



ONE HEARTLAND, INC.
(A NOT-FOR-PROFIT ORGANIZATION)

FINANCIAL STATEMENTS

SEPTEMBER 30, 2020 AND 2019

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Carpenter, Evert & Associates

Certified Public Accountants

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Independent Auditor's Report

Board of Directors
One Heartland, Inc.
Minneapolis, Minnesota

We have audited the accompanying financial statements of One Heartland, Inc. which comprise the statement of financial position as of September 30, 2020 and 2019, and the related statements of activities and changes in net assets, functional expense, and cash flows for the years 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of 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 One Heartland, Inc. as of September 30, 2020 and 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.

Carpenter, Evert & Associates, Ltd.
Certified Public Accountants

Minneapolis, Minnesota
May 4, 2021

ONE HEARTLAND, INC.

STATEMENTS OF FINANCIAL POSITION

SEPTEMBER 30,	2020	2019
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 33,985	\$ 142
Pledges receivable, net	37,000	82,100
Prepaid expenses	-	1,651
<i>Total current assets</i>	70,985	83,893
UNEMPLOYMENT RESERVES	19,670	26,863
PROPERTY AND EQUIPMENT, net	1,391,341	1,536,746
<i>Total assets</i>	\$ 1,481,996	\$ 1,647,502
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current portion of long-term debt	\$ 62,586	\$ 29,845
Checks written in excess of cash balance	-	28,609
Accounts payable	224,771	269,523
Line of credit	-	249,827
Accrued expenses and withholdings	21,351	20,438
Deferred income	17,723	15,235
Refundable advance (Paycheck Protection Program loan)	104,300	-
<i>Total current liabilities</i>	430,731	613,477
LONG-TERM DEBT, net, less current portion	599,336	417,523
<i>Total liabilities</i>	1,030,067	1,031,000
NET ASSETS		
Without donor restrictions	400,429	520,402
With donor restrictions	51,500	96,100
<i>Total net assets</i>	451,929	616,502
<i>Total liabilities and net assets</i>	\$ 1,481,996	\$ 1,647,502

The Notes to Financial Statements are an integral part of these statements.

ONE HEARTLAND, INC.

STATEMENTS OF ACTIVITIES

YEAR ENDED SEPTEMBER 30, 2020

	Without donor restrictions	With donor restrictions	Total
REVENUE AND SUPPORT			
Contributions	\$ 418,361	\$ 37,500	\$ 455,861
Contributions in-kind	2,129	-	2,129
Students/Friends for Camp Heartland	10,700	-	10,700
Special event revenue, including in-kind donations of \$24,423	216,337	-	216,337
Less direct benefit to donor expenses, including in-kind donations of \$24,423	(60,958)	-	(60,958)
Program income	48,479	-	48,479
Rental income	14,920	-	14,920
Other revenues	15,983	-	15,983
	665,951	37,500	703,451
Net assets released from restrictions	82,100	(82,100)	-
<i>Total revenue and support</i>	748,051	(44,600)	703,451
EXPENSES			
Program related	672,667	-	672,667
General and administrative	35,168	-	35,168
Fundraising	160,189	-	160,189
<i>Total expenses</i>	868,024	-	868,024
<i>Change in net assets</i>	(119,973)	(44,600)	(164,573)
Net Assets, beginning of year	520,402	96,100	616,502
<i>Net assets, end of year</i>	\$ 400,429	\$ 51,500	\$ 451,929

The Notes to Financial Statements are an integral part of these statements.

ONE HEARTLAND, INC.

STATEMENTS OF ACTIVITIES

YEAR ENDED SEPTEMBER 30, 2019

	Without donor restrictions	With donor restrictions	Total
REVENUE AND SUPPORT			
Contributions	\$ 510,649	\$ 66,100	\$ 576,749
Contributions in-kind	380,803	-	380,803
Students/Friends for Camp Heartland	13,635	-	13,635
Special event revenue, including in-kind donations of \$55,865	247,701	-	247,701
Less direct benefit to donor expenses, including in-kind donations of \$55,865	(120,222)	-	(120,222)
Program income	213,803	-	213,803
Rental income	88,255	-	88,255
Other revenues	843	-	843
	1,335,467	66,100	1,401,567
Net assets released from restrictions	45,500	(45,500)	-
Total revenue and support	1,380,967	20,600	1,401,567
EXPENSES			
Program related	1,292,132	-	1,292,132
General and administrative	56,969	-	56,969
Fundraising	217,130	-	217,130
Total expenses	1,566,231	-	1,566,231
Change in net assets	(185,264)	20,600	(164,664)
Net Assets, beginning of year	705,666	75,500	781,166
Net assets, end of year	\$ 520,402	\$ 96,100	\$ 616,502

The Notes to Financial Statements are an integral part of these statements.

