

# Financial Statements

St. Louis Park Emergency Program, Inc.  
St. Louis Park, Minnesota

For the Years Ended  
June 30, 2014 and 2013



ST. LOUIS PARK EMERGENCY PROGRAM, INC.  
(A NONPROFIT CORPORATION)

FINANCIAL STATEMENTS

FOR THE YEARS ENDED  
JUNE 30, 2014 AND 2013

ST. LOUIS PARK EMERGENCY PROGRAM, INC.  
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JUNE 30, 2014 AND 2013

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
St. Louis Park Emergency Program, Inc.  
St. Louis Park, Minnesota

We have audited the accompanying financial statements of St. Louis Park Emergency Program, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2014 and 2013, and the related statements of activities, functional expenses, 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**

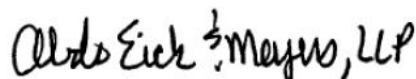
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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 St. Louis Park Emergency Program, Inc. as of June 30, 2014 and 2013, 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.



ABDO, EICK & MEYERS, LLP  
Minneapolis, Minnesota  
October 29, 2014

## FINANCIAL STATEMENTS

ST. LOUIS PARK EMERGENCY PROGRAM, INC.  
 STATEMENTS OF FINANCIAL POSITION  
 JUNE 30, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 261,965	\$ 155,767
Certificates of deposit	147,977	25,975
Accounts receivable	1,240	900
Pledges receivable, current portion	30,500	50,500
Inventory	43,002	98,624
Food, gas and other client certificates	<u>10,061</u>	<u>11,262</u>
TOTAL CURRENT ASSETS	<u>494,745</u>	<u>343,028</u>
PLEDGES RECEIVABLE	<u>35,000</u>	<u>75,000</u>
PROPERTY AND EQUIPMENT		
Building	804,782	804,782
Building improvements	29,000	-
Land	160,000	160,000
Equipment and furniture	<u>80,035</u>	<u>56,316</u>
TOTAL PROPERTY AND EQUIPMENT	1,073,817	1,021,098
LESS: ACCUMULATED DEPRECIATION	<u>(198,590)</u>	<u>(150,845)</u>
TOTAL PROPERTY AND EQUIPMENT, NET	<u>875,227</u>	<u>870,253</u>
TOTAL ASSETS	<u>\$ 1,404,972</u>	<u>\$ 1,288,281</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 25,102	\$ 16,212
Accrued expenses	<u>16,483</u>	<u>16,267</u>
TOTAL CURRENT LIABILITIES	<u>41,585</u>	<u>32,479</u>
NET ASSETS		
Unrestricted	1,264,425	1,117,330
Temporarily restricted	<u>98,962</u>	<u>138,472</u>
TOTAL NET ASSETS	<u>1,363,387</u>	<u>1,255,802</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,404,972</u>	<u>\$ 1,288,281</u>

See Independent Auditor's Report and Notes to Financial Statements.

ST. LOUIS PARK EMERGENCY PROGRAM, INC.  
STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

	2014		
	Unrestricted	Temporarily Restricted	Total
<b>REVENUE AND OTHER SUPPORT</b>			
Grants and contracts	\$ 299,968	\$ 32,490	\$ 332,458
Contributions	484,780	-	484,780
Noncash contributions	1,224,517	-	1,224,517
Special events revenue, net of direct expenses of \$4,685 and \$0 in 2014 and 2013, respectively	4,180	-	4,180
Interest income	292	-	292
Miscellaneous	255	-	255
Net assets released from restrictions	72,000	(72,000)	-
<b>TOTAL REVENUE AND OTHER SUPPORT</b>	<b>2,085,992</b>	<b>(39,510)</b>	<b>2,046,482</b>
<b>EXPENSES</b>			
Program services	1,729,082	-	1,729,082
Supporting services			
Management and general	157,176	-	157,176
Fundraising	52,639	-	52,639
<b>TOTAL EXPENSES</b>	<b>1,938,897</b>	<b>-</b>	<b>1,938,897</b>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	<b>147,095</b>	<b>(39,510)</b>	<b>107,585</b>
<b>NET ASSETS, JULY 1</b>	<b>1,117,330</b>	<b>138,472</b>	<b>1,255,802</b>
<b>NET ASSETS, JUNE 30</b>	<b>\$ 1,264,425</b>	<b>\$ 98,962</b>	<b>\$ 1,363,387</b>

See Independent Auditor's Report and Notes to Financial Statements.

