

**Community Emergency Assistance Programs, Inc.**  
Brooklyn Center, Minnesota

---

**Consolidated Financial Statements  
with Additional Information  
Auditor's Report  
For the Years Ended  
June 30, 2016 and 2015**



**CERTIFIED PUBLIC ACCOUNTANTS**

**CONTENTS**

	<b><u>PAGE</u></b>
INDEPENDENT AUDITOR'S REPORT .....	1
EXHIBIT A: Consolidated Statements of Activities and Changes in Net Assets – For the Years Ended June 30, 2016 and 2015 .....	2
EXHIBIT B: Consolidated Statement of Functional Expense – For the Year Ended June 30, 2016 with Comparative Totals for 2015.....	3
EXHIBIT C: Consolidated Statement of Functional Expense – For the Year Ended June 30, 2015 .....	4
EXHIBIT D: Consolidated Statements of Financial Position – June 30, 2016 and 2015 .....	5
EXHIBIT E: Consolidated Statements of Cash Flows – For the Years Ended June 30, 2016 and 2015 .....	6
NOTES TO FINANCIAL STATEMENTS .....	7-15

**ADDITIONAL INFORMATION**

STATEMENT OF AUDITOR'S RESPONSIBILITY.. .....	16
SCHEDULE 1: Consolidating Schedule of Revenue, Expense and Change in Net Assets For the Year Ended June 30, 2016.....	17
SCHEDULE 2: Consolidating Schedule of Financial Position—June 30, 2016.....	18



Carpenter Evert & Associates

Certified Public Accountants

7760 France Avenue S. Suite 940 Bloomington Minnesota 55435

952.831.0085 [carpenterevert.com](http://carpenterevert.com)

### Independent Auditor's Report

Board of Directors  
Community Emergency Assistance Programs, Inc.  
Brooklyn Center, Minnesota

We have audited the accompanying consolidated financial statements of Community Emergency Assistance Programs, Inc., which comprise the consolidated statements of financial position as of June 30, 2016 and 2015, and the related consolidated statements of activities and changes in net assets, consolidated statements of functional expense, and consolidated statements of 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 consolidated 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 consolidated 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 consolidated 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 audits 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Community Emergency Assistance Programs, Inc. as of June 30, 2016 and 2015, 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.

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

Minneapolis, Minnesota  
November 16, 2016

EXHIBIT A

COMMUNITY EMERGENCY ASSISTANCE PROGRAMS, INC.  
CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	2016		2015		Total
	Unrestricted	Temporarily Restricted	Unrestricted	Temporarily Restricted	
Support and Revenue:					
Contributions	\$ 2,924,111	\$ 266,287	\$ 3,190,398	\$ 173,045	\$ 3,674,067
Government Contracts and Grants	397,240	-	397,240	-	293,282
United Way	68,275	103,000	171,275	57,144	131,921
Program Fees	201,925	-	201,925	-	225,240
Interest Income	51,280	-	51,280	-	12,838
Other Income	63,859	-	63,859	-	53,267
Net Assets Released from Restrictions:					
Satisfaction of Program Restrictions	209,958	(209,958)	-	(151,488)	-
United Way Allocation	57,144	(57,144)	-	(57,144)	-
Total Support and Revenue	3,973,792	102,185	4,075,977	21,557	4,390,615
Expense:					
Program Services	3,663,474	-	3,663,474	-	4,094,036
Support Services:					
Management and General	285,606	-	285,606	-	221,214
Fundraising	151,359	-	151,359	-	145,704
Total Support Services	436,965	-	436,965	-	366,918
Total Expense	4,100,439	-	4,100,439	-	4,460,954
Change in Net Assets from Operations	(126,647)	102,185	(24,462)	21,557	(70,339)
Other Changes in Net Assets:					
Northwest Family Service Center:					
Change in Net Assets	(880,967)	-	(880,967)	-	(903,478)
Change in Net Assets	(1,007,614)	102,185	(905,429)	21,557	(973,817)
Net Assets - Beginning of Year	4,539,408	109,605	4,649,013	88,048	5,622,830
Net Assets - End of Year	\$ 3,531,794	\$ 211,790	\$ 3,743,584	\$ 109,605	\$ 4,649,013

