

Financial Statements

St. Louis Park Emergency Program, Inc. (a Nonprofit Corporation)

St. Louis Park, Minnesota

For the Years Ended
June 30, 2017 and 2016

ST. LOUIS PARK EMERGENCY PROGRAM, INC.
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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, 2017 and 2016, 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 (GAAP); 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, 2017 and 2016, 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 6, 2017

FINANCIAL STATEMENTS

ST. LOUIS PARK EMERGENCY PROGRAM, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2017 AND 2016

	2017	2016
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 364,508	\$ 223,178
Accounts receivable	10,225	18,840
Pledges receivable, current portion	-	10,000
Inventory	116,882	108,313
Prepaid expenses	1,000	-
Food, gas and other client certificates	7,432	5,396
	500,047	365,727
PROPERTY AND EQUIPMENT		
Building	804,782	804,782
Building improvements	46,500	46,500
Land	160,000	160,000
Equipment and furniture	104,742	87,457
	1,116,024	1,098,739
LESS: ACCUMULATED DEPRECIATION	(357,762)	(305,221)
	758,262	793,518
OTHER ASSETS		
Pledges receivable	-	5,000
Funds held by Minnesota Community Foundation	331,563	302,998
	331,563	307,998
TOTAL ASSETS	\$ 1,589,872	\$ 1,467,243
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 42,937	\$ 22,890
Accrued expenses	12,877	6,569
	55,814	29,459
NET ASSETS		
Unrestricted		
Board designated	331,563	302,998
Undesignated	1,130,239	1,108,256
	1,461,802	1,411,254
Temporarily restricted	72,256	26,530
	1,534,058	1,437,784
TOTAL LIABILITIES AND NET ASSETS	\$ 1,589,872	\$ 1,467,243

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

ST. LOUIS PARK EMERGENCY PROGRAM, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

	2017		
	Unrestricted	Temporarily Restricted	Total
REVENUE AND OTHER SUPPORT			
Grants and contracts	\$ 260,177	\$ 46,105	\$ 306,282
Contributions	504,657	16,151	520,808
Noncash contributions	1,397,851	-	1,397,851
Interest income	52	-	52
Unrealized gain on investments	40,756	-	40,756
Miscellaneous	404	-	404
Net assets released from restrictions	16,530	(16,530)	-
TOTAL REVENUE AND OTHER SUPPORT	2,220,427	45,726	2,266,153
EXPENSES			
Program services	2,014,845	-	2,014,845
Supporting services			
Management and general	90,590	-	90,590
Fundraising	64,444	-	64,444
TOTAL EXPENSES	2,169,879	-	2,169,879
CHANGE IN NET ASSETS	50,548	45,726	96,274
NET ASSETS, JULY 1	1,411,254	26,530	1,437,784
NET ASSETS, JUNE 30	\$ 1,461,802	\$ 72,256	\$ 1,534,058

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

ST. LOUIS PARK EMERGENCY PROGRAM, INC.
STATEMENTS OF ACTIVITIES - CONTINUED
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

	2016		
	Unrestricted	Temporarily Restricted	Total
REVENUE AND OTHER SUPPORT			
Grants and contracts	\$ 218,786	\$ 11,530	\$ 230,316
Contributions	558,725	15,000	573,725
Noncash contributions	1,074,939	-	1,074,939
Interest income	427	-	427
Unrealized loss on investments	(7,870)	-	(7,870)
Miscellaneous	737	-	737
Net assets released from restrictions	6,699	(6,699)	-
TOTAL REVENUE AND OTHER SUPPORT	1,852,443	19,831	1,872,274
EXPENSES			
Program services	1,584,693	-	1,584,693
Supporting services			
Management and general	197,433	-	197,433
Fundraising	62,166	-	62,166
TOTAL EXPENSES	1,844,292	-	1,844,292
CHANGE IN NET ASSETS	8,151	19,831	27,982
NET ASSETS, JULY 1	1,403,103	6,699	1,409,802
NET ASSETS, JUNE 30	<u>\$ 1,411,254</u>	<u>\$ 26,530</u>	<u>\$ 1,437,784</u>

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

ST. LOUIS PARK EMERGENCY PROGRAM, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

