

# **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, 2019 and 2018



**CERTIFIED PUBLIC ACCOUNTANTS**

## CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT .....	1
EXHIBIT A:        Statements of Activities and Changes in Net Assets – For the Years Ended June 30, 2019 and 2018 .....	2
EXHIBIT B:        Statement of Functional Expense – For the Year Ended June 30, 2019 with Comparative Totals for 2018 .....	3
EXHIBIT C:        Statement of Functional Expense – For the Year Ended June 30, 2018 .....	4
EXHIBIT D:        Statements of Financial Position – June 30, 2019 and 2018 .....	5
EXHIBIT E:        Statements of Cash Flows – For the Years Ended June 30, 2019 and 2018 .....	6
NOTES TO FINANCIAL STATEMENTS .....	7-16



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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, 2019 and 2018, and the related statements of activities, 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 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, 2019 and 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.

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

Minneapolis, Minnesota  
October 22, 2019

ST. LOUIS PARK EMERGENCY PROGRAM, INC.  
 STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS  
 FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue:						
Grants and Contracts	\$ 332,704	\$ 36,693	\$ 369,397	\$ 190,995	\$ 34,232	\$ 225,227
Contributions	639,957	-	639,957	506,096	6,313	512,409
Noncash Contributions	1,225,895	-	1,225,895	1,195,544	-	1,195,544
Interest Income	543	-	543	349	-	349
Change in Value of Community Foundation Holdings	16,451	-	16,451	21,538	-	21,538
Miscellaneous Income	3,510	-	3,510	1,116	-	1,116
Net Assets Released from Restrictions:						
Satisfaction of Program and Time Restrictions	58,742	(58,742)	-	52,423	(52,423)	-
Total Support and Revenue	2,277,802	(22,049)	2,255,753	1,968,061	(11,878)	1,956,183
Expense:						
Program Services	2,004,535	-	2,004,535	1,874,532	-	1,874,532
Support Services:						
Management and General Fundraising	92,140	-	92,140	100,467	-	100,467
Total Support Services	107,817	-	107,817	61,741	-	61,741
Total Expense	199,957	-	199,957	162,208	-	162,208
	2,204,492	-	2,204,492	2,036,740	-	2,036,740
Change in Net Assets	73,310	(22,049)	51,261	(68,679)	(11,878)	(80,557)
Net Assets - Beginning of Year	1,393,123	60,378	1,453,501	1,461,802	72,256	1,534,058
Net Assets - End of Year	\$ 1,466,433	\$ 38,329	\$ 1,504,762	\$ 1,393,123	\$ 60,378	\$ 1,453,501

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, 2019**  
**WITH COMPARATIVE TOTALS FOR 2018**

**EXHIBIT B**

	2019										2018		
	Program Services					Support Services					Total	Total	Total
	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 All Services	Total All Services
Goods Distributed and Program Assistance	\$ 289,666	\$ 22,360	\$ 18,606	\$ 1,005,140	\$ 49,228	\$ 3,488	\$ -	\$ 1,388,488	\$ -	\$ -	\$ -	\$ 1,388,488	\$ 1,332,081
Salaries	11,790	21,990	11,277	279,104	28,295	29,730	14,250	396,436	59,870	56,282	116,152	512,588	440,937
Payroll Taxes and Benefits	2,637	4,919	2,523	62,433	6,329	6,650	3,188	88,679	13,400	12,590	25,990	114,669	73,996
Occupancy	776	1,448	742	19,032	1,863	1,957	938	26,756	3,942	3,706	7,648	34,404	36,931
Office Supplies and Equipment	296	552	283	7,260	710	747	358	10,206	1,503	12,971	14,474	24,680	18,177
Professional Services	478	952	517	11,459	1,147	1,205	578	16,336	2,427	3,482	5,909	22,245	31,711
Miscellaneous	219	408	209	10,224	525	552	265	12,402	1,111	1,104	2,215	14,617	8,327
Postage and Printing	354	286	147	3,683	368	386	185	5,409	778	4,931	5,709	11,118	12,882
Insurance	204	380	195	4,826	489	514	246	6,854	1,035	973	2,008	8,862	9,769
Telephone	156	291	149	3,691	374	393	188	5,242	792	744	1,536	6,778	5,491
Bank Service and Other Charges	5	9	4	109	11	12	6	156	23	3,520	3,543	3,699	2,534
Recruitment and Training	62	219	59	1,537	149	156	75	2,257	315	986	1,301	3,558	7,438
Depreciation	1,367	2,551	1,308	31,705	3,282	3,448	1,653	45,314	6,944	6,528	13,472	58,786	56,466
	\$ 308,010	\$ 56,365	\$ 36,019	\$ 1,440,203	\$ 92,770	\$ 49,238	\$ 21,930	\$ 2,004,535	\$ 92,140	\$ 107,817	\$ 199,957	\$ 2,204,492	\$ 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, 2018

