

Financial Statements

Elliot Park Neighborhood, Inc.
(a Nonprofit Corporation)
Minneapolis, Minnesota

For the Years Ended
December 31, 2015 and 2014

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ELLIOT PARK NEIGHBORHOOD, INC.
TABLE OF CONTENTS
DECEMBER 31, 2015 AND 2014

	<u>Page No.</u>
INDEPENDENT ACCOUNTANT'S REVIEW REPORT	5
FINANCIAL STATEMENTS	
Statements of Financial Position	9
Statements of Activities	10
Statements of Functional Expense	12
Statements of Cash Flows	16
Notes to Financial Statements	17
SUPPLEMENTARY INFORMATION	
Schedule of NRP Activity	23

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

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

We have reviewed the accompanying financial statements of Elliot Park Neighborhood, Inc. (the Organization), a Minnesota nonprofit corporation, which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

Accountant's Responsibility

Our responsibility is to conduct the review engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Supplementary Information

Our reviews were made primarily for the purpose of expressing a conclusion that there are no material modifications that should be made to the financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America. The supplementary information for the year ended December 31, 2015 included in the accompanying Schedule of NRP Activity is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, and we did not become aware of any material modifications that should be made to such information.

ABDO, EICK & MEYERS, LLP
Minneapolis, Minnesota
April 26, 2016

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FINANCIAL STATEMENTS

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ELLIOT PARK NEIGHBORHOOD, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2015 AND 2014

	2015	2014
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 250,035	\$ 225,551
Grants receivable	17,418	29,982
Prepaid expenses	2,363	2,739
TOTAL CURRENT ASSETS	269,816	258,272
PROPERTY AND EQUIPMENT	13,102	12,851
LESS ACCUMULATED DEPRECIATION	(7,481)	(6,814)
TOTAL PROPERTY AND EQUIPMENT, NET	5,621	6,037
TOTAL ASSETS	\$ 275,437	\$ 264,309
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 43	\$ 3,249
Accrued payroll	5,433	10,127
Deferred revenue	18,500	18,500
Capital lease - current portion	-	253
TOTAL LIABILITIES	23,976	32,129
NET ASSETS		
Unrestricted	251,461	231,228
Temporarily restricted	-	952
TOTAL NET ASSETS	251,461	232,180
TOTAL LIABILITIES AND NET ASSETS	\$ 275,437	\$ 264,309

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

ELLIOT PARK NEIGHBORHOOD, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015		
	Unrestricted	Temporarily Restricted	Total
REVENUE AND SUPPORT			
REVENUE			
Minneapolis Neighborhood and Community Relations (NCR)	\$ 39,821	\$ -	\$ 39,821
Neighborhood Revitalization Program (NRP)	54,202	-	54,202
Interest income	237	-	237
TOTAL REVENUE	94,260	-	94,260
SUPPORT			
McKnight Foundation	40,000	-	40,000
Contributions	13,091	-	13,091
TOTAL REVENUE AND SUPPORT	147,351	-	147,351
NET ASSETS RELEASED FROM RESTRICTIONS	952	(952)	-
EXPENSES			
Program services			
NCR	37,349	-	37,349
NRP	51,319	-	51,319
McKnight Foundation	31,421	-	31,421
McKnight Foundation Stadium	4,251	-	4,251
Total program services	124,340	-	124,340
Supporting services			
Management and general	3,730	-	3,730
TOTAL EXPENSES	128,070	-	128,070
CHANGE IN NET ASSETS	20,233	(952)	19,281
NET ASSETS, JANUARY 1	231,228	952	232,180
NET ASSETS, DECEMBER 31	\$ 251,461	\$ -	\$ 251,461

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

2014

Unrestricted	Temporarily Restricted	Total
\$ 38,777	\$ -	\$ 38,777
73,067	-	73,067
193	-	193
112,037	-	112,037
74,048	952	75,000
18,036	-	18,036
204,121	952	205,073
-	-	-
38,777	-	38,777
73,067	-	73,067
23,268	-	23,268
20,749	-	20,749
155,861	-	155,861
4,861	-	4,861
160,722	-	160,722
43,399	952	44,351
187,829	-	187,829
\$ 231,228	\$ 952	\$ 232,180

