

ELLIOT PARK NEIGHBORHOOD, INC.
(A NONPROFIT CORPORATION)
MINNEAPOLIS, MINNESOTA

FINANCIAL STATEMENTS

FOR THE YEARS ENDED
DECEMBER 31, 2013 AND 2012

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ELLIOT PARK NEIGHBORHOOD, INC.
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DECEMBER 31, 2013 AND 2012

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Elliot Park Neighborhood, Inc.
Minneapolis, Minnesota

We have audited the accompanying financial statements of Elliot Park Neighborhood, Inc. (the Organization), a Minnesota nonprofit corporation, which comprise the statement of financial position as of December 31, 2013, and the related statements of activities, functional expenses 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 audits. 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 polices 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

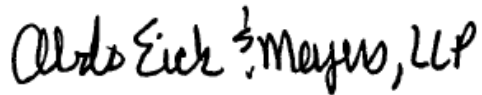
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2013, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

The financial statements of the Organization as of December 31, 2012, were audited by other auditors whose report dated November 7, 2013, expressed an unmodified opinion on those statements.

Additional Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The Schedule of NRP Activity on page 16 is presented for the purpose of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, such information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.



ABDO, EICK & MEYERS, LLP
Minneapolis, Minnesota
October 28, 2014

FINANCIAL STATEMENTS

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ELLIOT PARK NEIGHBORHOOD, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2013 AND 2012

	2013	2012
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 173,108	\$ 186,805
Restricted cash - funds held as fiscal agent	5,420	8,388
Grants receivable	36,458	17,019
Prepaid expenses	1,346	2,791
Certificates of deposit	-	26,665
	216,332	241,668
PROPERTY AND EQUIPMENT		
PROPERTY AND EQUIPMENT	12,910	21,441
LESS ACCUMULATED DEPRECIATION	(5,822)	(19,469)
	7,088	1,972
TOTAL PROPERTY AND EQUIPMENT, NET		
	223,420	243,640
	\$ 223,420	\$ 243,640
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 373	\$ 445
Accrued payroll	10,576	5,049
Funds held as fiscal agent	5,420	8,388
Deferred revenue	18,500	18,500
Capital lease - current portion	469	521
	35,338	32,903
TOTAL CURRENT LIABILITIES		
LONG-TERM LIABILITIES		
Capital lease	253	179
	35,591	33,082
TOTAL LIABILITIES		
NET ASSETS		
Unrestricted	187,829	160,558
Temporarily restricted	-	50,000
	187,829	210,558
TOTAL NET ASSETS		
	223,420	243,640
	\$ 223,420	\$ 243,640

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

ELLIOT PARK NEIGHBORHOOD, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	2013		
	Unrestricted	Temporarily Restricted	Total
REVENUE AND SUPPORT			
REVENUE			
Minneapolis Neighborhood and Community Relations (NCR)	\$ 71,698	\$ -	\$ 71,698
Neighborhood Revitalization Program (NRP)	67,886	-	67,886
Interest income	130	-	130
TOTAL REVENUE	139,714	-	139,714
SUPPORT			
McKnight Foundation	50,000	-	50,000
Contributions	15,777	-	15,777
In-kind contributions	6,429	-	6,429
TOTAL REVENUE AND SUPPORT	211,920	-	211,920
NET ASSETS RELEASED FROM RESTRICTIONS	50,000	(50,000)	-
EXPENSES			
Program services			
NCR	70,756	-	70,756
NRP	69,994	-	69,994
McKnight Foundation	31,520	-	31,520
McKnight Foundation Stadium	50,000	-	50,000
Total program services	222,270	-	222,270
Supporting services			
Management and general	12,379	-	12,379
TOTAL EXPENSES	234,649	-	234,649
CHANGE IN NET ASSETS	27,271	(50,000)	(22,729)
NET ASSETS, JANUARY 1	160,558	50,000	210,558
NET ASSETS, DECEMBER 31	\$ 187,829	\$ -	\$ 187,829