ONE HEARTLAND, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

YEAR ENDED SEPTEMBER 30, 2020

	Program Related Expenses	General and Administrative Expenses	Fundraising Expenses	Total
Salaries	\$ 288,097	\$ 21,487	\$ 50,136	\$ 359,720
Payroll taxes	21,347	1,601	3,636	26,584
Fringe benefits	16,497	1,343	3,193	21,033
Professional fees and consultants	21,386	101	20,272	41,759
Postage	-	-	5,605	5,605
Public relations, printing and marketing	354	-	6,725	7,079
Office supplies	-	105	1,333	1,438
Food and kitchen supplies	265	-	118	383
Telephone and internet	21,070	1,491	21,748	44,309
Utilities	26,390	-	-	26,390
Insurance	28,881	427	18,003	47,311
Rent	13,760	1,032	2,408	17,200
Equipment expense	26,167	288	2,321	28,776
Repairs and maintenance	2,511	-	-	2,511
Dues and subscription	1,258	-	641	1,899
Training	-	-	541	541
Travel	6,658	-	2,408	9,066
Camp fees and related expense	4,723	-	551	5,274
Bank fees	237	7,108	7,918	15,263
Fundraising events	-	-	9,347	9,347
In-kind contributions	300	-	1,300	1,600
Cost of direct benefit to donors	-	-	60,958	60,958
Depreciation expense	145,405	-	-	145,405
Interest expense	47,361	-	-	47,361
Miscellaneous expense	-	185	1,985	2,170
Total expenses	672,667	35,168	221,147	928,982
Less expenses included with revenue and support				
Cost of direct benefit to donors	-	-	(60,958)	(60,958)
Total expenses included in the expense section on the statement of activities	\$ 672,667	\$ 35,168	\$ 160,189	\$ 868,024

The Notes to Financial Statements are an integral part of these statements.

ONE HEARTLAND, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

YEAR ENDED SEPTEMBER 30, 2019

	Program Related Expenses	General and Administrative Expenses	Fundraising Expenses	Total
Salaries	\$ 385,872	\$ 34,860	\$ 68,221	\$ 488,953
Payroll taxes	28,638	2,538	5,075	36,251
Fringe benefits	23,039	1,728	4,032	28,799
Merchant expenses	-	-	1,192	1,192
Professional fees and consultants	31,945	2,396	5,590	39,931
Postage	362	35	10,003	10,400
Public relations, printing and marketing	3,375	-	7,510	10,885
Office supplies	1,171	62	1,841	3,074
Food and kitchen supplies	19,055	-	10	19,065
Telephone and internet	41,429	2,905	8,209	52,543
Utilities	45,038	-	-	45,038
Insurance	44,570	1,572	6,810	52,952
Rent	26,297	1,972	4,602	32,871
Equipment expense	33,438	567	1,309	35,314
Dues and subscription	1,989	-	1,567	3,556
Training	4	135	1,531	1,670
Travel	44,187	-	7,719	51,906
Camp fees and related expense	64,371	-	-	64,371
Bank fees	-	2,754	1,571	4,325
Fundraising events	221	-	23,312	23,533
In-kind contributions	306,127	5,100	57,026	368,253
Cost of direct benefit to donors	-	-	120,222	120,222
Depreciation expense	154,926	-	-	154,926
Interest expense	34,477	-	-	34,477
Outreach expense	1,601	345	-	1,946
Total expenses	1,292,132	56,969	337,352	1,686,453
Less expenses included with revenue and support				
Cost of direct benefit to donors	-	-	(120,222)	(120,222)
Total expenses included in the expense section on the statement of activities	\$ 1,292,132	\$ 56,969	\$ 217,130	\$ 1,566,231

The Notes to Financial Statements are an integral part of these statements.

ONE HEARTLAND, INC.

