Goodwill**

Goodwill represents costs in excess of purchase price over the fair value of the assets of businesses acquired, including other identifiable intangible assets.

Goodwill is not amortized, rather potential impairment is considered on an annual basis, or more frequently upon the occurrence of an event or when circumstances indicate that the amount of goodwill is greater than its fair value. As of December 31, 2019 and 2018, the carrying value of the Village's goodwill of \$522,577 was not considered impaired.

### **Property and Equipment**

Property and equipment additions over \$1,000 are recorded at cost, or if donated, at fair value on the date of donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets ranging from 2 to 40 years, or in the case of capitalized leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed.

Carrying values of property and equipment are reviewed for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the years ending December 31, 2019 and 2018.

### **Interest in Children's Village Foundation Net Assets**

The Children's Village Foundation (Foundation) was created for the purpose of providing permanent support for the activities and programs of the Village. Amounts that are held by the Foundation are recorded as an asset and as net assets with donor restrictions. Separate financial statements of Children's Village Foundation are prepared and are available from the Foundation.

### **Deferred Revenue**

Program service fees and payments under contracts received in advance are deferred to the applicable period in which the related services are performed.

### **Funds Held for Others**

The Village acts as a custodian of funds held for others. These funds are included in cash and accounts payable in the financial statements. As of December 31, 2019 and 2018, the cash held for others was \$1,418 and \$2,392.

### **Net Assets**

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

*Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

*Net Assets With Donor Restrictions* – Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Village reports contributions restricted by donors as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. 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.

**Revenue and Revenue Recognition**

The Organization records special events revenue equal to the cost of direct benefits to donors, and contribution revenue for the difference. Except for goods and services provided in connection with membership dues, which are transferred over the period of membership, all goods and services are transferred at a point in time.

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

Net service revenue is reported at the amount that reflects the consideration to which the Village expects to be entitled in exchange for providing care. These amounts are due from individuals, third-party payors (including health insurers and government programs), and others. Revenue is recognized as performance obligations are satisfied.

Performance obligations are determined based on the nature of the services provided by the Village. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total actual charges. The Village believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to individuals in the program receiving behavioral services. Revenue for performance obligations satisfied at a point in time is recognized when goods or services are provided, and the Village does not believe it is required to provide additional goods or services to the individual.

The Village determines the transaction price based on standard charges for goods and services provided, reduced by contractual adjustments provided to third-party payors and discounts provided to uninsured individuals in accordance with the Village's policy, if applicable. The Village determines its estimates of contractual adjustments and discounts based on contractual agreements, its discount policies and historical experience. Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to net service revenue in the period of the change. Subsequent changes that are determined to be the result of an adverse change in the resident's ability to pay are recorded as bad debt expense.

**Advertising Costs**

Advertising costs are expensed as incurred and totaled \$471,432 and \$96,735 for the years ended December 31, 2019 and 2018.

### Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy which is allocated on a square footage basis, as well as salaries and wages, benefits, payroll taxes, professional services, office expenses, information technology, interest, insurance, depreciation, and amortization, and other, which are allocated on the basis of estimates of time and effort.

### New Accounting Pronouncements

As of January 1, 2019, the Foundation adopted the provisions of Accounting Standards Update (ASU) 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. The provisions of the ASU clarifies and refines existing guidance to help explain the scope of contributions. This update requires that the Foundation determine whether a contribution is conditional based on whether an agreement includes a barrier that must be overcome and a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets. The amendment is applied prospectively.

In May 2014, the FASB issued Accounting Standards Update No. 2014-09 (ASU 2014-09), *Revenues from Contracts with Customers (Topic 606)*. The guidance provides a principles-based approach for determining revenue recognition and supersedes all existing guidance, such as current transaction and industry-specific revenue recognition guidance. The core principle of ASU 2014-09 is that an entity will recognize revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (payment) to which the entity expects to be entitled in exchange for those goods or services. ASU 2014-09 identifies a five-step process in order to recognize revenue. In addition, there is also more comprehensive guidance for transactions such as service revenue, contract modifications and multiple-element arrangements.

The Village has applied the guidance retrospectively to the prior reporting period. The Village has elected to apply certain allowable practical expedients when applying the guidance. For completed contracts, the Village did not restate contracts that began and ended within the same annual reporting period. For completed contracts that have variable consideration, the Village used the transaction price at the date the contract was completed rather than estimating variable consideration amounts in the comparative reporting period. For the prior year presented, the Village will not disclose the amount of the transaction price allocated to the remaining performance obligations and an explanation of when the Village expects to recognize that amount as revenue. The Village has applied the above practical expedients consistently to all contracts within all reporting periods presented. The Village does not believe the effect of applying these expedients has a material impact on the amounts presented or disclosed.

### Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.



**Note 2 - Liquidity and Availability**

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, comprise the following:

	2019	2018
Cash	\$ 346,512	\$ 1,278,621
Receivables, net	1,120,430	1,071,481
Investments	790	790
Total financial assets	1,467,732	2,350,892
Less amounts not available for general expenditures within the next year:		
Subject to expenditure for a specific purpose	94,491	20,268
Financial assets available for general expenditures within the next year	\$ 1,373,241	\$ 2,330,624

As part of a liquidity management plan, cash is maintained in deposit accounts at a local bank.

The Village also has a \$1,000,000 line of credit available to meet short-term needs as discussed in Note 5.