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

COMMUNITY EMERGENCY ASSISTANCE PROGRAMS, INC.  
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSE  
FOR THE YEAR ENDED JUNE 30, 2016 WITH COMPARATIVE TOTALS FOR 2015

	2016				2015	
	Total Program Services	Management & General	Fund- raising	Total Support Services	Total All Services	Total All Services
Salaries	\$ 627,695	\$ 97,455	\$ 113,348	\$ 210,803	\$ 838,498	\$ 735,043
Payroll Taxes	55,646	17,356	9,553	26,909	82,555	80,989
Employee Benefits	76,022	11,962	12,813	24,775	100,797	91,240
Total Personnel Costs	759,363	126,773	135,714	262,487	1,021,850	907,272
Needs of People	2,678,774	-	-	-	2,678,774	3,211,052
Occupancy	108,842	17,589	5,819	23,408	132,250	124,661
Professional Fees	75,645	41,437	4,695	46,132	121,777	89,765
Office Expense	28,445	17,936	3,731	21,667	50,112	50,516
Bad Debts	-	34,397	-	34,397	34,397	17,750
Miscellaneous	1,223	17,259	-	17,259	18,482	12,846
Staff and Volunteer Expenses	6,187	2,658	317	2,975	9,162	8,458
Travel and Transportation	4,995	1,151	1,083	2,234	7,229	5,636
Interest Expense	-	3,800	-	3,800	3,800	4,122
Depreciation	-	22,606	-	22,606	22,606	28,876
Total Expense	\$ 3,663,474	\$ 285,606	\$ 151,359	\$ 436,965	\$ 4,100,439	\$ 4,460,954

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

COMMUNITY EMERGENCY ASSISTANCE PROGRAMS, INC.  
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSE  
FOR THE YEAR ENDED JUNE 30, 2015

	Support Services			
	Total Program Services	Management & General	Fund- raising	Total Support Services
Salaries	\$ 564,549	\$ 73,429	\$ 97,065	\$ 170,494
Payroll Taxes	61,933	8,733	10,323	19,056
Employee Benefits	67,332	10,669	13,239	23,908
Total Personnel Costs	<u>693,814</u>	<u>92,831</u>	<u>120,627</u>	<u>213,458</u>
Needs of People	3,210,925	127	-	127
Occupancy	101,100	17,577	5,984	23,561
Professional Fees	47,723	39,100	2,942	42,042
Office Expense	27,638	9,729	13,149	22,878
Bad Debts	2,750	15,000	-	15,000
Miscellaneous	1,116	11,730	-	11,730
Staff and Volunteer Expenses	4,457	1,602	2,399	4,001
Travel and Transportation	4,513	520	603	1,123
Interest	-	4,122	-	4,122
Depreciation	-	28,876	-	28,876
Total Expense	<u>\$ 4,094,036</u>	<u>\$ 221,214</u>	<u>\$ 145,704</u>	<u>\$ 366,918</u>
				<u>\$ 4,460,954</u>