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

2012		
Unrestricted	Temporarily Restricted	Total
\$ 34,106	\$ -	\$ 34,106
124,929	-	124,929
44	-	44
159,079	-	159,079
25,000	50,000	75,000
13,436	-	13,436
-	-	-
197,515	50,000	247,515
-	-	-
34,558	-	34,558
126,031	-	126,031
45,601	-	45,601
25,000	-	25,000
231,190	-	231,190
4,834	-	4,834
236,024	-	236,024
(38,509)	50,000	11,491
199,067	-	199,067
<u>\$ 160,558</u>	<u>\$ 50,000</u>	<u>\$ 210,558</u>

ELLIOT PARK NEIGHBORHOOD, INC.
STATEMENTS OF FUNCTIONAL EXPENSE
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

EXPENSES	2013			
	NCR	NRP	McKnight Foundation	McKnight Foundation Stadium
Payroll				
Staff salaries and wages	\$ 41,473	\$ 51,619	\$ 18,396	\$ -
Payroll taxes	3,321	4,134	1,473	-
Benefits	3,153	3,923	1,398	-
Total payroll expenses	47,947	59,676	21,267	-
Professional services	6,570	2,971	2,953	50,000
Occupancy	7,389	3,342	3,322	-
Office supplies	493	226	222	-
Office equipment	2,236	1,011	1,005	-
Telephone	1,113	503	500	-
Postage and delivery	181	82	81	-
Printing	298	135	134	-
Travel	131	59	59	-
Board and staff training	261	118	117	-
Insurance	505	228	227	-
Meeting expenses	419	189	188	-
Advertising fees	324	147	146	-
Depreciation	482	218	217	-
Bank fees	306	139	138	-
Subscriptions and dues	294	133	132	-
Loss on fixed asset disposal	109	49	49	-
Miscellaneous	1,698	768	763	-
TOTAL EXPENSES	\$ 70,756	\$ 69,994	\$ 31,520	\$ 50,000

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

Total Program Services	Management and General	Total Expenses
\$ 111,488	\$ -	\$ 111,488
8,928	-	8,928
8,474	-	8,474
128,890	-	128,890
62,494	3,445	65,939
14,053	3,873	17,926
941	254	1,195
4,252	1,173	5,425
2,116	584	2,700
344	95	439
567	156	723
249	70	319
496	137	633
960	265	1,225
796	220	1,016
617	170	787
917	131	1,048
583	160	743
559	154	713
207	58	265
3,229	1,434	4,663
<u>\$ 222,270</u>	<u>\$ 12,379</u>	<u>\$ 234,649</u>

ELLIOT PARK NEIGHBORHOOD, INC.
 STATEMENTS OF FUNCTIONAL EXPENSE - CONTINUED
 FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

EXPENSES	2012			
	NCR	NRP	McKnight Foundation	McKnight Foundation Stadium
Payroll				
Staff salaries and wages	\$ 26,610	\$ 86,493	\$ 31,209	\$ -
Payroll taxes	2,232	7,062	2,587	-
Benefits	2,260	5,379	5,545	-
Total payroll expenses	31,102	98,934	39,341	-
Professional services	758	7,399	901	25,000
Occupancy	415	10,513	4,667	-
Office supplies	104	1,314	-	-
Office equipment	299	4,249	-	-
Telephone	520	712	543	-
Postage and delivery	402	231	-	-
Printing	82	998	149	-
Travel	-	141	-	-
Board and staff training	-	403	-	-
Insurance	-	-	-	-
Meeting expenses	-	-	-	-
Advertising fees	876	-	-	-
Depreciation	-	-	-	-
Bank fees	-	476	-	-
Subscriptions and dues	-	661	-	-
Loss on fixed asset disposal	-	-	-	-
Miscellaneous	-	-	-	-
TOTAL EXPENSES	\$ 34,558	\$ 126,031	\$ 45,601	\$ 25,000

