

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

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Financial Statements  
Auditor's Report  
For the Years Ended  
June 30, 2018 and 2017



**CERTIFIED PUBLIC ACCOUNTANTS**

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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., which comprise the statement of financial position as of June 30, 2018 and the related statements of activities, functional expense, and cash flows for the year then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 St. Louis Park Emergency Program, Inc. as of June 30, 2018 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Independent Auditor's Report (continued)

**Prior Period Financial Statements**

The financial statements of St. Louis Park Emergency Program, Inc. as of June 30, 2017 were audited by other auditors whose report dated October 6, 2017, expressed an unmodified opinion on those statements.

*Carpenter Ernst and Associates, LTD.*  
Certified Public Accountants

Minneapolis, Minnesota  
October 16, 2018

ST. LOUIS PARK EMERGENCY PROGRAM, INC.  
 STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS  
 FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	2018			2017		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Support and Revenue:						
Grants and Contracts	\$ 190,995	\$ 34,232	\$ 225,227	\$ 260,177	\$ 46,105	\$ 306,282
Contributions	506,096	6,313	512,409	504,657	16,151	520,808
Noncash Contributions	1,195,544	-	1,195,544	1,241,846	-	1,241,846
Interest Income	349	-	349	52	-	52
Change in Value of Community Foundation Holdings	21,538	-	21,538	40,756	-	40,756
Miscellaneous Income	1,116	-	1,116	404	-	404
Net Assets Released from Restrictions:						
Satisfaction of Program and Time Restrictions	52,423	(52,423)	-	16,530	(16,530)	-
Total Support and Revenue	<u>1,968,061</u>	<u>(11,878)</u>	<u>1,956,183</u>	<u>2,064,422</u>	<u>45,726</u>	<u>2,110,148</u>
Expense:						
Program Services	1,874,532	-	1,874,532	1,858,840	-	1,858,840
Support Services:						
Management and General	100,467	-	100,467	90,590	-	90,590
Fundraising	61,741	-	61,741	64,444	-	64,444
Total Support Services	<u>162,208</u>	<u>-</u>	<u>162,208</u>	<u>155,034</u>	<u>-</u>	<u>155,034</u>
Total Expense	<u>2,036,740</u>	<u>-</u>	<u>2,036,740</u>	<u>2,013,874</u>	<u>-</u>	<u>2,013,874</u>
Change in Net Assets	(68,679)	(11,878)	(80,557)	50,548	45,726	96,274
Net Assets - Beginning of Year	1,461,802	72,256	1,534,058	1,411,254	26,530	1,437,784
Net Assets - End of Year	<u>\$ 1,393,123</u>	<u>\$ 60,378</u>	<u>\$ 1,453,501</u>	<u>\$ 1,461,802</u>	<u>\$ 72,256</u>	<u>\$ 1,534,058</u>

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

ST. LOUIS PARK EMERGENCY PROGRAM, INC.  
STATEMENT OF FUNCTIONAL EXPENSE  
FOR THE YEAR ENDED JUNE 30, 2018

EXHIBIT B

	Program Services										Support Services			Total All Services
	Clothes Closet	Holiday Program	Back to School	Food Shelf	Emergency Assistance	Transportation	Social Worker Case Mgmt	Program Services	Management & General	Fund- raising	Total Support Services	Total		
Goods Distributed and														
Program Assistance	\$ 217,907	\$ 21,490	\$ 24,140	\$ 1,033,514	\$ 32,117	\$ 2,913	\$ -	\$ 1,332,081	\$ -	\$ -	\$ -	\$ 1,332,081	\$ -	\$ 1,332,081
Salaries	8,025	15,168	6,835	262,666	24,560	27,603	2,028	346,885	64,553	29,499	94,052	440,937	94,052	440,937
Payroll Taxes and Benefits	1,347	2,545	1,147	44,079	4,122	4,632	341	58,213	10,833	4,950	15,783	73,996	15,783	73,996
Occupancy	669	1,264	569	21,881	2,046	2,498	169	29,096	5,378	2,457	7,835	36,931	7,835	36,931
Professional Services	546	1,032	465	17,876	1,671	1,879	1,241	24,710	4,393	2,608	7,001	31,711	7,001	31,711
Office Supplies and Equipment	185	349	157	6,658	565	644	46	8,604	1,485	8,088	9,573	18,177	9,573	18,177
Postage and Printing	447	273	123	4,732	442	543	36	6,596	1,163	5,123	6,286	12,882	6,286	12,882
Insurance	178	336	151	5,819	544	612	45	7,685	1,430	654	2,084	9,769	2,084	9,769
Miscellaneous	152	286	129	4,960	464	521	39	6,551	1,219	557	1,776	8,327	1,776	8,327
Recruitment and Training	121	293	103	3,983	372	418	30	5,320	977	1,141	2,118	7,438	2,118	7,438
Telephone	96	181	82	3,133	293	560	24	4,369	770	352	1,122	5,491	1,122	5,491
Bank Service and Other Charges	-	-	-	-	-	-	-	-	-	2,534	2,534	2,534	2,534	2,534
Depreciation	1,028	1,942	875	33,637	3,145	3,535	260	44,422	8,266	3,778	12,044	56,466	12,044	56,466
	\$ 230,701	\$ 45,159	\$ 34,776	\$ 1,442,938	\$ 70,341	\$ 46,358	\$ 4,259	\$ 1,874,532	\$ 100,467	\$ 61,741	\$ 162,208	\$ 2,036,740	\$ 162,208	\$ 2,036,740