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

COMMUNITY EMERGENCY ASSISTANCE PROGRAMS, INC.  
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2016 AND 2015

<u>ASSETS</u>	<u>2016</u>	<u>2015</u>
Current Assets:		
Cash and Cash Equivalents	\$ 252,897	\$ 340,090
Accounts Receivable (Less Allowance for Doubtful accounts of \$40,000 and \$86,584 for 2016 and 2015)	33,186	81,883
Grants and Pledges Receivable	176,020	154,956
Prepaid Expense	46,133	17,754
Total Current Assets	<u>508,236</u>	<u>594,683</u>
Noncurrent Assets:		
Property and Equipment - Net Operations	23,431,837	24,209,094
Note Receivable - CEAP Investment Fund, LLC	4,000,000	4,000,000
Funds Held in Escrow - Northwest Family Service Center, LLC.	508,372	632,210
TOTAL ASSETS	<u>\$ 28,448,445</u>	<u>\$ 29,435,987</u>
 <u>LIABILITIES AND NET ASSETS</u>  		
Current Liabilities:		
Accounts Payable	\$ 153,861	\$ 261,493
Accrued Expenses	82,487	72,528
Notes Payable	117,638	75,787
Deferred Revenue	875	27,166
Total Current Liabilities	<u>354,861</u>	<u>436,974</u>
Notes Payable - Northwest Family Service Center	<u>24,350,000</u>	<u>24,350,000</u>
Total Liabilities	<u>24,704,861</u>	<u>24,786,974</u>
Net Assets:		
Unrestricted	3,901,398	4,204,238
Temporarily Restricted	211,790	109,605
Total Net Assets	<u>4,113,188</u>	<u>4,313,843</u>
Non-Controlling Interest in Northwest Family Services, LLC.:		
Hennepin County Department of Human Services and Public Health	(184,802)	167,585
Independent School District #279	(184,802)	167,585
Total Net Assets and Non-Controlling Interest	<u>3,743,584</u>	<u>4,649,013</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 28,448,445</u>	<u>\$ 29,435,987</u>

The accompanying Notes to Consolidated Financial Statements  
are an integral part of these statements.

COMMUNITY EMERGENCY ASSISTANCE PROGRAMS, INC.  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

<u>Increase (Decrease) in Cash and Cash Equivalents</u>	<u>2016</u>	<u>2015</u>
<b>Cash Flows from Operating Activities:</b>		
Change in Net Assets	\$ (905,429)	\$ (973,817)
Total Adjustments	<u>654,473</u>	<u>856,109</u>
Net Cash Provided (Used) by Operating Activities	<u>(250,956)</u>	<u>(117,708)</u>
<b>Cash Flows from Investing Activities:</b>		
Purchases of Property and Equipment	(1,926)	(13,833)
Funds Held in Escrow	<u>123,838</u>	<u>273,065</u>
Net Cash Provided (Used) by Investing Activities	<u>121,912</u>	<u>259,232</u>
<b>Cash Flows from Financing Activities:</b>		
Proceeds from Line of Credit	<u>41,851</u>	<u>(10,562)</u>
Net Cash Provided (Used) by Financing Activities	<u>41,851</u>	<u>(10,562)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(87,193)	130,962
Cash and Cash Equivalents - Beginning of Year	<u>340,090</u>	<u>209,128</u>
Cash and Cash Equivalents - End of Year	<u>\$ 252,897</u>	<u>\$ 340,090</u>
 <u>Supplemental Disclosures of Cash Flow Information</u>		
<b>Cash Paid For:</b>		
Interest Expense	<u>\$ 1,237,105</u>	<u>\$ 1,233,056</u>

The accompanying Notes to Consolidated Financial Statements  
are an integral part of these statements.



COMMUNITY EMERGENCY ASSISTANCE PROGRAMS, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2016 AND 2015

1. Summary of Significant Accounting Policies

Basis of Consolidation

The consolidated financial statements of Community Emergency Assistance Programs, Inc. (CEAP) include the accounts of Northwest Family Service Center LLC (NFSC) and Northwest Family Service Center Lender, LLC (NFSL). Significant inter-company transactions have been eliminated. CEAP is the sole member of both NFSC and NFSL.

NFSC was created to develop and construct a new facility housing CEAP, Hennepin County Department of Human Services and Public Health (HC), and Independent School District 279 (District 279). NFSC is a variable interest entity with the interests of HC and District 279 being reflected as non-controlling interests in these financial statements based on their ownership interests in the building when NFSC dissolves.

