



*Financial Statements and
Independent Auditor's Report*

December 31, 2020 and 2019

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Financial Statements

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Independent Auditor's Report

To the Board of Directors
Spare Key
Minneapolis, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of Spare Key, a Minnesota Non-Profit Corporation, which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, changes in net assets, cash flows and functional expenses 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 Spare Key as of December 31, 2020, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Prior Period Financial Statements

The financial statements of Spare Key as of December 31, 2019 were audited by Wilkerson, Guthmann & Johnson, Ltd. who merged with Boyum & Barescheer PLLP as of January 1, 2021, and whose report dated August 28, 2020, expressed an unmodified opinion on those statements.

Boyum & Barescheer PLLP

Boyum & Barescheer PLLP
Saint Paul, Minnesota
July 29, 2021

Spare Key

Statements of Financial Position

<i>As of December 31,</i>	2020	2019
ASSETS		
Current		
Cash and Cash Equivalents	\$ 543,803	\$ 509,242
Contributions Receivable	32,500	-
Accounts Receivable—Related Party	1,032	1,032
Prepaid Expenses	4,272	30,908
Total Current Assets	<u>581,607</u>	<u>541,182</u>
Land, Buildings and Equipment		
Land, Buildings and Equipment, Net	21,175	30,450
Other		
Security Deposit	3,127	3,127
Total Assets	\$ 605,909	\$ 574,759
LIABILITIES AND NET ASSETS		
Current		
Accounts Payable	\$ 24,283	\$ 10,247
Accrued Expenses	9,182	5,972
Deferred Revenue	1,590	111,200
Total Current Liabilities	<u>35,055</u>	<u>127,419</u>
Net Assets		
Net Assets Without Donor Restrictions	545,854	422,340
Net Assets With Donor Restrictions:		
Purpose Restricted	<u>25,000</u>	<u>25,000</u>
Total Net Assets	570,854	447,340
Total Liabilities and Net Assets	\$ 605,909	\$ 574,759

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

Spare Key

Statements of Activities

<i>Years Ended December 31,</i>	2020	2019
NET ASSETS WITHOUT DONOR RESTRICTION		
Operating Revenue and Support		
Contributions and Grants	\$ 616,288	\$ 406,279
Contributions—Help Me Bounce Platform	77,847	70,191
Total Contributions and Grants	<u>694,135</u>	<u>476,470</u>
Special Events	757,798	509,904
Less: Direct Benefit to Donors	<u>(42,500)</u>	<u>(42,345)</u>
Special Events, Net	715,298	467,559
Interest and Dividend Income	<u>290</u>	<u>333</u>
Total Operating Revenue and Support	1,409,723	944,362
Expenses		
Program Services	824,798	513,235
Management and General	35,955	38,771
Fund Development	<u>425,456</u>	<u>440,326</u>
Total	1,286,209	992,332
Change in Net Assets Without Donor Restriction	<u>123,514</u>	<u>(47,970)</u>
NET ASSETS WITH DONOR RESTRICTION		
Contributions	<u>-</u>	<u>25,000</u>
Change in Net Assets With Donor Restriction	<u>-</u>	<u>25,000</u>
Change in Net Assets	<u>\$ 123,514</u>	<u>\$ (22,970)</u>

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

Spare Key

Statements of Changes in Net Assets

For the Years Ended December 31, 2020 and 2019

	Without Donor Restriction	With Donor Restriction	Totals
Balances, January 1, 2019	\$ 470,310	\$ -	\$ 470,310
Change in Net Assets, December 31, 2019	(47,970)	25,000	(22,970)
Balances, December 31, 2019	422,340	25,000	447,340
Change in Net Assets, December 31, 2020	123,514	-	123,514
Balances, December 31, 2020	\$ 545,854	\$ 25,000	\$ 570,854

Spare Key

Statements of Cash Flows

<i>Years Ended December 31,</i>	2020	2019
Cash Flows from Operating Activities		
Change in Net Assets	\$ 123,514	\$ (22,970)
Adjustments to Reconcile Change in Net Assets to Net Change in Cash from Operating Activities:		
Depreciation	16,901	20,351
Contributions Restricted by Purpose	-	(25,000)
Changes in Operating Assets and Liabilities:		
Contributions Receivable	(32,500)	-
Prepaid Expenses	26,636	(16,375)
Accounts Payable	14,036	(5,899)
Accrued Expenses	3,210	2,290
Deferred Revenue	(109,610)	18,450
Cash Provided by (Used in) Operating Activities	<u>42,187</u>	<u>(29,153)</u>
Cash Flows from Investing Activities		
Purchase of Property and Equipment	(7,626)	-
Cash Flows from Financing Activities		
Contributions Restricted for Long-Term Purposes	-	25,000
Net Change in Cash and Cash Equivalents	<u>34,561</u>	<u>(4,153)</u>
Cash and Cash Equivalents, Beginning of Year	509,242	513,395
Cash and Cash Equivalents, End of Year	\$ 543,803	\$ 509,242