The accompanying Notes to Financial Statements are an integral part of this statement.

ST. LOUIS PARK EMERGENCY PROGRAM, INC.  
STATEMENT OF FUNCTIONAL EXPENSE  
FOR THE YEAR ENDED JUNE 30, 2017

EXHIBIT C

	Program Services							Support Services			Total All Services
	Clothes Closet	Holiday Program	Back to School	Food Shelf	Emergency Assistance	Transportation	Program Services	Management & General	Fund-raising	Total Support Services	
Goods Distributed and Program Assistance	\$ 231,998	\$ 36,874	\$ 22,465	\$ 1,040,182	\$ 29,262	\$ 2,089	\$ 1,362,870	\$ -	\$ -	\$ -	\$ 1,362,870
Salaries	12,722	14,038	7,414	252,105	19,653	30,312	336,244	63,827	38,602	102,429	438,673
Payroll Taxes and Benefits	1,335	1,473	778	26,455	2,062	3,181	35,284	6,698	4,051	10,749	46,033
Occupancy	863	952	503	19,174	1,333	2,356	25,181	4,329	2,616	6,945	32,126
Professional Services	516	570	901	10,233	9,697	1,230	23,147	2,591	1,317	3,908	27,055
Office Supplies and Equipment	343	330	174	7,169	462	712	9,190	1,499	4,172	5,671	14,861
Postage and Printing	200	160	84	3,000	230	493	4,167	726	4,849	5,575	9,742
Insurance	248	273	144	4,907	383	1,590	7,545	1,242	751	1,993	9,538
Miscellaneous	163	180	95	6,828	252	814	8,332	820	2,728	3,548	11,880
Recruitment and Training	120	133	70	2,405	186	287	3,201	604	365	969	4,170
Telephone	114	126	66	2,258	176	471	3,211	572	346	918	4,129
Bank Service and Other Charges	7	8	4	148	11	18	196	37	23	60	256
Depreciation	1,524	1,681	888	30,194	2,354	3,631	40,272	7,645	4,624	12,269	52,541
	\$ 250,153	\$ 56,798	\$ 33,586	\$ 1,405,058	\$ 66,061	\$ 47,184	\$ 1,858,840	\$ 90,590	\$ 64,444	\$ 155,034	\$ 2,013,874

The accompanying Notes to Financial Statements are an integral part of this statement.

ST. LOUIS EMERGENCY PROGRAM, INC.  
STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2018 AND 2017

EXHIBIT D

	<u>2018</u>	<u>2017</u>
<u>ASSETS</u>		
Current Assets:		
Cash and Cash Equivalents	\$ 279,026	\$ 364,508
Accounts Receivable	19,449	10,225
Inventory	105,407	116,882
Prepaid Expenses	-	1,000
Food, Gas and Other Client Certificates	8,611	7,432
Total Current Assets	<u>412,493</u>	<u>500,047</u>
Funds Held by Minnesota Community Foundation	340,365	331,563
Property and Equipment - Net	<u>751,796</u>	<u>758,262</u>
 TOTAL ASSETS	 <u><u>\$ 1,504,654</u></u>	 <u><u>\$ 1,589,872</u></u>
 <u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Accounts Payable	\$ 7,880	\$ 42,937
Accrued Expenses	23,273	12,877
Capital Lease Payable	20,000	-
Total Current Liabilities	<u>51,153</u>	<u>55,814</u>
Net Assets:		
Unrestricted:		
Designated	340,365	331,563
Undesignated	1,052,758	1,130,239
Total Unrestricted Net Assets	<u>1,393,123</u>	<u>1,461,802</u>
Temporarily Restricted	<u>60,378</u>	<u>72,256</u>
Total Net Assets	<u><u>1,453,501</u></u>	<u><u>1,534,058</u></u>
 TOTAL LIABILITIES AND NET ASSETS	 <u><u>\$ 1,504,654</u></u>	 <u><u>\$ 1,589,872</u></u>