Organizational Purpose

CEAP is a Minnesota nonprofit corporation that empowers families in need in Northwest Hennepin and Anoka Counties by providing food, clothing, and personalized support to help them establish a path to stability and independence.

Since 1970, CEAP's programs have increased in scope to include not only food assistance, but a clothing closet, emergency financial assistance, community resource information and referrals, no-interest car loans, Meals on Wheels, and Senior Chore services. In addition CEAP provides holiday gifts, school supplies, and birthday bags on a seasonal basis. Combined, these programs create wrap around services for families to not only meet their basic needs, but help them move towards greater self sufficiency.

Net Assets

In order to observe the limitations and restrictions placed on resources available to CEAP, resources are classified for accounting and reporting purposes in net asset groups which are established according to their nature and restrictions. A description of the groupings is as follows:

Unrestricted Net Assets – Net assets which are neither permanently nor temporarily restricted by donor-imposed stipulations. These net assets include both board designated and undesignated amounts.

Temporarily Restricted Net Assets – The part of net assets of CEAP resulting from contributions whose use is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions pursuant to those stipulations.

COMMUNITY EMERGENCY ASSISTANCE PROGRAMS, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2016 AND 2015

1. Summary of Significant Accounting Policies (continued)

Cash and Cash Equivalents

For purposes of the statement of cash flows, CEAP considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents. CEAP maintains its cash accounts at several financial institutions. At times throughout the year, its cash balances may exceed insured limits of the Federal Deposit Insurance Corporation.

Investments

CEAP carries its investments at market value. Investments consist of money market funds, the cost of which approximates market value.

Accounts and Notes Receivable and Doubtful Accounts

CEAP extends credit to its customers on terms it establishes for individual customers. Receivables are recorded at amounts billed and are generally due when billed. Amounts outstanding for more than 30 days are considered delinquent. Current accounts receivable are generally uncollateralized and CEAP does not charge interest on accounts receivable balances. Long-term accounts receivable are collateralized by liens on vehicles purchased by participants. CEAP reviews accounts receivable balances on a periodic basis and writes off delinquent receivables when they are considered uncollectible. CEAP provides an allowance for doubtful accounts based on historical experience and management's evaluation of outstanding accounts receivable at the end of each year. Accounts are stated net of the allowance for doubtful accounts of \$40,000 and \$86,584 for the years ended June 30, 2016 and 2015, respectively.

Promises-To-Give (Pledges Receivable)

Unconditional promises-to-give are recognized in the period the promises are made. Conditional promises-to-give are recognized when the conditions on which they depend are substantially met, that is, when the conditional promise becomes unconditional.

Property and Equipment

Property and equipment in excess of \$1,000 are recorded at cost if purchased or at fair market value at the date of gift if donated. All acquisitions of property and equipment and all expenditures for betterments that materially prolong the useful lives of assets are capitalized. Depreciation is provided through the use of the straight-line method.

COMMUNITY EMERGENCY ASSISTANCE PROGRAMS, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2016 AND 2015

1. Summary of Significant Accounting Policies (continued)

Carrying Value of Long-Lived Assets

CEAP tests long-lived assets or asset groups for recoverability when events or changes in circumstances indicate that the carrying amount may not be recoverable. Recoverability is assessed based on the carrying amount of the asset and fair value, which is generally determined, based on the sum of the undiscounted cash flows expected to result from the use and the eventual disposal of the asset, as well as specific appraisal in certain instances. An impairment loss is recognized when the carrying amount is not recoverable and exceeds fair value.

Contributions and Grants

CEAP reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. If donor-imposed restrictions accompany the contribution, the amount is recorded as temporarily or permanently restricted until the donor-imposed restrictions expire or are fulfilled. Temporarily restricted net assets are reclassified to unrestricted in the period donor-imposed restrictions expire or are fulfilled, and are reported in the Statement of Activities under the Support and Revenue Category – Net Assets Released from Restrictions.