ST. LOUIS PARK EMERGENCY PROGRAM, INC.  
STATEMENTS OF ACTIVITIES - CONTINUED  
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

	2013		
	Unrestricted	Temporarily Restricted	Total
<b>REVENUE AND OTHER SUPPORT</b>			
Grants and contracts	\$ 246,611	\$ 12,000	\$ 258,611
Contributions	382,295	-	382,295
Noncash contributions	1,086,655	-	1,086,655
Special events revenue, net of direct expenses of \$4,685 and \$0 in 2014 and 2013, respectively	-	-	-
Interest income	218	-	218
Miscellaneous	-	-	-
Net assets released from restrictions	22,295	(22,295)	-
<b>TOTAL REVENUE AND OTHER SUPPORT</b>	<b>1,738,074</b>	<b>(10,295)</b>	<b>1,727,779</b>
<b>EXPENSES</b>			
Program services	1,596,276	-	1,596,276
Supporting services			
Management and general	132,546	-	132,546
Fundraising	48,253	-	48,253
<b>TOTAL EXPENSES</b>	<b>1,777,075</b>	<b>-</b>	<b>1,777,075</b>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	<b>(39,001)</b>	<b>(10,295)</b>	<b>(49,296)</b>
<b>NET ASSETS, JULY 1</b>	<b>1,156,331</b>	<b>148,767</b>	<b>1,305,098</b>
<b>NET ASSETS, JUNE 30</b>	<b>\$ 1,117,330</b>	<b>\$ 138,472</b>	<b>\$ 1,255,802</b>



ST. LOUIS PARK EMERGENCY PROGRAM, INC.  
 STATEMENTS OF FUNCTIONAL EXPENSES  
 FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

	2014						Total Program Services	Supporting Services		Total Expenses
	Program Services					Management and General		Fundraising		
	Clothes Closet	Holiday Program	Back to School	Food Shelf	Emergency Assistance	Transportation				
EXPENSES										
Donated goods distributed	\$ 236,574	\$ 15,087	\$ 14,642	\$ 1,005,836	\$ -	\$ -	\$ 1,272,139	\$ -	\$ -	\$ 1,272,139
Program assistance	-	15,448	2,158	90,327	51,792	3,708	163,433	120	-	163,553
Salaries	2,408	5,117	2,709	142,076	14,449	12,040	178,799	99,333	22,877	301,009
Payroll taxes and benefits	507	1,078	570	29,917	3,042	2,535	37,649	20,916	4,818	63,383
Office supplies and equipment	74	49	26	1,774	139	116	2,178	955	684	3,817
Postage and printing	51	19	10	1,065	107	206	1,458	363	8,501	10,322
Telephone	27	58	31	1,604	163	136	2,019	1,121	258	3,398
Occupancy	169	360	190	9,986	1,015	846	12,566	6,981	1,609	21,156
Depreciation	392	833	441	23,120	2,351	1,959	29,096	16,164	3,721	48,981
Insurance	243	186	164	3,872	523	1,158	6,146	783	239	7,168
Recruitment and training	12	25	13	693	121	59	923	485	111	1,519
Professional services	194	414	219	14,080	1,167	973	17,047	8,026	5,258	30,331
Miscellaneous	71	160	47	4,206	252	217	4,953	1,731	1,562	8,246
Bank service and other charges	5	10	5	603	29	24	676	198	3,001	3,875
Interest expense	-	-	-	-	-	-	-	-	-	-
<b>TOTAL EXPENSES</b>	<b>\$ 240,727</b>	<b>\$ 38,844</b>	<b>\$ 21,225</b>	<b>\$ 1,329,159</b>	<b>\$ 75,150</b>	<b>\$ 23,977</b>	<b>\$ 1,729,082</b>	<b>\$ 157,176</b>	<b>\$ 52,639</b>	<b>\$ 1,938,897</b>

See Independent Auditor's Report and Notes to Financial Statements.