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



ST. LOUIS PARK EMERGENCY PROGRAM, INC.  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

EXHIBIT E

	<u>2018</u>	<u>2017</u>
<u>Increase (Decrease) in Cash and Cash Equivalents</u>		
Cash Flows from Operating Activities:		
Change in Net Assets	\$ (80,557)	\$ 96,274
Total Adjustments	<u>12,339</u>	<u>44,401</u>
Net Cash Provided (Used) by Operating Activities	<u>(68,218)</u>	<u>140,675</u>
Cash Flows from Investing Activities:		
Purchase of Property and Equipment	(50,000)	(11,536)
Redemption of Holdings at Minnesota Community Foundation	<u>12,736</u>	<u>12,191</u>
Net Cash Provided (Used) by Investing Activities	<u>(37,264)</u>	<u>655</u>
Cash Flows from Financing Activities:		
Proceeds from Capital Lease Payable	40,000	-
Payments on Capital Lease Payable	<u>(20,000)</u>	<u>-</u>
Net Cash Provided by Financing Activities	<u>20,000</u>	<u>-</u>
Net Increase (Decrease) in Cash	(85,482)	141,330
Cash and Cash Equivalents - Beginning of Year	<u>364,508</u>	<u>223,178</u>
Cash and Cash Equivalents - End of Year	<u>\$ 279,026</u>	<u>\$ 364,508</u>
 <u>Supplemental Disclosure of Cash Flow Information</u>		
Noncash Investing Activities:		
Acquisition of Property and Equipment through In-Kind Donations	\$ -	\$ 5,750
Acquisition of Property and Equipment through Capital Lease	<u>40,000</u>	<u>-</u>
Total Noncash Investing Activities	<u>\$ 40,000</u>	<u>\$ 5,750</u>
Noncash Financing Activities:		
Acquisition of Property and Equipment through Capital Lease	<u>\$ 40,000</u>	<u>\$ -</u>

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

ST. LOUIS PARK EMERGENCY PROGRAM, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018 AND 2017

1. Summary of Significant Accounting Policies

Organizational Purpose

St. Louis Park Emergency Program, Inc. (the Organization) 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:

- Social work services are provided in the context of each program. At each food shelf visit, clients have access to crisis counseling, general support and guidance, advocacy, and referral to medical, mental health, child care, job readiness, and other services from a professional social worker. During this fiscal year, the Organization had 12,060 household client contacts with social workers.
- Food shelf program provides food and personal products to community members in need of assistance. During this fiscal year, the Organization distributed 623,253 pounds of food among 6,722 household food shelf visits. There were individual food shelf visits with the average size of 3.1 people per household. An average of 30 pounds of food was distributed to each individual during each visit to the food shelf.
- Emergency financial assistance is provided for eligible housing and other essential life expenses. The program is also referred to as the Homelessness Prevention Program due to its primary purpose. During this fiscal year, \$32,067 was distributed to 35 households.
- Transportation program offers residents assistance accessing healthcare, social service and other essential appointments, typically via volunteer drivers. The program also delivers food to those unable to access the food shelf. Those eligible under this program include seniors, individuals with disabilities, families and other adults. Volunteer drivers drove 9,100 miles giving 1,682 rides in this fiscal year.
- Bus and gas certificates totaling \$2,660 were distributed to help 234 individuals and families with transportation needs identified under social service plans.
- Holiday program supplies food and grocery certificates specific to holidays to eligible families to enable them to fully participate in holiday traditions. The Organization provided 70,553 pounds of food to 580 families in November. The Organization's holiday toy drive supplied gifts or gift certificates to families of 523 children at an average of \$30 per child.
- Back to school program provides required school supplies and related items to eligible students to ensure all community students are fully equipped to start the school year. The Organization provided backpacks to 308 children and custom school supplies kits to 464 children in the summer of 2017.
- Clothes Closet provides no-cost, gently-used clothing and household items to 6,854 eligible families and individuals. The Organization distributed 7,538 bags of clothing and 843 coats during this fiscal year.