Gifts of property, plant and equipment or gifts of cash to be used to acquire such assets, absent specific donor stipulations, are reported as net assets released from restrictions when the donated or acquired long-lived assets are placed in service.

CEAP receives significant amounts of funding from the United Way, governmental entities and foundations. A significant reduction in the level of support, if this were to occur, could have an adverse effect on CEAP's programs and activities.

Government Grants and Contracts

Government grants and contract funds are recorded as revenue when earned. Revenue is earned when eligible expenditures, as defined in each grant or contract, are made. Funds received but not yet earned are shown as refundable advances. Expenditures under government contracts are subject to review by the granting authority. To the extent, if any, that such a review reduces expenditures allowable under these contracts, CEAP will record such disallowance at the time the final assessment is made.

Deferred Revenue

Revenue received in the current fiscal year that pertain to the following fiscal year are recorded as deferred revenue and recognized in the year earned.

COMMUNITY EMERGENCY ASSISTANCE PROGRAMS, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2016 AND 2015

1. Summary of Significant Accounting Policies (continued)

Functional Allocation of Expense

Expenses are recorded in program and support service functions when incurred where possible. Expenses which are not directly identifiable by program or supporting service are allocated based on predetermined percentages derived from payroll and occupancy statistics.

Income Tax

CEAP has a tax-exempt status under Section 501(c)(3) of the Internal Revenue Code and has adopted *Accounting for Uncertainty in Income Taxes*, ASC 740-10. CEAP's policy is to evaluate uncertain tax positions, at least annually, for the potential for income tax exposure from unrelated business income or from loss of nonprofit status. CEAP continues to operate consistent with its original exemption application and each year takes the necessary actions to maintain its exempt status. It has been classified as an organization that is not a private foundation under the Internal Revenue Code and charitable contributions by donors are tax deductible. In compliance with its exempt status, CEAP annually files a Return of Organization Exempt From Income Tax (Form 990). The returns for the years ending June 30, 2013 and later remain subject to examination by the Internal Revenue Service.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The most significant estimates relate to the collectability of loans receivable.

Subsequent Events

CEAP has evaluated the effect that subsequent events would have on the financial statements through November 16, 2016, which is the date financial statements were available to be issued.

Reclassifications

Certain amounts in prior year financial statements have been reclassified to conform to the presentation in the current year financial statements.

COMMUNITY EMERGENCY ASSISTANCE PROGRAMS, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2016 AND 2015

2. Concentrations of Credit Risk

CEAP provides services to individuals residing primarily in northwest Hennepin and Anoka Counties. The amounts due for services provided are from individuals, or their third-party payors, substantially all of whom are local residents. In addition, grants and contributions receivable are substantially from local residents, governments or institutions.

3. Property and Equipment

CEAP owned the following as of:

	<u>June 30,</u>		<u>Estimated Useful Lives</u>
	<u>2016</u>	<u>2015</u>	
Operations:			
Building and Improvements	\$ 32,304	\$ 32,304	10-30 years
Furniture and Equipment	116,033	114,106	5-15 years
Vehicles	95,360	95,360	5 years
Northwest Family Service Center:			
Land	3,310,000	3,310,000	
Building	<u>22,697,312</u>	<u>22,697,312</u>	40 years
	26,251,089	26,249,082	
Less Accumulated Depreciation			
Operations	174,527	151,920	
Northwest Family Service Center	<u>2,644,645</u>	<u>1,888,068</u>	
	<u>\$ 23,431,837</u>	<u>\$ 24,209,094</u>	

Depreciation expense from operations was \$22,606 and \$28,876 for the years ended June 30, 2016 and 2015, respectively. Depreciation expense from Northwest Family Service Center was \$756,577 for both of the years ended June 30, 2016 and 2015.

