

Community Emergency Assistance Programs, Inc.
Brooklyn Center, Minnesota

Consolidated Financial Statements
with Additional Information
Auditor's Report
For the Years Ended
June 30, 2014 and 2013

Carpenter *Evert*
Certified Public Accountants



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Certified Public Accountants

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Independent Auditor's Report

Carpenter Evert

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, 2014 and 2013, and the related consolidated statements of activities and changes in net assets, consolidated statements of functional expenses, 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

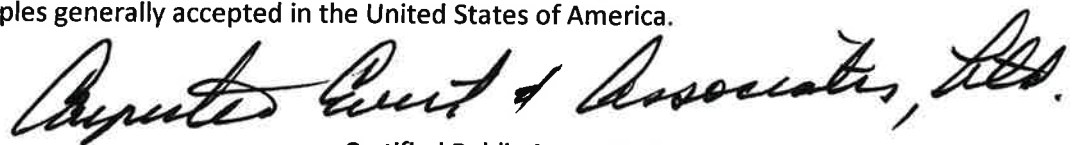
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable 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, 2014 and 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.



Certified Public Accountants

Minneapolis, Minnesota
January 21, 2015

COMMUNITY EMERGENCY ASSISTANCE PROGRAMS, INC.
CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

	2014		2013		Total
	Unrestricted	Temporarily Restricted	Unrestricted	Temporarily Restricted	
Support and Revenue:					
Contributions	\$ 2,821,118	\$ 129,369	\$ 2,950,487	\$ 133,578	\$ 2,686,753
Government Contracts and Grants	409,523	-	409,523	38,678	356,496
United Way	114,327	57,144	171,471	152,384	160,453
Program Fees	173,757	-	173,757	-	152,227
Interest Income	25,634	-	25,634	1,047	1,047
Other Income	15,966	-	15,966	-	235,696
Net Assets Released from Restrictions:					
Satisfaction of Program Restrictions	740,397	(740,397)	-	(173,142)	-
Satisfaction of Capital Restrictions	7,300	(7,300)	-	(7,250)	-
United Way Allocation	46,096	(46,096)	-	(292,553)	-
Total Support and Revenue	4,354,118	(607,280)	3,746,838	(148,305)	3,592,672
Expense:					
Program Services	3,523,172	-	3,523,172	-	3,619,996
Support Services:					
Management and General	220,354	-	220,354	-	291,064
Fundraising	123,629	-	123,629	-	70,835
Total Support Services	343,983	-	343,983	-	361,899
Total Expense	3,867,155	-	3,867,155	-	3,981,895
Change in Net Assets from Operations	486,963	(607,280)	(120,317)	(148,305)	(389,223)
Other Changes in Net Assets:					
Loss on Sale of Building	-	-	-	-	(185,963)
Development Fee	-	-	-	-	709,063
Moving Expense Reimbursement	-	-	-	-	149,886
Northwest Family Service Center:					
Change in Net Assets	(852,723)	-	(852,723)	-	(631,445)
Change in Net Assets	(365,760)	(607,280)	(973,040)	(148,305)	(347,682)
Net Assets - Beginning of Year	5,900,542	695,328	6,595,870	843,633	6,943,552
Net Assets - End of Year	\$ 5,534,782	\$ 88,048	\$ 5,622,830	\$ 695,328	\$ 6,595,870

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

EXHIBIT B

COMMUNITY EMERGENCY ASSISTANCE PROGRAMS, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSE
FOR THE YEAR ENDED JUNE 30, 2014 WITH COMPARATIVE TOTALS FOR 2013

	2014				2013	
	Total Program Services	Support Services			Total All Services	Total All Services
		Management & General	Fund- raising	Total Support Services		
Salaries	\$ 597,739	\$ 64,841	\$ 82,559	\$ 147,400	\$ 745,139	\$ 887,085
Payroll Taxes	60,796	1,732	8,317	10,049	70,845	86,549
Employee Benefits	54,744	36,643	5,752	42,395	97,139	98,829
Total Personnel Costs	713,279	103,216	96,628	199,844	913,123	1,072,463
Needs of People	2,522,889	7,812	-	7,812	2,530,701	2,393,608
Occupancy	108,461	19,114	6,371	25,485	133,946	204,598
Professional Fees	79,467	35,359	12,185	47,544	127,011	133,435
Bad Debts	53,132	-	-	-	53,132	23,265
Office Expense	24,252	7,702	7,433	15,135	39,387	71,310
Miscellaneous	7,738	10,855	-	10,855	18,593	27,876
Staff and Volunteer Expenses	9,446	1,271	452	1,723	11,169	11,226
Travel and Transportation	4,508	419	560	979	5,487	7,065
Interest Expense	-	4,415	-	4,415	4,415	-
Depreciation	-	30,191	-	30,191	30,191	37,049
Total Expense	\$ 3,523,172	\$ 220,354	\$ 123,629	\$ 343,983	\$ 3,867,155	\$ 3,981,895