	Program Services										Support Services			Total All Services
	Clothes Closet	Holiday Program	Back to School	Food Shelf	Emergency Assistance	Transportation	Social Worker Case Mgmt	Total Program Services	Management & General	Fund-raising	Total Support Services			
Goods Distributed and Program Assistance	\$ 217,907	\$ 21,490	\$ 24,140	\$ 1,033,514	\$ 32,117	\$ 2,913	\$ -	\$ 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		
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		
Occupancy	669	1,264	569	21,881	2,046	2,498	169	29,096	5,378	2,457	7,835	36,931		
Office Supplies and Equipment	185	349	157	6,658	565	644	46	8,604	1,485	8,088	9,573	18,177		
Professional Services	546	1,032	465	17,876	1,671	1,879	1,241	24,710	4,393	2,608	7,001	31,711		
Miscellaneous	152	286	129	4,960	464	521	39	6,551	1,219	557	1,776	8,327		
Postage and Printing	447	273	123	4,732	442	543	36	6,596	1,163	5,123	6,286	12,882		
Insurance	178	336	151	5,819	544	612	45	7,685	1,430	654	2,084	9,769		
Telephone	96	181	82	3,133	293	560	24	4,369	770	352	1,122	5,491		
Bank Service and Other Charges	-	-	-	-	-	-	-	-	-	2,534	2,534	2,534		
Recruitment and Training	121	293	103	3,983	372	418	30	5,320	977	1,141	2,118	7,438		
Depreciation	1,028	1,942	875	33,637	3,145	3,535	260	44,422	8,266	3,778	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		

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

ST. LOUIS EMERGENCY PROGRAM, INC.  
STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2019 AND 2018

EXHIBIT D

	<u>2019</u>	<u>2018</u>
<u>ASSETS</u>		
Current Assets:		
Cash and Cash Equivalents	\$ 297,824	\$ 279,026
Accounts Receivable	16,590	19,449
Inventory	87,330	105,407
Prepaid Expenses	9,288	-
Food, Gas and Other Client Certificates	10,986	8,611
Total Current Assets	<u>422,018</u>	<u>412,493</u>
Funds Held by Minnesota Community Foundation	397,465	340,365
Property and Equipment - Net	<u>733,567</u>	<u>751,796</u>
 TOTAL ASSETS	 <u>\$ 1,553,050</u>	 <u>\$ 1,504,654</u>
 <u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Accounts Payable	\$ 16,398	\$ 7,880
Accrued Expenses	31,890	23,273
Capital Lease Payable	-	20,000
Total Current Liabilities	<u>48,288</u>	<u>51,153</u>
Net Assets:		
Without Donor Restrictions:		
Designated	397,465	340,365
Undesignated	1,068,968	1,052,758
Total Net Assets Without Donor Restrictions	<u>1,466,433</u>	<u>1,393,123</u>
With Donor Restrictions	<u>38,329</u>	<u>60,378</u>
Total Net Assets	<u>1,504,762</u>	<u>1,453,501</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 1,553,050</u>	 <u>\$ 1,504,654</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, 2019 AND 2018