COMMUNITY EMERGENCY ASSISTANCE PROGRAMS, INC.  
CONSOLIDATED NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016 AND 2015

4. Notes Payable

The breakdown of note payable was as follows as of:

	June 30,	
	2016	2015
CEAP:		
9.25% interest line of credit from TopLine. Payable on demand. Secured by all assets of CEAP. Limit of \$20,000. Matures 12/1/2023.	\$ 13,992	14,742
5.5% interest line of credit from Topline. Payable on demand. Secured by all assets of CEAP. Limit of \$100,000. Matures 12/1/2023.	103,646	61,045
Northwest Family Service Center:		
4.592% interest note from MMCDC New Markets XXV, LLC. Principle of \$3,811,635 due June 5, 2019. Accrued interest paid monthly. Secured by building.	3,811,635	3,811,635
4.592% interest loan from MMCDC New Markets XXV, LLC. Principle of \$5,688,365 due in full August 15, 2041. Accrued interest paid monthly. Secured by building.	5,688,365	5,688,365
4.4065% interest loan from GNDC New Markets Fund I, LLC. Principle of \$11,963,365 due June 5, 2019. Accrued interest paid monthly. Secured by building.	14,363,365	14,363,365
4.4065% interest loan from GNDC New Markets Fund I, LLC. Principle of \$2,486,635 due in full August 15, 2041. Accrued interest paid monthly. Secured by building.	486,635	486,635
	24,467,638	24,425,787
Less Portion Due Within One Year	117,638	75,787
Long-term Portion	\$ 24,350,000	\$ 24,350,000

COMMUNITY EMERGENCY ASSISTANCE PROGRAMS, INC.  
CONSOLIDATED NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016 AND 2015

4. Notes Payable (continued)

Principal payments required are as follows:

<u>Due in the Year Ending June 30,</u>	
2017	\$ 117,638
2018	-
2019	18,175,000
2020	-
2021	-
2022 and beyond	<u>6,175,000</u>
Total	<u>\$ 24,467,638</u>

5. Temporarily Restricted Net Assets

Temporarily restricted net assets consisted of time restrictions for the following as of:

	<u>June 30,</u>	
	<u>2016</u>	<u>2015</u>
Program Activities	<u>\$ 211,790</u>	<u>\$ 109,605</u>

6. Operating Leases

Rental commitments under noncancelable leases for office space and equipment in effect at June 30, 2016, totaled \$19,038. The future annual rental commitments are as follows:

<u>Due in the Year Ending June 30,</u>	<u>Space</u>	<u>Equipment</u>	<u>Total</u>
2017	\$ 16,958	\$ 1,849	\$ 18,807
2018	-	231	231
2019	-	-	-
2020	-	-	-
	<u>\$ 16,958</u>	<u>\$ 2,080</u>	<u>\$ 19,038</u>

Rental expense for office space was \$16,958 for the years ended June 30, 2016 and 2015, respectively. Rental expense for office equipment was \$7,133 for the years ended June 30, 2016 and 2015, respectively.

CEAP rents space from the Northwest Family Service Center LLC for \$20,681 per month until June 30, 2019. At that time each non-controlling partner will be given their share of ownership of the building. CEAP would then own 20% of the building.

COMMUNITY EMERGENCY ASSISTANCE PROGRAMS, INC.  
CONSOLIDATED NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016 AND 2015

7. In-kind Contributions

CEAP records in-kind contributions at fair market value at date of donation. In-kind contributions included the following as of:

	June 30,	
	2016	2015
Food at \$1.50 per pound	\$ 2,250,433	\$ 2,775,631
Clothing at \$1.00 per item	49,385	63,626
Other Program Supplies	48,032	50,313
	\$ 2,347,850	\$ 2,889,570

CEAP utilizes and relies upon the services of volunteers to carry out its programs. Services provided by volunteers do not meet the specialized service requirements of Financial Accounting Standards Board Accounting Standards Codification Topic 958-605-25-16, "Accounting for Contributions Received and Contributions Made" and are therefore not reflected in the financial statements. Management estimates the value of these services to be \$879,059 when valued at \$17.00 per hour for the year ended June 30, 2016 and \$791,945 when valued at \$17.00 per hour for the year ended June 30, 2015.