2017

	Program Services							Supporting Services			
	Clothes Closet	Holiday Program	Back to School	Food Shelf	Emergency Assistance	Transportation	Strong Park	Total Program Services	Management and General	Fundraising	Total Expenses
EXPENSES											
Donated goods distributed	\$ 231,998	\$ 17,040	\$ 19,362	\$ 958,332	\$ -	\$ -	\$ -	\$ 1,226,732	\$ -	\$ -	\$ 1,226,733
Discarded inventory	59,107	-	-	96,898	-	-	-	156,005	-	-	156,005
Program assistance	-	19,834	3,103	81,850	29,262	2,089	-	136,138	-	-	136,138
Salaries	12,722	14,038	7,414	252,105	19,653	30,312	-	336,244	63,827	38,602	438,673
Payroll taxes and benefits	1,335	1,473	778	26,455	2,062	3,181	-	35,284	6,698	4,051	46,033
Office supplies and equipment	343	330	174	7,169	462	712	-	9,190	1,499	4,172	14,861
Postage and printing	200	160	84	3,000	230	493	-	4,167	726	4,849	9,742
Telephone	114	126	66	2,258	176	471	-	3,211	572	346	4,129
Occupancy	863	952	503	19,174	1,333	2,356	-	25,181	4,329	2,616	32,126
Depreciation	1,524	1,681	888	30,194	2,354	3,631	-	40,272	7,645	4,624	52,541
Insurance	248	273	144	4,907	383	1,590	-	7,545	1,242	751	9,538
Recruitment and training	120	133	70	2,405	186	287	-	3,201	604	365	4,170
Professional services	516	570	901	10,233	798	1,230	8,899	23,147	2,591	1,317	27,055
Miscellaneous	163	180	95	6,828	252	814	-	8,332	820	2,728	11,880
Bank service and other charges	7	8	4	148	11	18	-	196	37	23	256
Interest expense	-	-	-	-	-	-	-	-	-	-	-
TOTAL EXPENSES	\$ 309,260	\$ 56,798	\$ 33,586	\$ 1,501,956	\$ 57,162	\$ 47,184	\$ 8,899	\$ 2,014,845	\$ 90,590	\$ 64,444	\$ 2,169,880

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

ST. LOUIS PARK EMERGENCY PROGRAM, INC.
STATEMENT OF FUNCTIONAL EXPENSES - CONTINUED
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

	2016										
	Program Services							Supporting Services			
	Clothes Closet	Holiday Program	Back to School	Food Shelf	Emergency Assistance	Transportation	Strong Park	Total Program Services	Management and General	Fundraising	Total Expenses
EXPENSES											
Donated goods distributed	\$ 239,408	\$ 17,269	\$ 16,843	\$ 713,775	\$ -	\$ -	\$ -	\$ 987,295	\$ -	\$ -	\$ 987,295
Discarded inventory	56,966	-	-	44,718	-	-	-	101,684	-	-	101,684
Program assistance	-	18,516	2,225	85,429	27,602	6,905	-	140,677	-	-	140,677
Salaries	5,298	5,487	4,541	172,829	12,110	30,714	-	230,979	129,044	28,567	388,590
Payroll taxes and benefits	741	768	635	23,714	1,694	2,911	-	30,463	18,051	4,420	52,934
Office supplies and equipment	161	131	108	6,519	289	523	-	7,731	3,078	1,018	11,827
Postage and printing	328	55	29	1,531	236	307	-	2,486	1,070	6,671	10,227
Telephone	49	51	42	1,576	113	393	-	2,224	1,200	294	3,718
Occupancy	366	379	314	12,403	837	1,957	-	16,256	8,921	2,185	27,362
Depreciation	753	899	645	24,090	1,721	2,957	-	31,065	18,337	4,370	53,772
Insurance	113	117	97	3,605	258	1,755	-	5,945	2,744	671	9,360
Recruitment and training	58	128	50	2,019	132	227	-	2,614	1,407	367	4,388
Professional services	466	483	400	15,720	1,066	1,897	-	20,032	11,357	2,781	34,170
Miscellaneous	81	83	69	3,971	184	391	-	4,779	1,961	7,245	13,985
Bank service and other charges	6	13	7	360	37	30	-	453	251	3,577	4,281
Interest expense	-	-	-	10	-	-	-	10	12	-	22
TOTAL EXPENSES	\$ 304,794	\$ 44,379	\$ 26,005	\$ 1,112,269	\$ 46,279	\$ 50,967	\$ -	\$ 1,584,693	\$ 197,433	\$ 62,166	\$ 1,844,292