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

Total Program Services	Management and General	Total Expenses
\$ 144,312	\$ -	\$ 144,312
11,881	-	11,881
13,184	286	13,470
169,377	286	169,663
34,058	-	34,058
15,595	-	15,595
1,418	2	1,420
4,548	1,131	5,679
1,775	-	1,775
633	7	640
1,229	398	1,627
141	-	141
403	-	403
-	-	-
-	953	953
876	344	1,220
-	920	920
476	42	518
661	110	771
-	-	-
-	641	641
<u>\$ 231,190</u>	<u>\$ 4,834</u>	<u>\$ 236,024</u>

ELLIOT PARK NEIGHBORHOOD, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (22,729)	\$ 11,491
Adjustment to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	1,048	920
In-kind donations of property and equipment	(6,429)	-
Loss on sale of property and equipment	265	-
Change in current assets and liabilities:		
Restricted cash - funds held as fiscal agent	2,968	(8,388)
Grants receivable	(19,439)	39,943
Prepaid expenses	1,445	(776)
Accounts payable	(72)	(208)
Accrued payroll	5,527	(1,690)
Funds held as fiscal agent	(2,968)	4,548
Deferred revenue	-	(10,000)
	(40,384)	35,840
 CASH FLOWS FROM INVESTING ACTIVITIES		
Cash outlay for property and equipment	-	(1,208)
Proceeds from certificates of deposit	26,665	-
Payment for certificate of deposit	-	(26,665)
	26,665	(27,873)
 CASH FLOWS FROM FINANCING ACTIVITIES		
Change in capital lease	22	(522)
	(13,697)	7,445
 INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
	186,805	179,360
 CASH AND CASH EQUIVALENTS, JANUARY 1	\$ 173,108	\$ 186,805
 CASH AND CASH EQUIVALENTS, DECEMBER 31	\$ 173,108	\$ 186,805
 SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the year for:		
Interest	\$ 516	\$ -
	\$ -	\$ -
Income taxes	-	-
	\$ -	\$ -
 SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Acquisition of property and equipment through in-kind donations	\$ 6,429	\$ -
	\$ 14,960	\$ -
Retirement of property and equipment	14,960	-
	\$ 14,960	\$ -

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

ELLIOT PARK NEIGHBORHOOD, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Nature of Activities

The Organization is located in Minneapolis, Minnesota, and is bounded by Fifth Street on the north, Fifth Avenue on the west, Interstate 94 on the south, and Interstate 35W on the east.

The Organization's mission is to bring people and resources together to preserve and promote the unique urban character of the historic Elliot Park Neighborhood.

B. Financial Statement Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Revenues are recorded when earned and expenses are recorded when a liability is incurred. Contributions received are recorded as an increase in unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted Net Assets – Unrestricted net assets are those resources over which the Organization has discretionary control. Designated amounts represent revenues that the Board of Directors has set aside for a particular purpose.

Temporarily Restricted Net Assets – Temporarily restricted net assets are those 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 December 31, 2013 and 2012.

C. 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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the reporting period. Actual results could differ from those estimates.

D. Cash and Cash Equivalents

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

E. Certificates of Deposit

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

ELLIOT PARK NEIGHBORHOOD, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

F. 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 \$500. Depreciation is computed using appropriate straight-line and accelerated methods with estimated useful lives as follows:

Assets	Useful Life
Computers, furniture, and equipment	3-7 years

Upon retirement or other disposition, the cost and related accumulated depreciation of disposed assets are removed from the accounts and any resultant gain or loss is recognized in operations. Repairs and maintenance are charged to expense as incurred. Renewals and improvements that extend the useful lives of assets are capitalized and depreciated over future periods.

G. Support and Revenue Recognition

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in temporarily restricted net assets and releases from restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

H. Deferred revenue

Deferred revenue at December 31, 2013 and 2012 consisted of the following:

	2013	2012
NRP Contract #20795	\$ 8,500	\$ 8,500
NRP Contract #23124	10,000	10,000
Total	\$ 18,500	\$ 18,500

I. In-kind Goods and Services

Contributions of donated non-cash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. The Organization received \$6,429 and \$0 in property and equipment during the year ended December 31, 2013 and 2012, respectively.

ELLIOT PARK NEIGHBORHOOD, INC.
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2013 AND 2012

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

J. Functional Allocation of Expenses

Salary and related payroll expenses are allocated to the program 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. Fundraising costs are considered to be minimal, and those costs are included in management and general expenses.