STATEMENTS OF CASH FLOWS

YEAR ENDED SEPTEMBER 30,	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (164,573)	\$ (164,664)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation expense	145,405	154,926
Amortization of debt issuance costs	1,292	646
Donated property and equipment	-	(12,550)
Net change in assets and liabilities:		
Pledges receivable	45,100	(1,600)
Prepaid expenses	1,651	7,701
Unemployment reserves	7,193	(4,862)
Checks written in excess of cash balance	(28,609)	28,609
Accounts payable	(44,752)	22,357
Accrued expenses and withholding	913	(10,036)
Deferred income	2,488	11,445
Refundable advance	104,300	-
<i>Net cash provided by operating activities</i>	70,408	31,972
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	-	(14,849)
<i>Net cash used by investing activities</i>	-	(14,849)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on line of credit	(249,827)	-
Proceeds from long term debt	250,000	-
Principal payments on long term debt	(36,738)	(33,188)
Proceeds from line of credit	-	3,420
<i>Net cash used by financing activities</i>	(36,565)	(29,768)
<i>Net increase (decrease) in cash and cash equivalents</i>	33,843	(12,645)
Cash and cash equivalents, beginning of year	142	12,787
<i>Cash and cash equivalents, end of year</i>	\$ 33,985	\$ 142
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Interest paid	\$ 47,361	\$ 39,704

The Notes to Financial Statements are an integral part of these statements.

ONE HEARTLAND, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization:

One Heartland, Inc. (the Organization) strives to improve the lives of children, youth, and families facing significant health challenges or social isolation. The Organization is incorporated in Wisconsin and its headquarters and camp facility are located in Minnesota. The Organization's main source of revenue is donations.

Basis of accounting:

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

Basis of presentation:

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its *ASC 958*. Under *ASC 958, Financial Statements of Not-for-Profit Organizations*, One Heartland, Inc. is required to report information regarding financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions, based upon the existence or absence of donor restrictions.

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 certain reported amounts and disclosures. Actual results could differ from those estimates.

Recently issued accounting pronouncements:

In May 2014, FASB issued ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606), which provides guidance for accounting for revenue from contracts with customers. The new guidance outlines a single comprehensive model for companies to use in accounting for revenue from contracts with customers. For private companies, the ASU is effective for annual and interim periods beginning after December 15, 2019 with early adoption permitted. It can be adopted using either a retrospective approach or a modified retrospective approach. The Organization is currently evaluating the impact that the adoption of this guidance will have on the Organization's financial statements.

ONE HEARTLAND, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. (CONTINUED)

Recently issued accounting pronouncements (continued):

In February 2016, FASB issued ASU No. 2016-02, Leases (Topic 842), which provides guidance for accounting for leases. The new guidance requires companies to recognize the assets and liabilities for the rights and obligations created by leased assets, initially measured at the present value of the lease payments. The accounting guidance for lessors is largely unchanged. For private companies, the ASU is effective for annual and interim periods beginning after December 15, 2021 with early adoption permitted. It is to be adopted using a modified retrospective approach. The Organization is currently evaluating the impact that the adoption of this guidance will have on the Organization's financial statements.

Cash and cash equivalents:

For purposes of the statement of cash flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Concentrations:

The Organization maintains certain cash accounts in commercial banks. At times, such cash balances may be in excess of the Federal Deposit Insurance Corporation (FDIC) insurance limit.

Promises to give:

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Promises to give outstanding are considered restricted due to a time restriction until the monies are received. There were \$37,000 and \$82,100 promises to give outstanding as of September 30, 2020 and 2019, respectively. As of September 30, 2020 and 2019, all pledges are due within one year.

Receivables:

Accounts and pledges receivable are recorded net of an allowance for expected losses. The allowance is estimated from historical performance and projection of trends. At September 30, 2020 and 2019, the balance of the allowance was \$0. It is the Organization's policy to charge off uncollectible receivables when management determines that a receivable will not be collected.

ONE HEARTLAND, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. (CONTINUED)

Property, equipment and depreciation methods:

Purchased property and equipment are recorded at acquisition cost. Property and equipment donations are recorded at fair market value at the date of receipt. Improvements and betterments exceeding \$2,000 are capitalized, while repairs and maintenance expenditures are expensed in the statements of activities.

