



*Financial Statements and  
Independent Auditor's Report*

*December 31, 2021 and 2020*

---

*December 31, 2021 and 2020*

---

<b>Independent Auditor's Report</b>	1–2
-------------------------------------	-----

**Financial Statements**

Statements of Financial Position	3
Statements of Activities	4
Statements of Changes in Net Assets	5
Statements of Cash Flows	6
Statements of Functional Expenses	7
Notes to Financial Statements	8–12



## **Independent Auditor's Report**

To the Board of Directors  
Spare Key  
Minneapolis, Minnesota

### **Opinion**

We have audited the accompanying financial statements of Spare Key, a Minnesota Non-Profit Corporation, which comprise the statements of financial position as of December 31, 2021 and 2020 and the related statements of activities, changes in net assets, cash flows, and functional expenses for the years then ended, and the related notes to the financial statements.

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

### **Basis for Opinion**

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

### **Responsibilities of Management for the Financial Statements**

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Spare Key'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 Spare Key'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 Spare Key'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 audits.

*Boyum & Barescheer PLLP*

Boyum & Barescheer PLLP  
Minneapolis, Minnesota  
May 31, 2022

## Spare Key

## Statements of Financial Position

<i>As of December 31,</i>	<b>2021</b>	<b>2020</b>
<b>ASSETS</b>		
<b>Current</b>		
Cash and Cash Equivalents	\$ 581,939	\$ 543,803
Contributions Receivable	-	32,500
Accounts Receivable—Related Party	1,032	1,032
Prepaid Expenses	25,291	4,272
Total Current Assets	<u>608,262</u>	<u>581,607</u>
<b>Land, Buildings and Equipment</b>		
Land, Buildings and Equipment, Net	7,910	21,175
<b>Other</b>		
Security Deposit	-	3,127
<b>Total Assets</b>	<b>\$ 616,172</b>	<b>\$ 605,909</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current</b>		
Accounts Payable	\$ 3,444	\$ 24,283
Accrued Expenses	12,621	9,182
Deferred Revenue	64,790	1,590
Total Current Liabilities	<u>80,855</u>	<u>35,055</u>
<b>Net Assets</b>		
Net Assets Without Donor Restrictions	530,945	545,854
Net Assets With Donor Restrictions	<u>4,372</u>	<u>25,000</u>
Total Net Assets	535,317	570,854
<b>Total Liabilities and Net Assets</b>	<b>\$ 616,172</b>	<b>\$ 605,909</b>

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

## Spare Key

## Statements of Activities

<i>Years Ended December 31,</i>	<b>2021</b>	<b>2020</b>
<b>NET ASSETS WITHOUT DONOR RESTRICTION</b>		
<b>Operating Revenue and Support</b>		
Contributions and Grants	\$ 421,302	\$ 616,288
Contributions—Help Me Bounce Platform	123,046	77,847
Total Contributions and Grants	544,348	694,135
Special Events	418,285	757,798
Less: Direct Benefit to Donors	(15,832)	(42,500)
Special Events, Net	402,453	715,298
Interest and Dividend Income	115	290
Net Assets Released from Restriction	30,909	-
Total Operating Revenue and Support	977,825	1,409,723
<b>Expenses</b>		
Program Services	684,502	824,798
Management and General	29,813	35,955
Fund Development	278,419	425,456
Total	992,734	1,286,209
<b>Change in Net Assets Without Donor Restriction</b>	<b>(14,909)</b>	<b>123,514</b>
<b>NET ASSETS WITH DONOR RESTRICTION</b>		
Contributions	10,281	-
Net Assets Released from Restriction	(30,909)	-
<b>Change in Net Assets With Donor Restriction</b>	<b>(20,628)</b>	<b>-</b>
<b>Change in Net Assets</b>	<b>\$ (35,537)</b>	<b>\$ 123,514</b>

*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, 2021 and 2020*

	Without Donor Restriction	With Donor Restriction	Totals
<b>Balances, January 1, 2020</b>	\$ 422,340	\$ 25,000	\$ 447,340
Change in Net Assets	123,514	-	123,514
<b>Balances, December 31, 2020</b>	545,854	25,000	570,854
Change in Net Assets	(14,909)	(20,628)	(35,537)
<b>Balances, December 31, 2021</b>	<b>\$ 530,945</b>	<b>\$ 4,372</b>	<b>\$ 535,317</b>

## Spare Key

## Statements of Cash Flows

<i>Years Ended December 31,</i>	<b>2021</b>	<b>2020</b>
<b>Cash Flows from Operating Activities</b>		
Change in Net Assets	\$ (35,537)	\$ 123,514
Adjustments to Reconcile Change in Net Assets to Net Change in Cash from Operating Activities:		
Depreciation	13,265	16,901
Provision for Uncollectible Contributions Receivable	12,500	-
Changes in Operating Assets and Liabilities:		
Contributions Receivable	20,000	(32,500)
Security Deposit	3,127	-
Prepaid Expenses	(21,019)	26,636
Accounts Payable	(20,839)	14,036
Accrued Expenses	3,439	3,210
Deferred Revenue	63,200	(109,610)
Cash Provided by Operating Activities	<u>38,136</u>	<u>42,187</u>
<b>Cash Flows from Investing Activities</b>		
Purchase of Property and Equipment	-	(7,626)
Cash (Used In) Investing Activities	<u>-</u>	<u>(7,626)</u>
Net Change in Cash and Cash Equivalents	38,136	34,561
Cash and Cash Equivalents, Beginning of Year	543,803	509,242
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 581,939</b>	<b>\$ 543,803</b>