ST. LOUIS PARK EMERGENCY PROGRAM, INC.  
STATEMENT OF FUNCTIONAL EXPENSES - CONTINUED  
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

	2013									
	Program Services						Total Program Services	Supporting Services		Total Expenses
	Clothes Closet	Holiday Program	Back to School	Food Shelf	Emergency Assistance	Transportation		Management and General	Fundraising	
EXPENSES										
Donated goods distributed	\$ 208,416	\$ 15,030	\$ 16,463	\$ 818,412	\$ -	\$ -	\$ 1,058,321	\$ 8,685	\$ 1,033	\$ 1,068,039
Program assistance	92	13,538	2,479	105,847	66,255	3,183	191,394	-	-	191,394
Salaries	1,883	5,964	2,825	158,208	18,520	11,301	198,701	86,324	28,879	313,904
Payroll taxes and benefits	372	1,179	559	31,277	3,661	2,234	39,282	17,065	5,709	62,056
Office supplies and equipment	78	192	145	1,113	254	79	1,861	101	227	2,189
Postage and printing	27	181	26	3,327	213	393	4,167	323	5,048	9,538
Telephone	169	91	129	1,176	1,049	365	2,979	182	46	3,207
Occupancy	1,287	528	197	10,796	1,898	1,020	15,726	1,616	1,262	18,604
Depreciation	1,279	1,085	119	25,464	2,797	2,166	32,910	11,801	1,843	46,554
Insurance	243	186	164	3,872	523	1,158	6,146	781	239	7,166
Recruitment and training	56	50	69	2,343	1,523	154	4,195	29	63	4,287
Professional services	-	1,583	1,076	15,098	3,811	3,605	25,173	2,439	3,075	30,687
Miscellaneous	154	170	181	5,122	629	823	7,079	1,467	426	8,972
Bank service and other charges	51	166	61	2,039	254	274	2,845	450	157	3,452
Interest expense	292	283	213	3,691	615	403	5,497	1,283	246	7,026
<b>TOTAL EXPENSES</b>	<u>\$ 214,399</u>	<u>\$ 40,226</u>	<u>\$ 24,706</u>	<u>\$ 1,187,785</u>	<u>\$ 102,002</u>	<u>\$ 27,158</u>	<u>\$ 1,596,276</u>	<u>\$ 132,546</u>	<u>\$ 48,253</u>	<u>\$ 1,777,075</u>

See Independent Auditor's Report and Notes to Financial Statements.

ST. LOUIS PARK EMERGENCY PROGRAM, INC.  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

	2014	2013
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase (decrease) in net assets	\$ 107,585	\$ (49,296)
Adjustment to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Depreciation	48,981	46,554
Accrued interest on certificates of deposit	(232)	(75)
Noncash contributions of goods	(1,216,517)	(1,086,655)
Noncash contributions of property and equipment	(8,000)	-
Noncash donations to clients	1,272,139	1,068,039
(Increase) decrease in assets:		
Accounts receivable	(340)	6,020
Pledges receivable	60,000	51,000
Food, gas and other client certificates	1,201	(3,428)
Increase (decrease) in liabilities:		
Accounts payable	8,890	(2,747)
Accrued expenses	216	(813)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>273,923</b>	<b>28,599</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(45,955)	(9,454)
Purchase of certificates of deposit	(121,770)	-
<b>NET CASH USED BY INVESTING ACTIVITIES</b>	<b>(167,725)</b>	<b>(9,454)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payments on long-term debt	-	(157,897)
<b>NET CASH USED BY FINANCING ACTIVITIES</b>	<b>-</b>	<b>(157,897)</b>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>106,198</b>	<b>(138,752)</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING</b>	<b>155,767</b>	<b>294,519</b>
<b>CASH AND CASH EQUIVALENTS, ENDING</b>	<b>\$ 261,965</b>	<b>\$ 155,767</b>
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:</b>		
Cash paid during the year for:		
Interest	\$ -	\$ 7,026
Income taxes	\$ -	\$ -
<b>SUPPLEMENTAL DISCLOSURE OF NON-CASH TRANSACTIONS:</b>		
Donated goods received	\$ 1,224,517	\$ 1,086,655
Donated goods distributed	\$ 1,272,139	\$ 988,031
Acquisition of property and equipment through in-kind donations	\$ 8,000	-
Disposal of fully depreciated property and equipment	\$ 1,237	-