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

Spare Key

Statements of Functional Expenses

Years Ended December 31, 2020 and 2019

	2020					2019				
	Supporting Services				Total Supporting Services	Supporting Services				Total Supporting Services
	Program Services	Management & General	Fund Development	Totals		Program Services	Management & General	Fund Development	Totals	
Salaries	\$ 323,903	\$ 20,244	\$ 60,732	\$ 80,976	\$ 404,879	\$ 261,400	\$ 16,338	\$ 49,013	\$ 65,351	\$ 326,751
Payroll Taxes and Employee Benefits	55,369	3,461	10,382	13,843	69,212	32,088	2,006	6,017	8,023	40,111
Total Personnel Costs	379,272	23,705	71,114	94,819	474,091	293,488	18,344	55,030	73,374	366,862
Housing Assistance	351,904	-	-	-	351,904	51,610	-	-	-	51,610
Event Expenses	-	-	271,053	271,053	271,053	-	-	282,395	282,395	282,395
Printing and Postage	834	95	47,170	47,265	48,099	2,379	291	48,781	49,072	51,451
Rent	18,613	5,753	9,476	15,229	33,842	33,628	10,394	17,120	27,514	61,142
Professional Fees, Consultants, and Contract Labor	29,887	1,368	993	2,361	32,248	57,786	526	9,172	9,698	67,484
Depreciation	9,296	2,873	4,732	7,605	16,901	11,193	3,460	5,698	9,158	20,351
Bank and Credit Card Fees	5,022	-	11,719	11,719	16,741	4,456	-	12,804	12,804	17,260
Other	9,787	1,172	1,291	2,463	12,250	11,542	1,306	2,226	3,532	15,074
Telecommunications	9,234	262	2,046	2,308	11,542	12,124	1,516	1,516	3,032	15,156
Advertising and Promotion	3,677	-	2,907	2,907	6,584	24,946	2,036	1,653	3,689	28,635
Office Supplies	3,874	625	270	895	4,769	1,480	196	-	196	1,676
Insurance	2,032	-	2,033	2,033	4,065	1,752	-	1,752	1,752	3,504
Meals and Travel	1,366	102	652	754	2,120	6,851	702	2,179	2,881	9,732
Total Expenses	\$ 824,798	\$ 35,955	\$ 425,456	\$ 461,411	\$ 1,286,209	\$ 513,235	\$ 38,771	\$ 440,326	\$ 479,097	\$ 992,332
Percentages	64%	3%	33%	36%	100%	52%	4%	44%	48%	100%

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

December 31, 2020 and 2019

1. Description

Spare Key (the “Organization”) is a Minnesota nonprofit corporation. The Organization is committed to helping families stay by their loved one’s side by relieving the stress, anxiety and financial burden that comes with a medical crisis by providing assistance to homeowners with a critically ill or seriously injured family member by making mortgage payments on the family’s behalf. Additionally, they also facilitate crowdfunding to connect thousands of families directly to donors to help families “Bounce and Not Break” through the Help Me Bounce platform.

2. Summary of Significant Accounting Policies

Basis of Presentation

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

Net Assets Without Donor Restrictions—This class of net assets includes those resources over which the Board of Directors has discretionary control.

Net Assets With Donor Restrictions—This class of net assets is subject to stipulations imposed by donors. Some donor-imposed restrictions are temporary in nature; those restrictions will be met by the passage of time or by actions of the Organization 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 increase 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.

Cash and Cash Equivalents

For purposes of the Statements of Cash Flows, the Organization considers short-term, highly liquid investments purchased with a maturity of three months or less to be cash equivalents. At times balances in cash accounts may exceed FDIC insured amounts.

December 31, 2020 and 2019

2. Summary of Significant Accounting Policies (Continued)

Contributions and Contributions Receivable

Contributions, including unconditional promises to give, are recognized as revenue without donor restrictions or with donor restrictions, based on the existence and nature of any donor restrictions. Conditional promises to give are recorded as revenue upon the occurrence of the specified event which satisfies the conditional nature of the promise.

Donor-restricted contributions are reported in 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 Statement of Activities as net assets released from restrictions.

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected beyond one year are recorded at the present value of estimated future cash flows, when the discounts are significant. Discounts are determined using approximate interest rates applicable to long-term government securities as of December 31 of the fiscal year in which the promises are received. Amortization of the discounts is recorded as contribution revenue. Conditional promises to give are not recognized as revenue until the conditions are substantially met.

Property and Equipment

Property and equipment are recorded at cost or at the estimated fair value at the date of gift. Depreciation is computed using the straight-line method over estimated useful lives of 3 to 7 years. The cost of maintenance and repairs which do not improve or extend the life of the respective asset are charged to expense as incurred.