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



# Spare Key

## Statements of Functional Expenses

Years Ended December 31, 2021 and 2020

	2021					2020				
	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	\$ 310,514	\$ 19,407	\$ 58,221	\$ 77,628	\$ 388,142	\$ 323,903	\$ 20,244	\$ 60,732	\$ 80,976	\$ 404,879
Payroll Taxes and Employee Benefits	56,912	3,557	10,671	14,228	71,140	55,369	3,461	10,382	13,843	69,212
Total Personnel Costs	367,426	22,964	68,892	91,856	459,282	379,272	23,705	71,114	94,819	474,091
Housing Assistance	167,941	-	-	-	167,941	351,904	-	-	-	351,904
Event Expenses	-	-	126,106	126,106	126,106	-	-	271,053	271,053	271,053
Printing and Postage	15,632	1,079	2,829	3,908	19,540	834	95	47,170	47,265	48,099
Rent	6,458	1	1	2	6,460	18,613	5,753	9,476	15,229	33,842
Professional Fees, Consultants, and Contract Labor	27,345	371	371	742	28,087	29,887	1,368	993	2,361	32,248
Depreciation	7,296	2,255	3,714	5,969	13,265	9,296	2,873	4,732	7,605	16,901
Bank and Credit Card Fees	1,949	-	4,549	4,549	6,498	5,022	-	11,719	11,719	16,741
Other	21,816	2,063	15,375	17,438	39,254	9,787	1,172	1,291	2,463	12,250
Telecommunications	7,955	280	1,709	1,989	9,944	9,234	262	2,046	2,308	11,542
Advertising and Promotion	52,893	-	51,941	51,941	104,834	3,677	-	2,907	2,907	6,584
Office Supplies	3,605	590	214	804	4,409	3,874	625	270	895	4,769
Insurance	2,003	-	2,003	2,003	4,006	2,032	-	2,033	2,033	4,065
Meals and Travel	2,183	210	715	925	3,108	1,366	102	652	754	2,120
<b>Total Expenses</b>	<b>\$ 684,502</b>	<b>\$ 29,813</b>	<b>\$ 278,419</b>	<b>\$ 308,232</b>	<b>\$ 992,734</b>	<b>\$ 824,798</b>	<b>\$ 35,955</b>	<b>\$ 425,456</b>	<b>\$ 461,411</b>	<b>\$ 1,286,209</b>
Percentages	69%	3%	28%	31%	100%	64%	3%	33%	36%	100%

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

---

*December 31, 2021 and 2020*

---

## **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 paying major bills 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, 2021 and 2020*

---

## **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. The Organization considered Paycheck Protection Program (“PPP”) funds as a conditional promise to give and recorded contribution revenue when all conditions to forgiveness under that program had substantially been met by the Organization.

### ***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 as investment income in the Statements of Activities.

---

December 31, 2021 and 2020

---

## 2. Summary of Significant Accounting Policies (Continued)

### *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 \$24,650 and \$90,500 the years ended December 31, 2021 and 2020, respectively and are included in special events in the Statements of Activities.

### *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 \$104,834 and \$6,584 for the years ended December 31, 2021 and 2020, 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 the prior three years are open for examination by the Internal Revenue Service and state taxing authorities. Management has evaluated its tax positions and has concluded that they do not result in anything that would require either recording or disclosure in the financial statements.

### *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 May 31, 2022, the date the financial statements were available to be released.

---

*December 31, 2021 and 2020*

---

### 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:

	2021	2020
Cash and Cash Equivalents	\$ 581,939	\$ 543,803
Contributions Receivable	-	32,500
Less: Purpose Restricted Limiting Use	(4,372)	(25,000)
Total	<u>\$ 577,567</u>	<u>\$ 551,303</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:

	2021	2020
Office Equipment	\$ 44,381	\$ 44,381
Vehicles	58,700	58,700
Total Property and Equipment	103,081	103,081
Less: Accumulated Depreciation	(95,171)	(81,906)
Property and Equipment, Net	<u>\$ 7,910</u>	<u>\$ 21,175</u>

Depreciation expense totaled \$13,265 and \$16,901 for the years ended December 31, 2021 and 2020, respectively.

### 5. Net Assets with Donor Restrictions

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

	2021	2020
Purpose Restricted:		
Housing Assistance for North Dakota Families	\$ -	\$ 17,000
East Metro Needs Assistance	4,372	8,000
Total	<u>\$ 4,372</u>	<u>\$ 25,000</u>

---

*December 31, 2021 and 2020*

---

**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 \$14,088 and \$12,538 for the years ended December 31, 2021 and 2020, respectively.

**7. Operating Lease**

The Organization was 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. In 2021, the Organization reached an agreement with the landlord to end the lease for a reduced amount of \$20,000. In July 2021, the Organization submitted the \$20,000 to the landlord as final satisfaction of any and all claims.

**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.