See Independent Auditor's Report and Notes to Financial Statements.

ST. LOUIS PARK EMERGENCY PROGRAM, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014 AND 2013

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Organization**

St. Louis Park Emergency Program, Inc. (the Organization or STEP) provides direct assistance and support services to residents of St. Louis Park targeting households with low incomes and those faced with a financial crisis.

The Organization's programs are as follows:

- Food shelf program provides food and personal products to eligible households. Social work services are available along with these goods and services and include crisis counseling, general support and guidance, advocacy, and referral. During this fiscal year, STEP distributed 661,473 pounds of food among 8,139 household Food Shelf visits. There were 24,024 individual Food Shelf visits with the average size of 3 people per household. An average of 26 pounds of food was distributed to each individual during each visit to the food shelf. More than 23,466 pounds of non-food products were also distributed.
- Emergency financial assistance is provided for eligible housing, transportation, utility and other essential life expenses. During this fiscal year, \$51,792 was distributed to 65 households.
- Transportation program offers residents assistance accessing healthcare, social service and other essential appointments, typically via volunteer drivers. Those eligible under this program include seniors, individuals with disabilities, families and other adults. Volunteer drivers drove 7,328 miles giving 1,661 rides in this fiscal year. Bus and gas certificates totaling \$3,560 were distributed to help 244 individuals and families with transportation needs identified under social service plans.
- Holiday Program supplies toys and food boxes or grocery certificates to eligible families during the Hanukkah and Christmas holiday seasons. STEP distributed 9,766 pounds of food to 489 households. 549 children were provided gifts or gift certificates valued at an average of \$35 per child.
- Back to School program provides school supplies and related items to eligible students. STEP provided backpacks and school supplies to 400 children in the fall of 2013.
- Clothes Closet provides used clothing and household items to 8,084 eligible families and individuals. STEP distributed 9,099 bags of clothing during the 2013/14 fiscal year.

**B. Financial Statement Presentation**

Contributions received are recorded as increases in unrestricted, temporarily restricted or permanently restricted support, depending on the existence and nature of any donor restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted net assets – Resources over which the Board of Directors has discretionary control. Designated amounts represent revenue, which the Board has set aside for a particular purpose.

Temporarily restricted net assets – Resources subject to donor imposed restrictions, which will be satisfied by actions of the Organization and/or the passage of time.

Permanently restricted net assets – Permanently restricted net assets are those resources subject to donor imposed restrictions that they be maintained permanently by the Organization. There were no permanently restricted net assets at June 30, 2014 and 2013.

ST. LOUIS PARK EMERGENCY PROGRAM, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014 AND 2013

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**B. Financial Statement Presentation - Continued**

Revenue is reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets are reported as net assets released from restrictions. Temporarily restricted contributions whose restrictions are met in the same period are recorded as unrestricted contributions.

**C. Basis of Accounting**

The financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

**D. Use of Estimates**

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

**E. Cash and Cash Equivalents**

The Organization considers all short-term debt instruments purchased with maturity of three months or less to be cash equivalents. The Organization maintains cash in bank deposit accounts at high credit quality financial institutions. Cash accounts are insured by FDIC. The balances, at times, may exceed federally insured limits.

**F. Certificates of Deposit**

Certificates of deposit are generally purchased with maturity of five years or less. Certificates of deposit are recorded at original cost plus accrued interest which is estimated to approximate of fair value.