Depreciation is computed using the straight-line method over the estimated useful lives as follows:

Land	Indefinite
Land improvements	10 - 30 years
Buildings and improvements	5 - 30 years
Furniture and equipment	3 - 20 years
Vehicles	5 years

Debt issuance costs:

Amortization of debt issuance costs is computed over the terms of the respective mortgages on a straight-line basis. Unamortized debt issuance costs are presented as a reduction of outstanding debt and amortization expense related to those debt issuance costs is presented as interest expense.

Revenue recognition for contributions received and contributions made:

Effective October 1, 2019, the Organization has adopted Accounting Standards Update (ASU) No. 2018-08 *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 958)*, which is intended to improve the usefulness and understandability of the Organization's financial reporting. The new ASU provides guidance on determining whether a transaction should be accounted for as a contribution or as an exchange transaction. A primary aspect of this guidance is the determination on whether two parties receive and sacrifice commensurate value to distinguish which guidance should be applied. FASB 958-605, Not-for-Profit Entities – Revenue Recognition should be followed for contributions while FASB 606, Revenue from Contracts with Customers should be followed for exchange transactions. Since the Organization is using the optional one year deferral of FASB 606, previous guidance for exchange transactions is followed.

The adoption of this new guidance was done using the modified prospective method for contributions received. Guidance for contributions made are applicable for periods beginning after December 15, 2019.

ONE HEARTLAND, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. (CONTINUED)

Revenue recognition for contributions received and contributions made (continued):

The adoption of this new standard did not result in a material impact to the Organization's financial statements. There was no significant effect on the financial statements related to the adoption of this new standard which would require a cumulative effect adjustment to net assets at the date of adoption under the modified prospective method.

Contributions:

Contributions, including unconditional promises to give, are recognized as support with or without donor restrictions, depending on the existence and/or nature of any donor restrictions. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor restricted contributions are reported as increases in net assets with donor restrictions. When a 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 as net assets released from restrictions. Contributions restricted for the purchase of long-lived assets are released from restrictions when the assets are purchased.

Unconditional contribution pledges are recognized as revenues or gains in the period promised and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional contributions are recognized when the conditions on which they depend are substantially met. The Organization considers its Paycheck Protection Program ("PPP") funds as a refundable advance on the statement of financial position and is following the guidelines of a conditional promise to give and therefore cannot recognize a contribution until all conditions are met which management has determined to be upon forgiveness of the loan from the bank. Gifts and bequests are recognized when it has been determined that there is a legal right to the gift or bequest and the actual amount to be received has been determined.

Contributions in-kind:

Contributed materials are recorded when received at their fair value. Contributed services are recorded as contributions, at their fair value, when the service creates or enhances a non-financial asset or the service requires specialized skills that would need to be purchased if not provided by donation.

Special events revenue:

The Organization holds events during the year in order to raise funds or promote the Organization's mission. Contributions received and promises to give as a result of the event follow the revenue recognition as noted above in contribution revenue. Ticket sales and sponsorships related to the events are recognized when the event occurs.

ONE HEARTLAND, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. (CONTINUED)

Deferred income:

Revenues received in advance are recorded as deferred income and recognized in the period that the program, rental or event occurs.

Functional allocation of expenses:

The costs of providing the Organization's program and supporting activities have been presented on a functional basis. Accordingly, certain costs have been allocated among the program and supporting services benefited. The management team meets annually to determine the appropriate percentages for each class of expense; they determine what percentages should be modified each year based on changes in programs, staffing changes, and other factors. All expenses, except for in-kind contributions, were allocated based on the pre-approved percentages. In-kind contributions were allocated directly based on the nature of each transaction.

Income taxes:

One Heartland, Inc. is exempt from federal taxation pursuant to the provisions of Section 501(c) (3) of the Internal Revenue Code and Section 290.05 of the Minnesota Statutes and is only subject to federal and state income taxes on net unrelated business income. Since the Organization had no unrelated business taxable income in 2020 or 2019, the accompanying financial statements do not include any provision for federal or state income taxes.

The Organization has not been audited by a tax authority, and accordingly the informational tax returns for the past three years are open to examination. Management has evaluated its tax positions and has concluded that they do not expect anything that would require either recording or disclosure in the financial statements based on the criteria set forth in ASC 740.