8. Northwest Family Service Center

CEAP has led efforts to develop the Northwest Family Services Center. This facility consists of a new 20,000 useable square feet for CEAP in conjunction with a 40,000 useable square feet regional office of the Hennepin County Department of Human Services and Public Health. The facility is located in Brooklyn Center and is an addition to the Adult Education Center of the Independent School District 279.

The total cost of the facility was approximately \$27,660,000. The funding for the project was comprised of participant equity contributions and long-term loans from project participants and development entities utilizing federal new market tax credits. New Market Tax Credits are a funding mechanism created by the US Treasury Department to stimulate project development in federally recognized distressed areas that would otherwise find accessing capital difficult if not impossible. The tax credits are awarded annually then purchased by private investors. The purchaser of the tax credits for the Northwest Family Service Center is US Bank.

9. Retirement Plan

CEAP maintains a defined contribution annuity plan that covers those employees who meet eligibility requirements. Under the plan, CEAP contributes 5% of eligible salaries and wages. Contributions of \$37,307 and \$35,626 were made in the years ended June 30, 2016 and 2015, respectively.



COMMUNITY EMERGENCY ASSISTANCE PROGRAMS, INC.  
CONSOLIDATED NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016 AND 2015

10. Cash Flow Operating Adjustments

Adjustments to reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities were as follows as of:

	<u>June 30,</u>	
	<u>2016</u>	<u>2015</u>
Depreciation	\$ 779,183	\$ 785,453
Increases (Decreases) in Current Liabilities:		
Accounts Payable	(107,632)	119,678
Accrued Expenses	9,959	542
Deferred Revenue	(26,291)	25,966
Decreases (Increases) in Current Assets:		
Accounts Receivable	48,697	(107,950)
Pledges Receivable	(21,064)	44,278
Prepaid Expense	(28,379)	(11,858)
Total Adjustments	<u>\$ 645,473</u>	<u>\$ 856,109</u>

ADDITIONAL INFORMATION



Carpenter Evert & Associates

Certified Public Accountants  
7760 France Avenue S. Suite 940 Bloomington Minnesota 55435  
952.831.0085 [carpenterevert.com](http://carpenterevert.com)

Statement of Auditor's Responsibility

Board of Directors  
Community Emergency Assistance Programs, Inc.  
Brooklyn Center, Minnesota

We have audited the consolidated financial statements of Community Emergency Assistance Programs, Inc. as of and for the years ended June 30, 2016 and 2015, and our report thereon dated November 16, 2016, which expressed an unmodified opinion on those consolidated financial statements, appears on page 1.

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating schedule of financial position and consolidating schedule of revenue, expense and changes in net assets of Community Emergency Assistance Programs, Inc. for the year ended June 30, 2016, are presented for purposes of additional analysis and are 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, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

*Carpenter Evert and Associates, LTD.*

Certified Public Accountants

Minneapolis, Minnesota  
November 16, 2016

COMMUNITY EMERGENCY ASSISTANCE PROGRAMS, INC.  
CONSOLIDATING SCHEDULE OF REVENUE, EXPENSE AND CHANGE IN NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2016