**Note 3 - Property and Equipment**

Property and equipment consists of the following:

	2019			2018
	Cost	Accumulated Depreciation	Net	Net
Land	\$ 277,218	\$ -	\$ 277,218	\$ 277,218
Building and leasehold improvements	1,990,360	941,364	1,048,996	585,657
Office furniture and equipment	662,637	535,324	127,313	206,777
Vehicles	16,094	7,242	8,852	12,071
	\$ 2,946,309	\$ 1,483,930	\$ 1,462,379	\$ 1,081,723

**Note 4 - Leases**

The Village rents office space for their satellite sites under operating leases. The terms of these leases vary with some being month to month and others being long-term with expected payments as detailed below.

The Village rents office equipment for its Fargo operation and satellite sites under leases expiring at various times with expected payments as detailed below. These leases are accounted for as operating leases.

The Village leases 12 autos. These leases are accounted for as operating leases and have various ending times through December 2021.

Future minimum lease payments under leases with terms greater than month-to-month are as follows:

Years Ending December 31,	Operating Leases
2020	\$ 588,696
2021	540,945
2022	538,009
2023	540,782
2024	472,365
Thereafter	598,911
	\$ 3,279,708

Total rent expense for office space, equipment, and auto was \$756,053 and \$670,166 in 2019 and 2018.

**Note 5 - Notes Payable**

**Line of Credit and Short-Term Notes Payable**

The Village has a line of credit with maximum borrowings of \$1,000,000 through Bremer Bank. The line of credit has an interest rate equal to 5.0% at December 31, 2019. As of December 31, 2019 and 2018, there is no outstanding balance. The line of credit matures July 1, 2020 and is secured by substantially all assets. Under terms of the line of credit agreement, the Village is required to satisfy certain measures of financial performance. The Children's Village Foundation is a co-borrower on the note.

**Long-Term Notes Payable**

	2019	2018
0% note payable to the Foundation, due on demand, unsecured, subordinated to bank debt	\$ 2,203,133	\$ 2,203,133

The full balance of the debt is due on demand and therefore considered current.

**Note 6 - Net Assets with Donor Restrictions**

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

	2019	2018
Subject to Expenditure for Specified Purpose		
Big Brothers Big Sisters	\$ 70,000	\$ -
First Step Recovery	14,339	20,268
Girls 360 Program	7,452	-
Other Programming	2,700	-
	94,491	20,268
Subject to the Passage of Time		
Interest in Children's Village Foundation net assets	4,456,639	4,859,234
Subject to the Passage of Time for Specified Purpose		
Interest in Children's Village Foundation net assets	1,658,134	1,554,440
Not Subject to Spending Policy or Appropriation		
Interest in Children's Village Foundation net assets	326,703	301,805
	\$ 6,535,967	\$ 6,735,747

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended December 31, 2019 and 2018:

	2019	2018
Satisfaction of Purpose Restrictions		
Counseling Services	\$ -	\$ 95,539
First Step Recovery	5,930	-
Girls 360 Program	2,547	-
Other Programming	400	-
	\$ 8,877	\$ 95,539

**Note 7 - Donated Professional Services**

During 2019 and 2018, the Village received professional services with a value of approximately \$347,000 and \$0, respectively, for advertising services.

**Note 8 - Related Party Transactions**

The Village is affiliated with the Children's Village Foundation (Foundation). The Foundation was created for the purpose of providing permanent support for the activities and programs of the Village. See Note 5 for financing provided by the Foundation to the Village.

The Village annually receives support from the Foundation. The Village pays certain expenses of the Foundation and is reimbursed by the Foundation for these expenses.

The following is a summary of transactions between the two entities for 2019 and 2018:

	2019	2018
Statement of Financial Position		
Due from Children's Village Foundation	\$ 455,738	\$ 410,288
Note payable to Children's Village Foundation	\$ 2,203,133	\$ 2,203,133
Statement of Activities		
Change in interest in Children's Village Foundation net assets	\$ (274,003)	\$ (773,331)
Contributions received for operations	219,806	147,059
Contributions for compensated absences	4,626	(18,332)
Contributions received for special assessments and property taxes	-	61,337
	\$ (49,571)	\$ (583,267)

**Note 9 - Financial Condition**

The Village has experienced negative changes in net assets of \$491,301 and \$664,669 for the years ended December 31, 2019 and 2018. Net assets without donor restrictions decreased from \$1,025,599 at December 31, 2018 to \$734,078 at December 31, 2019. The days cash on hand decreased from 34.6 days as of December 31, 2018 to 8.8 days as of December 31, 2019. The days cash on hand suggests a serious liquidity problem exists.

The Village has continued to experience operating losses in 2020 as a result of the coronavirus pandemic and received a loan under the Small Business Administration (SBA) Paycheck Protection Program (PPP) which has temporarily helped with cash flow issues. In addition, the Village has a \$1,000,000 line of credit that can be utilized to access additional cash if necessary. Also, the Children's Village Foundation has agreed to provide operating support to the Village should the need arise. Management believes this plan alleviates substantial doubt about the Village's ability to continue as a going concern for one year from the financial statement date.

**Note 10 - Subsequent Events**

Management is also closely monitoring operations, liquidity, and capital resources and is actively working to minimize the current and future impact of the effects of the world-wide coronavirus pandemic. As of the date of issuance of these financial statements, the full impact of the world-wide coronavirus pandemic to the Foundation's financial position and operations is not known.

Subsequent to year-end, the Village received a \$2,347,000 loan under the PPP administered by a Small Business Administration (SBA) approved partner. The loan is uncollateralized and is fully guaranteed by the Federal government. The loan has the potential to be forgiven, if certain requirements are met, as outlined in legislation.

The Village has evaluated subsequent events through July 28, 2020, the date which the financial statements were available to be issued.