THE ST. LOUIS PARK EMERGENCY PROGRAM, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018 AND 2017

1. Summary of Significant Accounting Policies (continued)

- Case management is provided by social workers as part of collaborative, housing-related programs. Two such collaborations began during the fiscal year. The Kids in the Park program serves 9 families with school-age children. The Family Self-Sufficiency program serves 20 housing authority residents and their families.

Fund Accounting

In order to observe the limitation and restrictions placed on resources available to the Organization, the accounts are maintained in accordance with the principles of fund accounting. This is the procedure whereby resources are classified for accounting and reporting purposes into net asset groupings established according to their nature and restrictions. A description of the groupings is as follows:

Unrestricted Net Assets – Net assets which are neither permanently nor temporarily restricted by donor-imposed stipulations. These net assets include both board designated and undesignated amounts. Property and equipment is reported as unrestricted net assets.

Temporarily Restricted Net Assets – The part of net assets of the Organization resulting from contributions and other inflows of assets whose use is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions pursuant to those stipulations.

Cash and Cash Equivalents

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

Accounts Receivable and Doubtful Accounts

The Organization extends credit to its customers based on standardized terms. Receivables are recorded at amounts billed and are generally due when billed. Amounts outstanding for more than 30 days are considered delinquent receivables. Accounts receivable are generally uncollateralized and the Organization does not charge interest on accounts receivable balances. The Organization reviews accounts receivable balances on a periodic basis and writes off delinquent receivables when they are considered uncollectible. The Organization provides an allowance for doubtful accounts based on historical experience and management's evaluation of outstanding accounts receivable at the end of each year. No allowance for doubtful accounts has been provided for both the periods ended June 30, 2018 and June 30, 2017, respectively.

Inventory

Inventory consists of donated food, clothing and non-food supplies. Inventory is valued based on management prepared cost studies and estimates.

THE ST. LOUIS PARK EMERGENCY PROGRAM, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018 AND 2017

1. Summary of Significant Accounting Policies (continued)

Community Foundation Holdings

Minnesota Community Foundation (the Foundation) holdings reside in the Multi Asset Endowment Portfolio in separate funds designated as St. Louis Park Emergency Program funds. The Organization's agreement with the Foundation include variance power to the Foundation allowing the Foundation's Board of Directors to modify restrictions if conditions in the agreement become unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community. Provisions of the agreement include that, upon request from the Organization, the Foundation will transfer the assets, the return on the assets, or both, back to the Organization to be used at the Organization Board of Director's discretion.

Property and Equipment

All major expenditures for property and equipment over \$1,000 are capitalized at cost. Depreciation is provided through the use of the straight-line method.

Contributions

Contributions are recorded when received and recognized as support in the period received. If donor-imposed restrictions accompany the contribution, the amount is recorded as temporarily or permanently restricted until the donor-imposed restrictions expire or are fulfilled. Temporarily restricted net assets are reclassified to unrestricted in the period donor-imposed restrictions expire or are fulfilled, and are reported in the Statements of Activities under the Support and Revenue Category – Net Assets Released from Restrictions except when the receipt and expiration occur in the same period in which case the contribution is shown as unrestricted.

Promises-To-Give (Pledges Receivable)

Unconditional promises-to-give are recognized in the period the promises are made. Conditional promises-to-give are recognized when the conditions on which they depend are substantially met, that is, when the conditional promise becomes unconditional.

Government Grants and Contracts

Government grants and contract funds are recorded as revenue when earned. Revenue is earned when eligible expenditures, as defined in each grant or contract, are made. Funds received but not yet earned are shown as refundable advances. Expenditures under government contracts are subject to review by the granting authority. To the extent, if any, that such a review reduces expenditures allowable under these contracts, the Organization will record such disallowance at the time the final assessment is made.

Functional Allocation of Expense

Expenses are recorded in functional categories when incurred. In certain cases, allocations between categories must be made. When allocations are required, they are based on the best estimates of management.