	CEAP	Northwest Family Service Center, LLC	Elimination Entries	Total
<b>Support and Revenue:</b>				
Contributions	\$ 3,190,398	\$ -	\$ -	\$ 3,190,398
Government Contracts and Grants	397,240	-	-	397,240
United Way	171,275	-	-	171,275
Program Fees	201,925	-	-	201,925
Rental Income	264,211	1,124,626	(497,199)	891,638
Investment Income	51,280	611	-	51,891
Other Income	48,675	-	-	48,675
<b>Total Support and Revenue</b>	<u>4,325,004</u>	<u>1,125,237</u>	<u>(497,199)</u>	<u>4,953,042</u>
<b>Expense:</b>				
Salaries	838,498	-	-	838,498
Payroll Taxes	82,555	-	-	82,555
Employee Benefits	100,797	-	-	100,797
<b>Total Personnel Expense</b>	<u>1,021,850</u>	<u>-</u>	<u>-</u>	<u>1,021,850</u>
Needs of People	2,678,774	-	-	2,678,774
Interest	3,800	1,233,305	(248,172)	988,933
Occupancy	381,277	-	(249,027)	132,250
Professional Fees	121,777	15,363	-	137,140
Bad Debts	34,397	-	-	34,397
Office Expense	50,112	-	-	50,112
Miscellaneous	18,482	959	-	19,441
Staff and Volunteer Expenses	9,162	-	-	9,162
Travel and Transportation	7,229	-	-	7,229
Depreciation	22,606	756,577	-	779,183
<b>Total Expense</b>	<u>4,349,466</u>	<u>2,006,204</u>	<u>(497,199)</u>	<u>5,858,471</u>
<b>Change in Net Assets</b>	<b>(24,462)</b>	<b>(880,967)</b>	<b>-</b>	<b>(905,429)</b>
<b>Net Assets - Beginning of Year</b>	<u>4,230,052</u>	<u>418,961</u>	<u>-</u>	<u>4,649,013</u>
<b>Net Assets - End of Year</b>	<u>\$ 4,205,590</u>	<u>\$ (462,006)</u>	<u>\$ -</u>	<u>\$ 3,743,584</u>

See Statement of Auditor's Responsibility.

COMMUNITY EMERGENCY ASSISTANCE PROGRAMS, INC.  
 CONSOLIDATING SCHEDULE OF FINANCIAL POSITION  
 JUNE 30, 2016

	CEAP	Northwest Family Service Center, LLC	Eliminations	Total
<b>ASSETS</b>				
Current Assets:				
Cash and Cash Equivalents	\$ 235,942	\$ 16,955	\$ -	\$ 252,897
Operating	33,186	-	-	33,186
Accounts Receivable (Less Allowance for Doubtful accounts of \$40,000 and \$86,584 for 2016 and 2015)	176,020	-	-	176,020
Grants and Pledges Receivable	46,133	-	-	46,133
Prepaid Expense	491,281	16,955	-	508,236
Total Current Assets				
Noncurrent Assets:				
Notes Receivable	4,000,000	-	-	4,000,000
Property and Equipment - Net Operations	69,170	23,362,667	-	23,431,837
Funds Held in Escrow	-	508,372	-	508,372
<b>TOTAL ASSETS</b>	<b>\$ 4,560,451</b>	<b>\$ 23,887,994</b>	<b>\$ -</b>	<b>\$ 28,448,445</b>

<b>LIABILITIES AND NET ASSETS</b>				
Current Liabilities:				
Notes Payable	\$ 117,638	\$ -	\$ -	\$ 117,638
Accounts Payable	153,861	-	-	153,861
Accrued Salaries and Vacation	82,487	-	-	82,487
Deferred Revenue	875	-	-	875
Total Current Liabilities	354,861	-	-	354,861
Notes Payable	-	24,350,000	-	24,350,000
Total Liabilities	354,861	24,350,000	-	24,704,861
Net Assets:				
Unrestricted	3,993,800	(462,006)	-	3,531,794
Temporarily Restricted	211,790	-	-	211,790
Non-Controlling Interest	-	-	-	-
Total Net Assets	4,205,590	(462,006)	-	3,743,584
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 4,560,451</b>	<b>\$ 23,887,994</b>	<b>\$ -</b>	<b>\$ 28,448,445</b>