**G. Accounts Receivable**

Accounts receivable generally consists of reimbursement requests under grant awards. These receivables have been adjusted for all known uncollectible accounts. Management considers historical write-off and recovery information in determining the estimated bad debt provision. No allowance for doubtful accounts has been provided as of June 30, 2014 and 2013, since management expects all receivables to be collectible.

**H. Pledges Receivable**

Pledges receivable consists primarily of Capital campaign pledges that are payable in 1 – 5 years. Management considers historical write-off and recovery information in determining the estimated bad debt provision. No allowance for doubtful accounts has been provided as of June 30, 2014 and 2013, since management expects all receivables to be collectible.

**I. Inventory**

Inventory consisting of donated food, clothing, and non-food supplies, is stated at estimated values based on management prepared cost studies and estimates.

ST. LOUIS PARK EMERGENCY PROGRAM, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014 AND 2013

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**J. Property and Equipment**

Property and equipment is recorded at cost or estimated fair value at the date of contribution. The Organization capitalizes all property and equipment acquisitions in excess of \$1,000. Depreciation is recognized using the straight-line method based on estimated useful lives of three to twenty years.

**K. In-Kind Contributions**

Donated goods and services that meet the recognition criteria for measurement of ASC 958-605-25 are recorded at estimated values.

See Note 8 for additional information on in-kind contributions and other volunteers and their support.

**L. Functional Expenses**

Salary and related payroll expenses are allocated to the program or supporting services based upon payroll records and the best estimates of management. Expenses, other than salaries and related expenses, which are not directly identifiable by program or supporting service, are allocated based on the best estimates of management. Volunteers, whose time is not reported in these financial statements, perform program support including fundraising activities for the Organization.

**M. Income Tax Status**

The Organization is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and similar state income tax laws. The Organization is not a private foundation and contributions to the Organization qualify as a charitable tax deduction by the contributor.

The Organization has evaluated for uncertain tax positions. Management has expressed that there are no uncertain tax positions as of June 30, 2014. The Organization's tax returns are subject to possible examination by the taxing authorities. For federal tax purposes the tax returns essentially remain open for possible examination for a period of three years after the date on which those returns are filed. The Organization believes it is no longer subject to federal and state income tax examinations for the years prior to 2010.

During the years ended June 30, 2014 and 2013, the Organization has not incurred any interest or penalties on its tax returns.

**N. Subsequent Events**

In preparing these financial statements the Organization has evaluated events and transactions for potential recognition or disclosure through October 29, 2014, the date the financial statements were available to be issued.

**O. Reclassifications**

Certain transactions for the year ended June 30, 2013 have been reclassified in these comparative financial statements to conform to the June 30, 2014 presentation. These reclassifications had no effect on net assets.

ST. LOUIS PARK EMERGENCY PROGRAM, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014 AND 2013

**Note 2: FAIR VALUE MEASUREMENTS**

The Organization has adopted ASC Topic 820, *Fair Value Measurements and Disclosures*. ASC Topic 820 applies to reported balances that are required or permitted to be measured at fair value under an existing accounting pronouncement. It emphasizes that fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that the market participants would use in pricing the asset or liability and establishes a fair value hierarchy. The fair value hierarchy consists of three levels of inputs that may be used to measure fair value, as follows:

Level 1 – Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access.

Level 2 – Inputs that included quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

Level 3 – Inputs that are unobservable inputs for the assets or liability, which are typically based on an entity’s own assumptions, as there is little, if any, related market activity.

In instances where the determination of fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls into is based on the lowest level input that is significant to the fair value measurement in its entity.

Investments recorded at fair value on a recurring basis are as follows:

	2014	2013
Certificates of deposit:		
Level 1	\$ 147,977	\$ 25,975
Level 2	-	-
Level 3	-	-
Total certificates of deposit	\$ 147,977	\$ 25,975

For the years ended June 30, 2014 and 2013, \$232 and \$75 of interest was earned on certificates of deposits, respectively.