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, 2013

	Total Program Services	Support Services			Total All Services
		Management & General	Fund- raising	Total Support Services	
Salaries	\$ 790,393	\$ 54,999	\$ 41,693	\$ 96,692	\$ 887,085
Payroll Taxes	77,115	5,366	4,068	9,434	86,549
Employee Benefits	88,057	6,127	4,645	10,772	98,829
Total Personnel Costs	955,565	66,492	50,406	116,898	1,072,463
Needs of People	2,393,608	-	-	-	2,393,608
Occupancy	183,320	18,209	3,069	21,278	204,598
Professional Fees	7,175	126,260	-	126,260	133,435
Bad Debts	20,244	3,021	-	3,021	23,265
Office Expense	12,551	44,101	14,658	58,759	71,310
Miscellaneous	8,224	19,464	188	19,652	27,876
Staff and Volunteer Expenses	5,021	5,674	531	6,205	11,226
Travel and Transportation	4,278	1,545	1,242	2,787	7,065
Interest	-	-	-	-	-
Depreciation	30,010	6,298	741	7,039	37,049
Total Expense	\$ 3,619,996	\$ 291,064	\$ 70,835	\$ 361,899	\$ 3,981,895

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, 2014 AND 2013

<u>ASSETS</u>	<u>2014</u>	<u>2013</u>
Current Assets:		
Cash and Cash Equivalents:		
Operating	\$ 90,466	\$ 119,104
Board Designated	118,662	118,543
Accounts Receivable (Less Allowance for Doubtful accounts of \$64,604 and \$30,000 for 2014 and 2013)	124,757	198,540
Grants and Pledges Receivable	199,234	115,425
Prepaid Expense	5,896	992
Total Current Assets	539,015	552,604
Noncurrent Assets:		
Property and Equipment - Net:		
Operations	24,980,714	25,549,697
Note Receivable - CEAP Investment Fund, LLC	4,000,000	4,000,000
Funds Held in Escrow - Northwest Family Service Center, LLC.	754,451	1,077,611
TOTAL ASSETS	\$ 30,274,180	\$ 31,179,912
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Accounts Payable	\$ 141,815	\$ 127,950
Accrued Salaries and Vacation	71,986	86,192
Notes Payable	86,349	19,900
Deferred Revenue	1,200	-
Total Current Liabilities	301,350	234,042
Notes Payable - Northwest Family Service Center	24,350,000	24,350,000
Total Liabilities	24,651,350	24,584,042
Net Assets:		
Unrestricted	4,476,830	4,160,412
Temporarily Restricted	88,048	695,328
Total Net Assets	4,564,878	4,855,740
Non-Controlling Interest in Northwest Family Services, LLC.:		
Hennepin County Department of Human Services and Public Health	528,976	870,065
Independent School District #279	528,976	870,065
Total Net Assets and Non-Controlling Interest	5,622,830	6,595,870
TOTAL LIABILITIES AND NET ASSETS	\$ 30,274,180	\$ 31,179,912

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, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
<u>Increase (Decrease) in Cash and Cash Equivalents</u>		
Cash Flows from Operating Activities:		
Change in Net Assets	\$ (973,040)	\$ (347,682)
Total Adjustments	<u>772,697</u>	<u>552,274</u>
Net Cash Provided (Used) by Operating Activities	(200,343)	204,592
Cash Flows from Investing Activities:		
Purchases of Property and Equipment	(217,785)	(8,908,760)
Funds Held in Escrow	<u>323,160</u>	<u>10,076,134</u>
Net Cash Provided by Investing Activities	105,375	1,167,374
Cash Flows from Financing Activities:		
Proceeds from Line of Credit	66,449	19,900
Principal Payments on Notes Payable	-	(1,609,000)
Net Cash Provided (Used) by Financing Activities	<u>66,449</u>	<u>(1,589,100)</u>
Net (Decrease) in Cash and Cash Equivalents	(28,519)	(217,134)
Cash and Cash Equivalents - Beginning of Year	<u>237,647</u>	<u>454,781</u>
Cash and Cash Equivalents - End of Year	<u>\$ 209,128</u>	<u>\$ 237,647</u>
 <u>Supplemental Disclosures of Cash Flow Information</u>		
Cash Paid For:		
Interest Expensed	<u>\$ 1,232,207</u>	<u>\$ 1,037,115</u>
Interest Capitalized	<u>\$ -</u>	<u>\$ 90,883</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, 2014 AND 2013

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 the organization 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.

COMMUNITY EMERGENCY ASSISTANCE PROGRAMS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013

1. Summary of Significant Accounting Policies (continued)

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.

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 \$64,604 and \$30,000 for the years ended June 30, 2014 and 2013, 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, 2014 AND 2013

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.