Donated Securities

Donated securities are recorded at fair value at the date of contribution. Realized and unrealized gains and losses are reflected in investment income in the Statements of Activities.

Contributed Services, Materials, and Equipment

The value of contributed services are recognized in the financial statements if the services create or enhance non-financial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not contributed. In-kind contributions of materials and equipment are recorded as support at their estimated fair values. In-kind contributions were \$90,500 and \$114,500 the years ended December 31, 2020 and 2019, respectively and are included in special events in the Statements of Activities.

December 31, 2020 and 2019

2. Summary of Significant Accounting Policies (Continued)

Allocation of Functional Expenses

Costs of providing programs and supporting service activities have been presented in the Statements of Functional Expenses. Salaries and related costs are allocated among the program and supporting service categories based upon the estimated time expended by the employees in those categories. Other costs are allocated according to management's estimates, an allocation of square footage of the facility, or on a direct basis.

Advertising

Advertising costs are expensed as incurred and totaled \$6,584 and \$28,635 for the years ended December 31, 2020 and 2019, respectively.

Income Taxes

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization is a publicly supported organization and contributions to it qualify as a charitable tax deduction for the contributors. The Organization's federal and state tax filings for 2017-2019 are open for examination by the Internal Revenue Service and state taxing authorities.

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.

Subsequent Events

Management has assessed the effects of subsequent events through July 29, 2021, the date the financial statements were available to be released.

Reclassifications

Certain reclassifications have been made to the December 31, 2019 presentation to provide comparability to the December 31, 2020 presentation. The change resulted in a decrease to both special events and direct benefit to donors for 2019. Net assets and changes in net assets were unchanged due to these reclassifications.

December 31, 2020 and 2019

3. Liquidity and Availability of Funds

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, consisted of the following at December 31:

	2020	2019
Cash and Cash Equivalents	\$ 543,803	\$ 509,242
Contributions Receivable	32,500	-
Less: Purpose Restricted Limiting Use	(25,000)	(25,000)
Total	<u>\$ 551,303</u>	<u>\$ 484,242</u>

As a part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organization operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures.

4. Property and Equipment

Property and equipment consisted of the following at December 31:

	2020	2019
Office Equipment	\$ 44,381	\$ 36,755
Vehicles	58,700	58,700
Total Property and Equipment	103,081	95,455
Less: Accumulated Depreciation	(81,906)	(65,005)
Property and Equipment, Net	<u>\$ 21,175</u>	<u>\$ 30,450</u>

Depreciation expense totaled \$16,901 and \$20,351 for the years ended December 31, 2020 and 2019, respectively.

5. Net Assets with Donor Restrictions

Donor restricted net assets consisted of the following at December 31:

	2020	2019
Purpose Restricted:		
Housing Assistance for North Dakota Families	\$ 17,000	\$ 17,000
East Metro Needs Assistance	8,000	8,000
Total	<u>\$ 25,000</u>	<u>\$ 25,000</u>

December 31, 2020 and 2019

6. Retirement Plan

The Organization has a 401(k) retirement plan for employees meeting certain eligibility requirements. Eligible employees can elect to make salary reduction contributions to the plan. The Organization matches employee contributions up to 4% of employee compensation. Organization contributions were \$12,538 and \$7,997 for the years ended December 31, 2020 and 2019, respectively.

7. Operating Lease

The Organization is responsible for base monthly rent and a prorated amount of common area maintenance charges and real estate taxes under a lease for office space expiring in May 2021. In March 2020, the Organization moved out of the office and in July 2021, reached an agreement with the landlord to end the lease for a reduced amount. Accounts payable includes \$20,000 to cover the remaining amount due for 2020 rent. Total expenses for the office lease were \$30,109 and \$42,774 for the years ended December 31, 2020 and 2019, respectively. Lease expense for both years also includes rent of certain equipment on a month-to-month basis and for a lease that expired in early 2020.

8. Paycheck Protection Program

In April 2020, the Organization was granted and received a \$61,200 loan under the Paycheck Protection Program “PPP” administered by a Small Business Administration (SBA) approved partner. The loan was uncollateralized and was fully guaranteed by the Federal government. The Organization initially recorded the loan as a refundable advance and subsequently recognized grant revenue in accordance with guidance for conditional contributions; that is, once the measurable performance or other barrier and right of return of the PPP loan no longer existed. The Organization applied for forgiveness with the lender in 2020 and received forgiveness of \$61,200 from the Small Business Administration (SBA) in December 2020. The Organization has recognized \$61,200 as grant revenue for the year ended December 31, 2020, which represents 100% of the loan proceeds. The grant is reflected in Contributions and Grants in the Statements of Activities

8. 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 of this will continue for some time. Impacts of COVID-19 may include disruption and restriction on the Organization’s employees’ ability to work, limitations on the ability to hold special events, and other pandemic related issues. The potential economic impact brought by, and 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.