THEST. LOUIS PARK EMERGENCY PROGRAM, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018 AND 2017

1. Summary of Significant Accounting Policies (continued)

Income Tax

The Organization has a tax-exempt status under Section 501(c)(3) of the Internal Revenue Code and has adopted *Accounting for Uncertainty in Income Taxes*, ASC 740-10. The Organization's policy is to evaluate uncertain tax positions, at least annually, for the potential for income tax exposure from unrelated business income or from loss of nonprofit status. The Organization continues to operate consistent with its original exemption application and each year takes the necessary actions to maintain its exempt status. It has been classified as an organization that is not a private foundation under the Internal Revenue Code and charitable contributions by donors are tax deductible. In compliance with its exempt status, the Organization annually files a Return of Organization Exempt From Income Tax (Form 990). The returns for the years ending June 30, 2015 and later remain subject to examination by the Internal Revenue Service.

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 at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications

Certain amounts in prior year financial statements have been reclassified to conform with the presentation in the current year financial statements.

Subsequent Events

The Organization has evaluated the effect that subsequent events would have on the financial statements through October 16, 2018, which is the date financial statements were available to be issued.

2. Financial Instruments

Significant Concentrations of Credit Risk

The Organization provides services within the Twin Cities area. The amounts due for accounts and grants receivable are from local governments or institutions.

THE ST. LOUIS PARK EMERGENCY PROGRAM, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018 AND 2017

3. Inventory

Inventory consisted of the following as of June 30:

	<u>2018</u>	<u>2017</u>
Food	\$ 46,375	\$ 78,286
School Supplies and Toys	38,388	24,452
Clothing	<u>20,644</u>	<u>14,144</u>
Total	<u>\$ 105,407</u>	<u>\$ 116,882</u>

4. Endowment

In January 2015, the Board of Directors approved the designation of a fund at the Foundation to function as an endowment. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions. The intent of the Organization is for the annual distribution income from the funds will be used for the core missions and operations of the Organization. The Board of Directors retain the power to modify any endowment designation through a two-thirds majority vote.

Endowment net asset composition by type of fund as of June 30, 2018:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Board-Designated Endowment Fund	<u>\$ 340,365</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 340,365</u>

Endowment net asset composition by type of fund as of June 30, 2017:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Board-Designated Endowment Fund	<u>\$ 331,563</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 331,563</u>

The board-designated endowment fund is intended to support the Organization as an operating reserve.

THE ST. LOUIS PARK EMERGENCY PROGRAM, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018 AND 2017

4. Endowment (continued)

The following is a summary of the changes in endowment net assets:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
June 30, 2016	\$ 302,998	\$ -	\$ -	\$ 302,998
Investment Income	4,687	-	-	4,687
Net Appreciation	40,366	-	-	40,366
Appropriations	(12,191)	-	-	(12,191)
Expenses	<u>(4,297)</u>	<u>-</u>	<u>-</u>	<u>(4,297)</u>
June 30, 2017	\$ 331,563	\$ -	\$ -	\$ 331,563
Investment Income	5,698	-	-	5,698
Net Appreciation	20,467	-	-	20,467
Appropriations	(12,736)	-	-	(12,736)
Expenses	<u>(4,627)</u>	<u>-</u>	<u>-</u>	<u>(4,627)</u>
June 30, 2018	<u>\$ 340,365</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 340,365</u>

5. Property and Equipment

The Organization owned the following assets as of June 30:

	<u>2018</u>	<u>2017</u>	<u>Estimated Useful Lives</u>
Land	\$ 160,000	\$ 160,000	
Building and Improvements	851,282	851,282	20 years
Equipment	114,742	104,742	3-7 years
Lease-to-Own Assets	<u>40,000</u>	<u>-</u>	10 years
	1,166,024	1,116,024	
Less: Accumulated Depreciation	<u>414,228</u>	<u>357,762</u>	
Total	<u>\$ 751,796</u>	<u>\$ 758,262</u>	

Depreciation expense of \$56,466 and \$52,541 was recorded for the years ended June 30, 2018 and 2017, respectively.

ST. LOUIS PARK EMERGENCY PROGRAM, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018 AND 2017

6. Temporarily Restricted Net Assets

Temporarily restricted net assets consisted of the following as of June 30:

	<u>2018</u>	<u>2017</u>
Other Supplies	\$ 18,008	\$ -
Emergency Assistance	17,051	38,323
Transportation Program	13,000	15,000
Funds for Food Assistance	9,750	16,298
School Supplies	<u>2,569</u>	<u>2,635</u>
Total	<u>\$ 60,378</u>	<u>\$ 72,256</u>

7. 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.

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, 2018, approximately 477 volunteers and volunteer groups gave approximately 18,837 hours of service to the Organization. During the year ended June 30, 2017, approximately 454 individuals and volunteer groups gave approximately 17,877 hours of services to the Organization. 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.