Advertising:

The Organization expenses advertising as incurred. Advertising expense was \$7,079 and \$10,885 for the years ended September 30, 2020 and 2019, respectively.

ONE HEARTLAND, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 2. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

SEPTEMBER 30,	2020	2019
Land	\$ 255,417	\$ 255,417
Land improvements	136,114	136,114
Camp facility	1,501,271	1,501,271
Camp retreat center	771,798	771,798
Camp improvements	1,210,783	1,204,240
Furniture and equipment	472,876	472,876
Vehicles	74,761	74,761
Assets not yet placed into service	-	6,543
	<hr/> 4,423,020	<hr/> 4,423,020
Less accumulated depreciation	3,031,679	2,886,274
<i>Net property and equipment</i>	<hr/>\$ 1,391,341	<hr/>\$ 1,536,746

Depreciation expense was \$145,405 and \$154,926 for the years ended September 30, 2020 and 2019, respectively.

NOTE 3. LINE OF CREDIT

The Organization had a \$100,000 line of credit available with Northview Bank with interest payable monthly at the prime rate plus 1.0% (prime rate at September 30, 2019 was 5.00%). In May 2018, a second line of credit was signed with an additional available balance of \$150,000 with interest payable monthly at the same rate. Borrowings under these lines of credit were secured by substantially all assets of the Organization. The lines of credit expired May 24, 2019, resulting in the organization defaulting on the lines of credit. The balance outstanding on these lines was \$249,827 as of September 30, 2019.

Effective October 1, 2019, both lines of credit were refinanced and restructured. The lines of credit were combined into a single ten-year term loan with an approximate principal amount of \$250,000. The new loan has a fixed interest rate of 6.5%, amortized over 10 years with a monthly payment amount of approximately \$2,847 commencing on November 1, 2019, and a default interest rate of 11.5%.

ONE HEARTLAND, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 4. REFUNDABLE ADVANCE

On April 17, 2020, the Organization received loan proceeds (considered a refundable advance) in the amount of \$104,300 under the Paycheck Protection Program (“PPP”). The PPP, established as part of Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), provides loans to qualifying businesses and nonprofits for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business or nonprofit. The loan and accrued interest are forgivable after eight or twenty-four weeks, to be chosen by the borrower, as long as the borrower meets all the requirements of the program.

The unforgiven portion of the PPP loan, if any, is payable over two years at an interest rate of 1% with a deferral of payments for the first six months. The Organization is evaluating the level of forgiveness that will be achieved upon meeting all barriers, including official forgiveness from the bank.

NOTE 5. LONG TERM DEBT

The Organization’s long term debt consists of the following:

SEPTEMBER 30,	2020	2019
4.25% note payable to Northview Bank, secured by the camp facilities in Willow River, Minnesota, requires interest and principal payments of \$4,072 to be made monthly through October 2031. The note had a change in terms beginning January 2018 resulting in a reduction of principal and interest payment from \$5,235 to \$4,072.	\$ 432,980	\$ 462,875
6.50% note payable to Northview Bank, secured by the camp facilities in Willow River, Minnesota, requires interest and principal payments of \$2,847 to be made monthly through October 2029.	243,158	-
<i>Total long term debt</i>	676,138	462,875
Less unamortized debt issuance costs	14,216	15,507
<i>Long term debt, less unamortized debt issuance costs</i>	661,922	447,368
Less current maturities	62,586	29,845
<i>Total long term debt, less current portion</i>	\$ 599,336	\$ 417,523

ONE HEARTLAND, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 5. (CONTINUED)

The future scheduled maturities of long term debt are as follows:

YEARS ENDING SEPTEMBER 30,		
2021	\$	62,586
2022		54,009
2023		56,892
2024		59,745
2025		62,845
Thereafter		380,061
<i>Total long term debt</i>	\$	676,138

NOTE 6. NET ASSETS WITH DONOR RESTRICTIONS

The nature of restrictions on net assets with donor restrictions are as follows:

SEPTEMBER 30,	2020	2019
Time restrictions	\$ 37,000	\$ 82,100
Camp Heartland	14,000	14,000
Low ropes equipment	500	-
<i>Total net assets with donor restrictions</i>	\$ 51,500	\$ 96,100

NOTE 7. IN-KIND DONATIONS

The Organization received in-kind donations as follows:

YEAR ENDED SEPTEMBER 31,	2020	2019
Camp related and other program expenses	\$ 300	\$ 36,003
General fundraising and event expenses	24,423	62,890
Advertising	1,300	50,000
Forgiven accounts payable balance	529	-
Angel Flights	-	264,825
Donated equipment	-	18,350
Twins tickets	-	4,600
<i>Total in-kind donations</i>	\$ 26,552	\$ 436,668

ONE HEARTLAND, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 8. EMPLOYEE RETIREMENT PLAN

The Organization sponsors a SIMPLE IRA Retirement Plan for all eligible employees. Total employer contributions made for the years ended September 30, 2020 and 2019 totaled \$5,295 and \$8,139, respectively.

NOTE 9. UNEMPLOYMENT RESERVES

The Organization self-insures for Minnesota unemployment via the Unemployment Services Trust. The Minnesota unemployment trust balance per contract would be fully refunded to the Organization upon payment of all outstanding unemployment claims. The recorded balance of the Minnesota unemployment trust is based on the balance of the trust net of an estimate of claims payable. The recorded balance at September 30, 2020 and 2019 was \$19,670 and \$26,863, respectively.

NOTE 10. LEASE COMMITMENTS

The Organization has leases for its office facilities and office equipment, which are treated as operating leases.

The Organization leased office space located at 2101 Hennepin Avenue, Minneapolis, Minnesota. The lease expired in January 2020 and became month-to-month through May 2020. Minimum monthly lease payments were \$2,600.

Total rent and lease payments paid, for the years ended September 30, 2020 and 2019 totaled \$25,184 and \$38,184, respectively.

The future minimum lease payments are as follows:

YEARS ENDING SEPTEMBER 30,	
2021	1,470
<i>Total</i>	\$ 1,470

NOTE 11. SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through May 4, 2021, the date which the financial statements were available to be issued.

ONE HEARTLAND, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 12. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditures within one year of the balance sheet date, comprise the following:

SEPTEMBER 30,	2020	2019
Financial assets *	\$ 70,985	\$ 82,242
Less checks written in excess of cash balance	-	(28,609)
Financial assets available to meet cash needs for general expenditures within one year	\$ 70,985	\$ 53,633

* Total assets, less nonfinancial assets (prepaid expenses, unemployment reserves, and property and equipment)

The Organization considers donations received with both purpose and time restrictions to be available for general expenditures within one year if they are expected to be released within the next fiscal year. As part of its liquidity management, the Organization structures its financial assets to be available as its general expenditures, liabilities and other obligations come due. At September 30, the Organization concludes the condensed summer camp season and anticipates a lower volume of expenditures at the beginning of the fiscal year. Donors contribute to the Organization throughout the year and management does not anticipate liquidity issues during fiscal year 2021.

NOTE 13. UNCERTAINTY & MANAGEMENT'S PLANS

During the year ended September, 2020, local, U.S., and world governments have encouraged self-isolation to curtail the spread of the global pandemic, coronavirus disease (COVID-19), by mandating temporary work stoppage in many sectors and imposing limitations on travel and size and duration of group meetings. Most industries are experiencing disruption to business operations and the impact of reduced consumer spending. There is unprecedented uncertainty surrounding the duration of the pandemic, its potential economic ramifications, and any government actions to mitigate them. Accordingly, while management cannot quantify the financial and other impact to the Organization as of May 4, 2021, management believes that a material impact on the Organization's financial position and results of future operations is reasonably possible.

ONE HEARTLAND, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 13. (CONTINUED)

As a result of the COVID-19 pandemic, the Organization has seen a large reduction in revenues and have had to halt operations. Management made the decision to cancel any summer fundraising events, all 2020 summer camps, have laid off most employees and are working to cut any unnecessary expenses. Because the Organization is running with minimal expenditures, it is the hope of management that they are able to keep running through the pandemic and re-open summer camps in 2021. Management is also actively working with vendors in order to work through payment options. In addition, the Organization received relief in the form of a Paycheck Protection Program loan (see Note 4) and received an EIDL advance of \$10,000 that was recognized as other revenues during the year ended September 30, 2020. Management of the Organization is committed to ensuring the Organization continues to run with minimal expenses and continues to evaluate the risks surrounding the pandemic.