EXHIBIT E

	<u>2019</u>	<u>2018</u>
<u>Increase (Decrease) in Cash and Cash Equivalents</u>		
Cash Flows from Operating Activities:		
Change in Net Assets	\$ 51,261	\$ (80,557)
Total Adjustments	<u>68,743</u>	<u>12,339</u>
Net Cash Provided (Used) by Operating Activities	120,004	(68,218)
Cash Flows from Investing Activities:		
Purchase of Property and Equipment	(40,557)	(10,000)
Net Redemption (Contributions) of Holdings at Minnesota Community Foundation	<u>(40,649)</u>	<u>12,736</u>
Net Cash (Used) by Investing Activities	(81,206)	2,736
Cash Flows from Financing Activities:		
Payments on Capital Lease Payable	<u>(20,000)</u>	<u>(20,000)</u>
Net Cash Provided (Used) by Financing Activities	<u>(20,000)</u>	<u>(20,000)</u>
Net Increase (Decrease) in Cash	18,798	(85,482)
Cash and Cash Equivalents - Beginning of Year	<u>279,026</u>	<u>364,508</u>
Cash and Cash Equivalents - End of Year	<u>\$ 297,824</u>	<u>\$ 279,026</u>
<u>Supplemental Disclosure of Cash Flow Information</u>		
Noncash Investing Activities:		
Acquisition of Property and Equipment through Capital Lease	<u>\$ -</u>	<u>\$ 40,000</u>
Noncash Financing Activities:		
Acquisition of Property and Equipment through Capital Lease	<u>\$ -</u>	<u>\$ 40,000</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, 2019 AND 2018

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 14,167 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 599,731 pounds of food among 6,701 household food shelf visits. There were individual food shelf visits with the average size of 3 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, \$49,288 was distributed to 46 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 8,272 miles giving 1,294 rides and 106 food deliveries in this fiscal year.
- Bus and gas certificates totaling \$2,870 were distributed to help 259 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 50,527 pounds of food to 568 families in November. The Organization's holiday toy drive supplied gifts or gift certificates to families of 556 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 469 children and custom school supplies kits to 443 children in the summer of 2018.
- Clothes Closet provides no-cost, gently-used clothing and household items to 6,854 eligible families and individuals. The Organization distributed 9,227 bags of clothing and 1,914 coats during this fiscal year.

THE ST. LOUIS PARK EMERGENCY PROGRAM, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018

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 14 families with school-age children. The Family Self-Sufficiency program serves 22 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:

Net Assets without Donor Restrictions – Net assets which are not subject to donor-imposed stipulations. These net assets include both board designated and undesignated amounts. Property and equipment is reported as net assets without donor restrictions.

Net Assets with Donor Restrictions – 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, 2019 and June 30, 2018, 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, 2019 AND 2018

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 \$2,000 are capitalized at cost. Depreciation is provided through the use of the straight-line method.

Contributions

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. If donor-imposed restrictions accompany the contribution, the amount is recorded as with donor restrictions. Net assets without donor restrictions are reclassified to net assets without donor restrictions in the period donor-imposed restrictions expire or are fulfilled, and are reported in the Statement of Activities under the Support and Revenue Category – Net Assets Released from Restrictions.

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, 2019 AND 2018

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).

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 22, 2019, which is the date financial statements were available to be issued.

New Accounting Pronouncement

On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively for the periods ended June 30, 2019 and 2018, as required

THE ST. LOUIS PARK EMERGENCY PROGRAM, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018

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.

3. Inventory

Inventory consisted of the following as of June 30:

	2019	2018
Food	\$ 38,305	\$ 46,375
School Supplies and Toys	25,677	38,388
Clothing	23,348	20,644
Total	\$ 87,330	\$ 105,407

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, 2019:

	Without Donor Restrictions	With Donor Restrictions	Total
Board-Designated Endowment Fund	\$ 397,465	\$ -	\$ 397,465

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

	Without Donor Restrictions	With Donor Restrictions	Total
Board-Designated Endowment Fund	\$ 340,365	\$ -	\$ 340,365

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, 2019 AND 2018

4. Endowment (continued)

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

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
June 30, 2017	\$ 331,563	\$ -	\$ 331,563
Contributions	-	-	-
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>(4,627)</u>
June 30, 2018	\$ 340,365	\$ -	\$ 340,365
Contributions	55,906	-	55,906
Investment Income	6,279	-	6,279
Net Appreciation	15,300	-	15,300
Appropriations	(15,257)	-	(15,257)
Expenses	<u>(5,128)</u>	<u>-</u>	<u>(5,128)</u>
June 30, 2019	<u>\$ 397,465</u>	<u>\$ -</u>	<u>\$ 397,465</u>

5. Property and Equipment

The Organization owned the following assets as of June 30:

	<u>2019</u>	<u>2018</u>	<u>Estimated Useful Lives</u>
Land	\$ 160,000	\$ 160,000	
Building and Improvements	869,864	851,282	20 years
Equipment	<u>176,717</u>	<u>154,742</u>	3-10 years
	1,206,581	1,116,024	
Less: Accumulated Depreciation	<u>473,014</u>	<u>414,228</u>	
Total	<u>\$ 733,567</u>	<u>\$ 751,796</u>	

Depreciation expense of \$58,786 and \$56,466 was recorded for the years ended June 30, 2019 and 2018, respectively.

