

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

FINANCIAL STATEMENTS

FOR THE YEARS ENDED
DECEMBER 31, 2016 AND 2015

ELLIOT PARK NEIGHBORHOOD, INC.
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DECEMBER 31, 2016 AND 2015

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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, 2016 and 2015, 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, 2016 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 25, 2017

FINANCIAL STATEMENTS

ELLIOT PARK NEIGHBORHOOD, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2016 AND 2015

	2016	2015
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 221,661	\$ 250,035
Grants receivable	23,789	17,418
Prepaid expenses	1,681	2,363
TOTAL CURRENT ASSETS	247,131	269,816
PROPERTY AND EQUIPMENT	11,097	13,102
LESS ACCUMULATED DEPRECIATION	(6,791)	(7,481)
TOTAL PROPERTY AND EQUIPMENT, NET	4,306	5,621
TOTAL ASSETS	\$ 251,437	\$ 275,437
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ -	\$ 43
Accrued payroll	4,400	5,433
Deferred revenue	10,000	18,500
TOTAL LIABILITIES	14,400	23,976
NET ASSETS		
Unrestricted	237,037	251,461
TOTAL NET ASSETS	237,037	251,461
TOTAL LIABILITIES AND NET ASSETS	\$ 251,437	\$ 275,437

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, 2016 AND 2015

	2016		
	Unrestricted	Temporarily Restricted	Total
REVENUE AND SUPPORT			
REVENUE			
Minneapolis Neighborhood and Community Relations (NCR)	\$ 51,601	\$ -	\$ 51,601
Neighborhood Revitalization Program (NRP)	40,689	-	40,689
Interest income	178	-	178
Other income	43	-	43
	<hr/>	<hr/>	<hr/>
TOTAL REVENUE	92,511	-	92,511
SUPPORT			
McKnight Foundation	-	-	-
Contributions	12,558	-	12,558
	<hr/>	<hr/>	<hr/>
TOTAL REVENUE AND SUPPORT	105,069	-	105,069
NET ASSETS RELEASED FROM RESTRICTIONS	<hr/>	<hr/>	<hr/>
	-	-	-
EXPENSES			
Program services			
NCR	54,394	-	54,394
NRP	40,604	-	40,604
McKnight Foundation	18,413	-	18,413
McKnight Foundation Stadium	-	-	-
	<hr/>	<hr/>	<hr/>
Total program services	113,411	-	113,411
Supporting services			
Management and general	6,082	-	6,082
	<hr/>	<hr/>	<hr/>
TOTAL EXPENSES	119,493	-	119,493
CHANGE IN NET ASSETS	(14,424)	-	(14,424)
NET ASSETS, JANUARY 1	<hr/>	<hr/>	<hr/>
	251,461	-	251,461
NET ASSETS, DECEMBER 31	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	\$ 237,037	\$ -	\$ 237,037

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

ELLIOT PARK NEIGHBORHOOD, INC.
STATEMENTS OF ACTIVITIES - CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	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
Other income	-	-	-
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.

ELLIOT PARK NEIGHBORHOOD, INC.
STATEMENTS OF FUNCTIONAL EXPENSE
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	2016			2016		
	NCR	NRP	McKnight Foundation	Total Program Services	Management and General	Total Expenses
EXPENSES						
Payroll						
Staff salaries and wages	\$ 22,010	\$ 25,088	\$ 15,514	\$ 62,612	\$ 3,295	\$ 65,907
Payroll taxes	4,007	2,253	618	6,878	362	7,240
Benefits	2,168	2,081	129	4,378	230	4,608
Total payroll expenses	28,185	29,422	16,261	73,868	3,887	77,755
Professional services	11,045	7,695	-	18,740	-	18,740
Occupancy	8,865	1,635	960	11,460	-	11,460
Office supplies	401	191	-	592	91	683
Office equipment	2,830	38	-	2,868	438	3,306
Telephone	803	334	102	1,239	626	1,865
Postage and delivery	193	6	-	199	-	199
Printing	850	250	59	1,159	-	1,159
Travel	39	14	-	53	-	53
Insurance	-	306	197	503	-	503
Meeting expenses	80	-	573	653	485	1,138
Advertising fees	283	131	-	414	-	414
Depreciation	520	534	261	1,315	-	1,315
Bank fees	-	-	-	-	415	415
Subscriptions and dues	300	48	-	348	140	488
TOTAL EXPENSES	\$ 54,394	\$ 40,604	\$ 18,413	\$ 113,411	\$ 6,082	\$ 119,493