**Note 3: PLEDGES RECEIVABLE**

Pledges receivable consist of the following as of June 30, 2014:

In less than one year	\$ 30,500
In one to five years	35,000
More than five years	-
Total pledges receivable	\$ 65,500

Pledges receivable are net of unamortized present value discount calculated using a risk-adjusted rate. This rate is based on the risk-free rate of return at June 30, 2014, which approximates U.S. Treasury yield curve rates, and an additional risk premium for general market risk. In calculating the additional risk premium, management has considered the creditworthiness of donors, the donor’s prior collection history, the Organization’s ability to enforce the commitments and other factors based on the circumstances.

ST. LOUIS PARK EMERGENCY PROGRAM, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014 AND 2013

**Note 4: INVENTORY**

Inventory consists of the following as of June 30, 2014 and 2013:

	2014	2013
Food and non-food supplies	\$ 26,492	\$ 69,461
School supplies and toys	14,404	26,095
Clothing	2,106	3,068
Total	\$ 43,002	\$ 98,624

**Note 5: LONG-TERM DEBT**

The Organization had a mortgage secured by the warehouse and office building. The mortgage was paid off in full in May 2013. Interest expense was \$0 and \$7,026 for the years ended June 30, 2014 and 2013, respectively.

**Note 6: LINE OF CREDIT**

The Organization has a \$250,000 revolving credit line, which expires on January 1, 2015. The line is secured by the real property commonly known as 6812 Lake Street West, St. Louis Park, MN 55416. Interest is accrued and paid monthly at the Wall Street Journal Prime Rate plus 1.0 percent or a floor of 4.25 percent interest. The interest rate was 4.25 percent at June 30, 2014 and 2013.

As of June 30, 2014 and 2013, the Organization's line of credit had no outstanding balance.

**Note 7: TEMPORARILY RESTRICTED NET ASSETS**

Temporary restricted net assets consist of the following as of June 30, 2014 and 2013:

	2014	2013
Capital campaign	\$ 66,472	\$ 126,472
Holiday food donations	-	4,000
Funds to purchase equipment	-	8,000
Funds for food assistance	12,490	-
Funds restricted by time	20,000	-
Total	\$ 98,962	\$ 138,472

**Note 8: RETIREMENT PLAN**

The Organization maintains a SIMPLE IRA defined contribution plan covering all eligible employees. Participants may contribute up to the maximum allowable by law and are fully invested immediately. The Organization provides a matching contribution of 100 percent of the first 3 percent of salary contributions by employees. Organization contributions were \$8,462 and \$7,325 during the years ended June 30, 2014 and 2013, respectively.



ST. LOUIS PARK EMERGENCY PROGRAM, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014 AND 2013

**Note 9: IN-KIND CONTRIBUTIONS**

The Organization receives donations from public and private sources. Donated goods and services are recorded at estimated values based on various studies and are included in the contributions and expenses in the statement of activities. The statistics noted below do not include purchased food, school supplies and toys.

	2014	2013
<b>Food:</b>		
583,556 lbs. and 515,350 lbs. of food and non-food supplies valued at \$1.65/lb. for years ended June 30, 2014 and 2013, respectively	\$ 962,868	\$ 850,328
<b>Clothes Closet:</b>		
9,062 bags and 7,516 bags of various clothing valued at \$26/bag for the years ended June 30, 2014 and 2013, respectively	235,612	195,416
<b>School Supplies</b> - valued estimated average retail value	4,830	14,904
<b>Miscellaneous other donations</b>	8,000	9,718
<b>Holiday Program Toys</b> - valued estimated average retail value	13,207	16,289
	\$ 1,224,517	\$ 1,086,655

The Organization receives significant services from unpaid volunteers who support the Organization's primary programs and its management and fundraising activities. During the year ended June 30, 2014, approximately 447 volunteers and volunteer groups gave approximately 16,743 hours of service to STEP. During the year ended June 30, 2013, approximately 456 individuals and volunteer groups gave approximately 27,692 hours of services to STEP. No amounts have been recognized in the accompanying statements of activities because the criteria for recognition of such volunteer effort under ASC Subtopic 958-605 *Not-for-Profit Entities Revenue Recognition* have not been satisfied.