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

ST. LOUIS PARK EMERGENCY PROGRAM, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 96,274	\$ 27,982
Adjustment to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	52,541	53,772
Unrealized (gain) loss on investments	(40,756)	7,870
Noncash contributions of goods	(1,392,101)	(1,073,439)
Noncash contributions of services	-	(1,500)
Noncash contributions of property and equipment	(5,750)	-
Noncash donations to clients	1,226,733	987,295
Noncash discarded inventory	156,005	101,684
Other noncash donations for entity's use	795	1,500
(Increase) decrease in assets:		
Accounts receivable	8,615	(7,731)
Pledges receivable	15,000	22,000
Prepaid expenses	(1,000)	-
Food, gas and other client certificates	(2,036)	2,485
Increase (decrease) in liabilities:		
Accounts payable	20,047	(6,342)
Accrued expenses	6,308	(303)
	<u>140,675</u>	<u>115,273</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES		
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(11,536)	(1,671)
Contributions to holdings at Minnesota Community Foundation	-	(69,860)
Redemption of holdings at Minnesota Community Foundation	12,191	9,981
	<u>655</u>	<u>(61,550)</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES		
CHANGE IN CASH AND CASH EQUIVALENTS	141,330	53,723
CASH AND CASH EQUIVALENTS, BEGINNING	<u>223,178</u>	<u>169,455</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 364,508</u>	<u>\$ 223,178</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash paid during the year for:		
Interest	<u>\$ -</u>	<u>\$ 22</u>
Income taxes	<u>\$ -</u>	<u>\$ -</u>
SUPPLEMENTAL DISCLOSURE OF NON-CASH TRANSACTIONS:		
Donated goods, services, and property and equipment received	<u>\$ 1,397,851</u>	<u>\$ 1,074,939</u>
Donated goods, services, and property and equipment distributed	<u>\$ 1,226,733</u>	<u>\$ 987,295</u>
Discarded noncash inventory	<u>\$ 156,005</u>	<u>\$ 101,684</u>
Acquisition of property and equipment through in-kind donations	<u>\$ 5,750</u>	<u>\$ -</u>

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

ST. LOUIS PARK EMERGENCY PROGRAM, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

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:

- 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, STEP had 11,964 household client contacts with social workers.
- Food shelf program provides food and personal products in community members in need of assistance. During this fiscal year, STEP distributed 635,866 pounds of food among 6,954 household food shelf visits. There were individual food shelf visits with the average size of 3.1 people per household. An average of 29.5 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 primary goal of the program is to prevent homelessness. During this fiscal year, \$29,062 was distributed to 40 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 7,105 miles giving 1,450 rides in this fiscal year.
- Bus and gas certificates totaling \$1,980 were distributed to help 179 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. STEP provided 67,042 pounds of food to 602 families in November. STEP's holiday toy drive supplied gifts or gift certificates to families of 596 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. STEP provided backpacks to 310 children and custom school supplies kits to 461 children in the summer of 2016.
- Clothes Closet provides no-cost, gently-used clothing and household items to 6,468 eligible families and individuals. STEP distributed 8,030 bags of clothing and 893 coats during this fiscal year.

ST. LOUIS PARK EMERGENCY PROGRAM, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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, 2017 and 2016.

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 U.S. 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. 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, 2017 and 2016, since management expects all receivables to be collectible.

ST. LOUIS PARK EMERGENCY PROGRAM, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

G. 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, 2017 and 2016, since management expects all receivables to be collectible.

H. Inventory

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

I. 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.

J. Minnesota 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 Minnesota Community 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.

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 7 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.

ST. LOUIS PARK EMERGENCY PROGRAM, INC.
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2017 AND 2016

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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, 2017. 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 2013.

During the years ended June 30, 2017 and 2016, 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 6, 2017, the date the financial statements were available to be issued. See Note 10 for the results of the evaluation.

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:

	<u>2017</u>	<u>2016</u>
Multi-Asset Endowment Fund		
Level 1	<u>\$ 331,563</u>	<u>\$ 302,998</u>
Total Investments	<u>\$ 331,563</u>	<u>\$ 302,998</u>

The MN Philanthropy Partners Endowment Fund had an unrealized gain of \$40,756 and an unrealized loss of \$7,870 for the years ended June 30, 2017 and 2016, respectively.

ST. LOUIS PARK EMERGENCY PROGRAM, INC.
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2017 AND 2016

Note 3: PLEDGES RECEIVABLE

Pledges receivable consist of the following as of June 30, 2017 and 2016:

	2017	2016
In less than one year	\$ -	\$ 10,000
In one to five years	-	5,000
	-	5,000
Total pledges receivable	\$ -	\$ 15,000

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, 2017, 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.

Note 4: INVENTORY

Inventory consists of the following as of June 30, 2017 and 2016:

	2017	2016
Food and non-food supplies	\$ 78,286	\$ 88,625
School supplies and toys	24,452	15,190
Clothing	14,144	4,498
	116,882	108,313
Total	\$ 116,882	\$ 108,313

Note 5: 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 4.25 percent at June 30, 2017 and 2016.

As of June 30, 2017 and 2016, the Organization's line of credit had no outstanding balance.