ELLIOT PARK NEIGHBORHOOD, INC.
 STATEMENTS OF FUNCTIONAL EXPENSE
 FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

EXPENSES	2015			
	NCR	NRP	McKnight Foundation	McKnight Dendros
Payroll				
Staff salaries and wages	\$ 14,933	\$ 26,132	\$ 18,044	\$ -
Payroll taxes	1,903	3,330	2,299	-
Benefits	1,069	1,871	1,292	-
	17,905	31,333	21,635	-
Total payroll expenses				
Professional services	10,592	10,888	5,332	4,251
Occupancy	4,527	4,654	2,279	-
Office supplies	272	279	137	-
Office equipment	1,086	1,117	547	-
Telephone	535	550	269	-
Postage and delivery	189	194	95	-
Printing	445	457	224	-
Travel	110	113	55	-
Insurance	199	204	100	-
Meeting expenses	247	253	124	-
Advertising fees	355	365	178	-
Depreciation	551	566	277	-
Bank fees	153	158	77	-
Subscriptions and dues	183	188	92	-
Miscellaneous	-	-	-	-
	-	-	-	-
TOTAL EXPENSES	\$ 37,349	\$ 51,319	\$ 31,421	\$ 4,251

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

2015

<u>Total Program Services</u>	<u>Management and General</u>	<u>Total Expenses</u>
\$ 59,109	\$ 3,111	\$ 62,220
7,532	396	7,928
4,232	223	4,455
<u>70,873</u>	<u>3,730</u>	<u>74,603</u>
31,063	-	31,063
11,460	-	11,460
688	-	688
2,750	-	2,750
1,354	-	1,354
478	-	478
1,126	-	1,126
278	-	278
503	-	503
624	-	624
898	-	898
1,394	-	1,394
388	-	388
463	-	463
-	-	-
<u>\$ 124,340</u>	<u>\$ 3,730</u>	<u>\$ 128,070</u>

ELLIOT PARK NEIGHBORHOOD, INC.
STATEMENTS OF FUNCTIONAL EXPENSE - CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

EXPENSES	2014			
	NCR	NRP	McKnight Foundation	McKnight Dendros
Payroll				
Staff salaries and wages	\$ 15,017	\$ 26,280	\$ 18,146	\$ -
Payroll taxes	1,137	1,990	1,374	-
Benefits	1,067	1,868	1,290	-
Total payroll expenses	17,221	30,138	20,810	-
Professional services	14,125	28,130	1,610	20,749
Occupancy	3,714	7,397	423	-
Office supplies	297	592	34	-
Office equipment	996	1,984	114	-
Telephone	464	924	53	-
Postage and delivery	110	218	13	-
Printing	181	361	21	-
Travel	45	89	7	-
Insurance	197	392	22	-
Meeting expenses	214	426	24	-
Advertising fees	165	328	19	-
Depreciation	522	1,039	59	-
Bank fees	148	295	15	-
Subscriptions and dues	262	522	30	-
Miscellaneous	116	232	14	-
TOTAL EXPENSES	\$ 38,777	\$ 73,067	\$ 23,268	\$ 20,749

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

2014

<u>Total Program Services</u>	<u>Management and General</u>	<u>Total Expenses</u>
\$ 59,443	\$ 3,129	\$ 62,572
4,501	237	4,738
<u>4,225</u>	<u>222</u>	<u>4,447</u>
68,169	3,588	71,757
64,614	835	65,449
11,534	220	11,754
923	18	941
3,094	58	3,152
1,441	27	1,468
341	8	349
563	11	574
141	-	141
611	12	623
664	13	677
512	10	522
1,620	31	1,651
458	10	468
814	15	829
<u>362</u>	<u>5</u>	<u>367</u>
<u>\$ 155,861</u>	<u>\$ 4,861</u>	<u>\$ 160,722</u>