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

ELLIOT PARK NEIGHBORHOOD, INC.
STATEMENTS OF FUNCTIONAL EXPENSE - CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	2015					2015	
	NCR	NRP	McKnight Foundation	McKnight Dendros	Total Program Services	Management and General	Total Expenses
EXPENSES							
Payroll							
Staff salaries and wages	\$ 14,933	\$ 26,132	\$ 18,044	\$ -	\$ 59,109	\$ 3,111	\$ 62,220
Payroll taxes	1,903	3,330	2,299	-	7,532	396	7,928
Benefits	1,069	1,871	1,292	-	4,232	223	4,455
Total payroll expenses	17,905	31,333	21,635	-	70,873	3,730	74,603
Professional services	10,592	10,888	5,332	4,251	31,063	-	31,063
Occupancy	4,527	4,654	2,279	-	11,460	-	11,460
Office supplies	272	279	137	-	688	-	688
Office equipment	1,086	1,117	547	-	2,750	-	2,750
Telephone	535	550	269	-	1,354	-	1,354
Postage and delivery	189	194	95	-	478	-	478
Printing	445	457	224	-	1,126	-	1,126
Travel	110	113	55	-	278	-	278
Insurance	199	204	100	-	503	-	503
Meeting expenses	247	253	124	-	624	-	624
Advertising fees	355	365	178	-	898	-	898
Depreciation	551	566	277	-	1,394	-	1,394
Bank fees	153	158	77	-	388	-	388
Subscriptions and dues	183	188	92	-	463	-	463
TOTAL EXPENSES	\$ 37,349	\$ 51,319	\$ 31,421	\$ 4,251	\$ 124,340	\$ 3,730	\$ 128,070

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

ELLIOT PARK NEIGHBORHOOD, INC.
 STATEMENTS OF CASH FLOWS
 FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (14,424)	\$ 19,281
Adjustment to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	1,315	1,394
Change in current assets and liabilities:		
Grants receivable	(6,371)	12,564
Prepaid expenses	682	376
Accounts payable	(43)	(3,206)
Accrued payroll	(1,033)	(4,694)
Deferred revenue	(8,500)	-
	(28,374)	25,715
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash outlay for property and equipment	-	(978)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on capital lease	-	(253)
	(28,374)	24,484
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
CASH AND CASH EQUIVALENTS, JANUARY 1	250,035	225,551
CASH AND CASH EQUIVALENTS, DECEMBER 31	\$ 221,661	\$ 250,035
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Retirement of property and equipment	\$ 2,005	\$ 727

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

ELLIOT PARK NEIGHBORHOOD, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

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, 2016 and 2015.

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. 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:

<u>Assets</u>	<u>Useful Life</u>
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.

ELLIOT PARK NEIGHBORHOOD, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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, 2016 and 2015 consisted of the following:

	2016	2015
NRP Contract #20795	\$ -	\$ 8,500
NRP Contract #23124	10,000	10,000
Total	\$ 10,000	\$ 18,500

H. 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.

I. 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, 2016. 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 2013.

ELLIOT PARK NEIGHBORHOOD, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

J. Advertising

The Organization expenses advertising costs as incurred. Advertising costs for the years ended December 31, 2016 and 2015 were \$414 and \$898, respectively.

K. Subsequent Events

In preparing the financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through April 25, 2017, the date the financial statements were available to be issued.

Note 2: 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 \$11,460 and \$11,150 for 2016 and 2015, respectively.

Note 3: 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, 2016 and 2015 was \$0 and \$2,033, respectively, with accumulated depreciation of \$0 and \$2,033, respectively. Lease payments for the telephones were \$0 and \$253 for 2016 and 2015, respectively.

There are no required future minimum lease payments for the capital lease at December 31, 2016.

Note 4: 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

ELLIOT PARK NEIGHBORHOOD, INC.
SCHEDULE OF NRP ACTIVITY
FOR THE YEAR ENDED DECEMBER 31, 2016

	Agreement #20795	Agreement #23124	Total
REVENUES	\$ 15,932	\$ 24,757	\$ 40,689
EXPENSES			
Payroll			
Staff salaries and wages	9,033	16,055	25,088
Payroll taxes	811	1,442	2,253
Benefits	1,384	697	2,081
Total payroll expenses	11,228	18,194	29,422
Professional services	4,152	3,543	7,695
Occupancy	-	1,635	1,635
Office supplies	76	115	191
Office equipment	-	38	38
Telephone	-	334	334
Postage and delivery	-	6	6
Printing	250	-	250
Travel	14	-	14
Insurance	-	306	306
Advertising fees	131	-	131
Depreciation	-	534	534
Subscriptions and dues	25	23	48
TOTAL EXPENSES	15,876	24,728	40,604
REVENUES OVER (UNDER) EXPENSES	\$ 56	\$ 29	\$ 85

See Independent Accountant's Review Report.