The following is a summary of in-kind contributions for the years ended June 30:

	<u>2018</u>	<u>2017</u>
Food	\$ 838,512	\$ 903,719
Clothes Closet	306,514	295,906
School Supplies	23,058	16,926
Holiday Program Toys	17,460	18,750
Freezer	10,000	-
Miscellaneous Other Donation	<u>-</u>	<u>6,545</u>
Total	<u>\$ 1,195,544</u>	<u>\$ 1,241,846</u>



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8. Defined Contribution 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 vested immediately. The Organization provides a matching contribution of 100 percent of the first 3 percent of salary contributions by employees. The Organization contributed \$12,308 and \$12,772 for the years ended June 30, 2018 and 2017, respectively.

9. Leases

The Organization leases solar panels under a capital lease. The economic substance of the lease is that the Organization is financing the acquisition of the assets through the lease, and, accordingly, it is recorded in the Organization's assets and liabilities.

The following is an analysis of the leased assets included in Property and Equipment as of June 30:

	2018	2017
Building and Improvements	\$ 40,000	\$ -
Less: Accumulated Depreciation	3,000	-
	\$ 37,000	\$ -

The lease agreement contains a bargain purchase option as the end of the lease term.

The following is a schedule by years of future minimum payments under the lease:

<u>Due in the year ending June 30:</u>	
2019	\$ 20,000

Amortization of assets held under capital leases is included with depreciation expense.

As part of the lease, the Organization entered into a solar energy services agreement with a significant early termination fee upon default. The early termination fee at June 30, 2018 was \$160,000.

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10. Fair Value

The Organization adopted Financial Accounting Standards Board Accounting Standards Codification Topic 820 Fair Value Measurements and Disclosures ("ASC 820"). In accordance with ASC 820, "fair value" is defined as the price that an organization would receive upon selling an investment in an orderly transaction to an independent buyer in the principal or most advantageous market for the investment. Various inputs are used in determining the value of investments. ASC 820 established a three-tier hierarchy of inputs to establish a classification of fair value measurements for disclosure purposes. The three-tier hierarchy of inputs is summarized in the three broad levels listed below:

- Level 1 – Quoted prices in active markets for identical investments.
- Level 2 – Other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.)
- Level 3 – Significant unobservable inputs.

The following table presents the fair value hierarchy for the balances of the assets of the Organization measured at fair value on a recurring basis as of June 30, 2018:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Community Foundation Holdings	\$ -	\$ -	\$ 340,365	\$ 340,365

The following table presents the fair value hierarchy for the balances of the assets of the Organization measured at fair value on a recurring basis as of June 30, 2017:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Community Foundation Holdings	\$ -	\$ -	\$ 331,563	\$ 331,563

The following table provides a summary of changes in fair value of the Organization's Level 3 financial assets for the years ended June 30:

	<u>2018</u>	<u>2017</u>
Beginning Balance	\$ 331,563	\$ 302,998
Change in Value of Foundation Holdings	21,538	40,756
Distributions	(12,736)	(12,191)
Ending Balance	<u>\$ 340,365</u>	<u>\$ 331,563</u>

Community Foundation Holdings are valued by inputs that are determined by the Foundation.

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11. Line of Credit

The Organization has a \$250,000 revolving credit line, which was renewed in January 2015 and is extended until February 1, 2019. 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 6.00 and 5.25 percent at June 30, 2018 and 2017, respectively.

As of June 30, 2018 and 2017, the Organization's line of credit had no outstanding balance.

12. Cash Flow Operating Adjustments

Adjustments to reconcile Change in Net Assets to Net Cash Provided by Operating Activities were as follows as of:

	<u>June 30,</u>	
	<u>2018</u>	<u>2017</u>
Depreciation	\$ 56,466	\$ 52,541
Change in Value of Community Foundation Holdings	(21,538)	(40,756)
Increases (Decreases) in Current Liabilities:		
Accounts Payable	(35,057)	20,047
Accrued Expenses	10,396	6,308
Decreases (Increases) in Current Assets:		
Accounts Receivable	(9,224)	8,615
Pledges Receivable	-	15,000
Prepaid Expenses	1,000	(1,000)
Food, Gas and Other Client Certificates	(1,179)	(2,036)
Inventory	11,475	(14,318)
Total Adjustments	<u>\$ 12,339</u>	<u>\$ 44,401</u>