ELLIOT PARK NEIGHBORHOOD, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 19,281	\$ 44,351
Adjustment to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	1,394	1,651
Change in current assets and liabilities:		
Restricted cash - funds held as fiscal agent	-	5,420
Grants receivable	12,564	6,476
Prepaid expenses	376	(1,393)
Accounts payable	(3,206)	2,876
Accrued payroll	(4,694)	(449)
Funds held as fiscal agent	-	(5,420)
	25,715	53,512
NET CASH PROVIDED BY OPERATING ACTIVITIES		
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash outlay for property and equipment	(978)	(600)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on capital lease	(253)	(469)
	24,484	52,443
INCREASE IN CASH AND CASH EQUIVALENTS		
CASH AND CASH EQUIVALENTS, JANUARY 1	225,551	173,108
CASH AND CASH EQUIVALENTS, DECEMBER 31	\$ 250,035	\$ 225,551
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the year for:		
Interest	\$ -	\$ 53
	727	659
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Retirement of property and equipment	\$ 727	\$ 659

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

ELLIOT PARK NEIGHBORHOOD, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

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, 2015 and 2014.

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.

ELLIOT PARK NEIGHBORHOOD, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

E. 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.

F. 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.

G. Deferred Revenue

Deferred revenue at December 31, 2015 and 2014 consisted of the following:

	2015	2014
NRP Contract #20795	\$ 8,500	\$ 8,500
NRP Contract #23124	10,000	10,000
Total	\$ 18,500	\$ 18,500

H. 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 \$0 in property and equipment during the years ended December 31, 2015 and 2014.

I. 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.

ELLIOT PARK NEIGHBORHOOD, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

J. 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, 2015. 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 2012.

K. Advertising

The Organization expenses advertising costs as incurred. Advertising costs for the years ended December 31, 2015 and 2014 were \$898 and \$522, respectively.

L. Subsequent Events

In preparing the financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through April 26, 2016, the date the financial statements were available to be issued.

Note 2: TEMPORARILY RESTRICTED NET ASSETS

At December 31, 2015 and 2014, temporarily restricted net assets were available for the following purposes:

	2015	2014
Consulting services	\$ -	\$ 952

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 \$11,150 and \$11,460 for 2015 and 2014, respectively.

Note 4: CAPITAL LEASE

The Organization was obligated under a capital lease for equipment used in its operations. The Organization had a lease for telephones that was in place from July 2010 to June 2015 and. The total amount of capital lease telephones as of December 31, 2015 and 2014 was \$2,033, with accumulated depreciation of \$2,033 and \$2,011, respectively. Lease payments for the telephones were \$253 and \$522 for 2015 and 2014, respectively.

There are no required future minimum lease payments for the capital lease at December 31, 2015.

Note 5: 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.

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ELLIOT PARK NEIGHBORHOOD, INC.
SCHEDULE OF NRP ACTIVITY
FOR THE YEAR ENDED DECEMBER 31, 2015

	Agreement #20795	Agreement #23124	Total
	<u> </u>	<u> </u>	<u> </u>
REVENUES	\$ 28,477	\$ 25,725	\$ 54,202
EXPENSES			
Payroll			
Staff salaries and wages	13,644	12,488	26,132
Payroll taxes	1,739	1,591	3,330
Benefits	977	894	1,871
	<u> </u>	<u> </u>	<u> </u>
Total payroll expenses	16,360	14,973	31,333
Professional services	5,685	5,203	10,888
Occupancy	2,430	2,224	4,654
Office supplies	146	133	279
Office equipment	583	534	1,117
Telephone	287	263	550
Postage and delivery	101	93	194
Printing	239	218	457
Travel	59	54	113
Insurance	107	97	204
Meeting expenses	132	121	253
Advertising fees	191	174	365
Depreciation	296	270	566
Bank fees	82	76	158
Subscriptions and dues	98	90	188
	<u> </u>	<u> </u>	<u> </u>
TOTAL EXPENSES	26,796	24,523	51,319
REVENUES OVER (UNDER) EXPENSES	<u> </u>	<u> </u>	<u> </u>
	\$ 1,681	\$ 1,202	\$ 2,883

See Independent Accountant's Review Report.