Note 6: TEMPORARILY RESTRICTED NET ASSETS

Temporary restricted net assets consist of the following as of June 30, 2017 and 2016:

	2017	2016
Emergency assistance	\$ 38,323	\$ 15,000
Funds for food assistance	16,298	1,700
Transportation program	15,000	-
School supplies	2,635	-
Funds restricted by time	-	9,830
	72,256	26,530
Total	\$ 72,256	\$ 26,530

ST. LOUIS PARK EMERGENCY PROGRAM, INC.
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2017 AND 2016

Note 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, 2017, approximately 454 volunteers and volunteer groups gave approximately 17,877 hours of service to STEP. During the year ended June 30, 2016, approximately 329 individuals and volunteer groups gave approximately 16,686 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.

In-kind contributions for years ended June 30, 2017 and 2016 are as follows:

	2017	2016
Food:		
534,601 lbs. and 473,337 lbs. of food and non-food supplies valued at \$1.65/lb for years ended June 30, 2017 and 2016, respectively	\$ 1,059,724	\$ 781,666
Clothes Closet:		
11,381 bags and 10,173 bags of various clothing valued at \$26/bag for the years ended June 30, 2017 and 2016, respectively	295,906	264,498
School Supplies - valued estimated average retail value	16,926	16,505
Miscellaneous other donations	6,545	1,500
Holiday Program Toys - valued estimated average retail value	18,750	10,770
Total	\$ 1,397,851	\$ 1,074,939

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 \$12,772 and \$10,227 during the years ended June 30, 2017 and 2016, respectively.

ST. LOUIS PARK EMERGENCY PROGRAM, INC.
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2017 AND 2016

Note 9: 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 retains the power to modify any endowment restriction through a two-thirds majority vote.

Endowment composition and changes in endowment net assets

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

	2016			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Board designated endowment funds	\$ 331,563	\$ -	\$ -	\$ 331,563

Endowment net asset composition by type of fund as of June 30, 2016 is as follows:

	2015			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Board designated endowment funds	\$ 302,998	\$ -	\$ -	\$ 302,998

The following is a summary of the changes in endowment net assets for the year ended June 30, 2017:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ 302,998	\$ -	\$ -	\$ 302,998
Contributions, net	-	-	-	-
Interest and dividends	4,687	-	-	4,687
Investment earnings, realized and unrealized	40,366	-	-	40,366
Amounts appropriated for expenditures	(12,191)	-	-	(12,191)
Expenses	(4,297)	-	-	(4,297)
Endowment net assets, end of year	\$ 331,563	\$ -	\$ -	\$ 331,563

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 NOTES TO THE FINANCIAL STATEMENTS
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Note 9: ENDOWMENT - CONTINUED

The following is a summary of the changes in endowment net assets for the year ended June 30, 2016:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 250,989	\$ -	\$ -	\$ 250,989
Contributions, net	69,484	-	-	69,484
Interest and dividends	3,765	-	-	3,765
Investment earnings, realized and unrealized	(7,870)	-	-	(7,870)
Amounts appropriated for expenditures	(9,981)	-	-	(9,981)
Expenses	<u>(3,389)</u>	<u>-</u>	<u>-</u>	<u>(3,389)</u>
Endowment net assets, end of year	<u>\$ 302,998</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 302,998</u>

Return objectives and risk parameters

The Organization has selected the Foundation's Multi Asset Endowment Portfolio based on the spending and investment policy of the Portfolio to provide a predictable stream of funding to the Organization while seeking to maintain the purchasing power of the endowment assets. The return objective is to maintain purchasing power over long periods of time (generally 10 to 20 years). The Organization expects its endowment funds, over time, to provide an average rate of return of approximately 5 percent annually. Actual returns in any given year may vary from this amount.

Strategies employed for achieving objectives

To satisfy its long-term rate of return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). This objective is currently being accomplished through diversification of funds between equity, fixed income, real asset, and low volatility absolute return funds.

Spending policy and how the investment objectives relate to spending policy

The Organization expects to appropriate for distribution each year 2 percent of its endowment fund's average fair value over the prior calendar year-end preceding the fiscal year in which the distribution is planned. In establishing this policy, the Organization considered the long-term expected return on its endowment. Accordingly, over the long-term, the Organization expects the current spending policy to allow its endowment to grow at an average of 3 percent annually. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets held.

Note 10: SUBSEQUENT EVENT

The Organization entered into an agreement with Step Solar, LLC. Step Solar, LLC will install solar panels on the Organization's building. The Organization will pay an initiation fee of \$20,000 in September 2017 and will be obligated to pay \$20,000 within 12 months of the installation being completed. Step Solar will own the solar panels and lease the space from the Organization for a period of 10 years at a cost of \$0 dollars. The Organization will pay Step Solar for the electricity generated during the first 10 years at a set, below-market rate. The agreement gives the Organization the right to purchase the solar panels for \$1 at the end of the lease.