K. Income Taxes

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 deduction by the contributor.

The Organization has evaluated for uncertain tax positions. Management has expressed that there are no uncertain tax positions as of December 31, 2013. 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 that it is no longer subject to federal and state income tax examinations for the year prior to 2010.

L. Advertising

The Organization expenses advertising costs as incurred. Advertising costs for the years ended December 31, 2013 and 2012 were \$787 and \$1,220, respectively.

M. Reclassifications

Certain reclassifications have been made to the 2012 financial statement presentation to correspond to the current year's format. Total net assets and change in net assets are unchanged due to these reclassifications.

N. Subsequent Events

In preparing the financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through October 28, 2014, the date the financial statements were available to be issued.

Note 2: TEMPORARILY RESTRICTED NET ASSETS

At December 31, 2013 and 2012, temporarily restricted net assets are available for the following purposes:

	2013	2012
Stadium consulting services	\$ -	\$ 50,000

Note 3: OPERATING LEASE

The Organization is obligated under various leases for office space and for equipment used in its operations. The Organization has a month-month lease for office. Lease payments for office space were \$13,777 and \$10,740 for 2013 and 2012, respectively.

ELLIOT PARK NEIGHBORHOOD, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

Note 4: CAPITAL LEASE

The Organization is obligated under a capital lease for equipment used in its operations. The Organization has a lease for telephones that started in July 2010. The total amount of capitalized leases as of December 31, 2013 and 2012 is \$2,033 and \$2,005, respectively, with accumulated depreciation of \$1,610 and \$1,203, respectively. Lease payments for the telephones were \$522 for 2013 and 2012.

Future minimum lease payments for the capital lease are as follows:

Year	Amount
2014	\$ 521
2015	261
Less: amount attributable to interest	(60)
Total	\$ 722

Note 5: FUNDS HELD AS FISCAL AGENT

The Organization is under two separate agreements to serve as a fiscal agent for two events that take place during the year. The funds that are received above and beyond the related expenses of the events are included separately from cash and as a liability on the statement of financial position. These funds are required to be used for future similar events or other uses as the sponsors of the events choose. As of December 31, 2013 and 2012, the total liability for these agreements totaled \$5,420 and \$8,388, respectively.

Note 6: CONCENTRATION

A substantial portion of the Organization's revenues are received in the form of grant contracts; therefore, the Organization is dependent upon future continuation of these contracts. The Organization receives grants from two significant sources. The Organization encounters a certain amount of credit risk as the result of a concentration of revenues from, and receivables from these significant sources. A significant reduction in the level of fees earned from these entities may have an impact on the Organization's ability to continue its programs and services.

SUPPLEMENTARY INFORMATION

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ELLIOT PARK NEIGHBORHOOD, INC.
SCHEDULE OF NRP ACTIVITY
FOR THE YEAR ENDED DECEMBER 31, 2013

	Agreement #20795	Agreement #23124	Total
REVENUES	\$ 7,242	\$ 60,644	\$ 67,886
EXPENSES			
Payroll			
Staff salaries and wages	4,014	47,605	51,619
Payroll taxes	321	3,813	4,134
Benefits	305	3,618	3,923
Total payroll expenses	4,640	55,036	59,676
Professional services	502	2,469	2,971
Occupancy	136	3,206	3,342
Office supplies	9	217	226
Office equipment	41	970	1,011
Telephone	21	482	503
Postage and delivery	3	79	82
Printing	6	129	135
Travel	2	57	59
Board and staff training	5	113	118
Insurance	9	219	228
Meeting expenses	8	181	189
Advertising fees	6	141	147
Depreciation	9	209	218
Bank fees	6	133	139
Subscriptions and dues	5	128	133
Loss on fixed asset disposal	2	47	49
Miscellaneous	31	737	768
TOTAL EXPENSES	5,441	64,553	69,994
REVENUES OVER (UNDER) EXPENSES	\$ 1,801	\$ (3,909)	\$ (2,108)