ST. LOUIS PARK EMERGENCY PROGRAM, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018

6. Net Assets with Donor Restrictions

Net assets with donor restrictions consisted of the following as of June 30:

	<u>2019</u>	<u>2018</u>
Family Stabilization Program	\$ 31,500	\$ -
Funds for Food Assistance	5,193	9,750
Other Supplies	1,636	18,008
Emergency Assistance	-	17,051
Transportation Program	-	13,000
School Supplies	-	2,569
Total	<u>\$ 38,329</u>	<u>\$ 60,378</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, 2019, approximately 476 volunteers and volunteer groups gave approximately 17,881 hours of service to the Organization. During the year ended June 30, 2018, approximately 477 individuals and volunteer groups gave approximately 18,837 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>2019</u>	<u>2018</u>
Food	\$ 914,098	\$ 838,512
Clothes Closet	279,785	306,514
Equipment	16,475	-
School Supplies	8,862	23,058
Holiday Program Toys	6,675	17,460
Freezer	-	10,000
Total	<u>\$ 1,225,895</u>	<u>\$ 1,195,544</u>

THE ST. LOUIS PARK EMERGENCY PROGRAM, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018

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 \$13,375 and \$12,772 for the years ended June 30, 2019 and 2018, respectively.

9. 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, 2019:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Community Foundation Holdings	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 397,465</u>	<u>\$ 397,465</u>

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	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 340,365</u>	<u>\$ 340,365</u>

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>2019</u>	<u>2018</u>
Beginning Balance	\$ 340,365	\$ 331,563
Change in Value of Foundation Holdings	16,451	21,538
Contributions	55,906	-
Distributions	<u>(15,257)</u>	<u>(12,736)</u>
Ending Balance	<u>\$ 397,465</u>	<u>\$ 340,365</u>

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



THE ST. LOUIS PARK EMERGENCY PROGRAM, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018

10. Line of Credit

The Organization has a \$250,000 revolving credit line, which was renewed in February 2019 and is extended until February 1, 2020. 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 6.50 and 6.00 percent at June 30, 2019 and 2018, respectively.

As of June 30, 2019 and 2018, the Organization's line of credit had no outstanding balance.

11. Liquidity and Availability

The following represents the Organization's financial assets at June 30, 2019:

Financial Assets:	
Cash	\$ 297,821
Accounts Receivable	16,590
Investments and Community Foundation Holdings	<u>397,465</u>
Total Financial Assets	711,876
Less assets not available to be used for general expenditures within one year:	
Net Assets With Donor Restrictions	38,329
Board Designated Endowment	397,465
Net Assets With Restrictions to be met within a year	<u>(38,329)</u>
Total Assets not available to be used within one year	<u>397,465</u>
Financial assets available for general expenditures within one year	<u>\$ 314,411</u>

The Organization's Board Designated Endowment is not considered available for use within one year but could be available for use with a board resolution.

As part of the Organization's liquidity plan, the Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

THE ST. LOUIS PARK EMERGENCY PROGRAM, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018

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>2019</u>	<u>2018</u>
Depreciation	\$ 58,786	\$ 56,466
Change in Value of Community Foundation Holdings	(16,451)	(21,538)
Increases (Decreases) in Current Liabilities:		
Accounts Payable	8,518	(35,057)
Accrued Expenses	8,617	10,396
Decreases (Increases) in Current Assets:		
Accounts Receivable	2,859	(9,224)
Pledges Receivable	-	-
Prepaid Expenses	(9,288)	1,000
Food, Gas and Other Client Certificates	(2,375)	(1,179)
Inventory	18,077	11,475
Total Adjustments	<u>\$ 68,743</u>	<u>\$ 12,339</u>