COMMUNITY EMERGENCY ASSISTANCE PROGRAMS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013

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, 2011 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 January 21, 2015, 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, 2014 AND 2013

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>2014</u>	<u>2013</u>	
Operations:			
Building and Improvements	\$ 32,304	\$ 32,297	10-30 years
Furniture and Equipment	100,274	170,566	5-15 years
Vehicles	95,360	111,245	5 years
Northwest Family Service Center:			
Land	3,310,000	3,310,000	
Building	<u>22,697,312</u>	<u>22,494,996</u>	40 years
	26,235,250	26,119,104	
Less Accumulated Depreciation			
Operations	123,045	194,493	
Northwest Family Service Center	<u>1,131,491</u>	<u>374,914</u>	
	<u>\$ 24,980,714</u>	<u>\$ 25,549,697</u>	

Depreciation expense from operations was \$30,191 and \$37,049 for the years ended June 30, 2014 and 2013, respectively. Depreciation expense from Northwest Family Service Center was \$756,577 and \$374,914 for the years ended June 30, 2014 and 2013, respectively.

COMMUNITY EMERGENCY ASSISTANCE PROGRAMS, INC.
CONSOLIDATED NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013

4. Notes Payable

The breakdown of note payable was as follows as of:

	June 30,	
	2014	2013
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	\$ 17,131	-
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.	69,218	-
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.	11,963,365	11,963,365
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.	2,886,635	2,886,635
	24,436,349	24,350,000
Less Portion Due Within One Year	86,349	-
Long-term Portion	\$ 24,350,000	\$ 24,350,000

COMMUNITY EMERGENCY ASSISTANCE PROGRAMS, INC.
CONSOLIDATED NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013

4. Notes Payable (continued)

Principal payments required are as follows:

<u>Due in the Year Ending June 30,</u>	
2015	\$ 86,349
2016	-
2017	-
2018	-
2019	-
2020 and beyond	<u>24,350,000</u>
Total	<u>\$ 24,436,349</u>

5. Temporarily Restricted Net Assets

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

	<u>June 30,</u>	
	<u>2014</u>	<u>2013</u>
Family Loan Fund Programs	\$ -	\$ 395,977
Program Activities	<u>88,048</u>	<u>299,351</u>
	<u>\$ 88,048</u>	<u>\$ 695,328</u>

6. Operating Leases

Rental commitments under noncancelable leases for office space and equipment in effect at June 30, 2014, totaled \$54,558. 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>
2015	15,912	2,090	18,002
2016	16,958	792	17,750
2017	16,958	792	17,750
2018	-	792	792
2019	-	264	264
	<u>\$ 49,828</u>	<u>\$ 4,730</u>	<u>\$ 54,558</u>

Rental expense for office space was \$15,912 and \$23,215 for the years ended June 30, 2014 and 2013, respectively. Rental expense for office equipment was \$10,916 and \$13,309 for the years ended June 30, 2014 and 2013, 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, 2014 AND 2013

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,	
	2014	2013
Food at \$1.50 per pound	\$ 2,076,245	\$ 1,736,850
Clothing at \$1.00 per item	66,222	77,670
Other Program Supplies	56,487	16,055
	\$ 2,198,954	\$ 1,830,575

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 \$799,000 when valued at \$17.00 per hour for the year ended June 30, 2014 and \$756,435 when valued at \$20.25 per hour for the year ended June 30, 2013.

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 U.S. 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 \$36,033 and \$40,335 were made in the years ended June 30, 2014 and 2013, respectively.

COMMUNITY EMERGENCY ASSISTANCE PROGRAMS, INC.
CONSOLIDATED NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013

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>2014</u>	<u>2013</u>
Depreciation	\$ 786,768	\$ 411,963
Loans Receivable	150,824	21,843
Increases (Decreases) in Current Liabilities:		
Accounts Payable	13,865	71,982
Accrued Salaries and Vacation	(14,206)	(35,660)
Deferred Revenue	1,200	-
Decreases (Increases) in Current Assets:		
Accounts Receivable	(77,041)	(65,629)
Pledges Receivable	(83,809)	128,251
Prepaid Expense	(4,904)	19,524
Total Adjustments	<u>\$ 772,697</u>	<u>\$ 552,274</u>

ADDITIONAL INFORMATION

Certified Public Accountants

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Bloomington, Minnesota 55435

952-831-0085 Fax 952-831-0792

Carpenter *Evert*

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, 2014 and 2013, and our report thereon dated January 21, 2015, 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, 2014, 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.



Certified Public Accountants

Minneapolis, Minnesota
January 21, 2015

COMMUNITY EMERGENCY ASSISTANCE PROGRAMS, INC.
CONSOLIDATING SCHEDULE OF REVENUE, EXPENSE AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2014

	CEAP	Northwest Family Service Center, LLC	Elimination Entries	Total
Support and Revenue:				
Contributions	\$ 2,950,487	\$ -	\$ -	\$ 2,950,487
Government Contracts and Grants	409,523	-	-	409,523
United Way	171,471	-	-	171,471
Program Fees	173,757	-	-	173,757
Rental Income	255,291	1,124,626	(492,513)	887,404
Investment Income	276	1,325	-	1,601
Other Income	41,324	6,758	-	48,082
Total Support and Revenue	4,002,129	1,132,709	(492,513)	4,642,325
Expense:				
Salaries	745,139	-	-	745,139
Payroll Taxes	70,845	-	-	70,845
Employee Benefits	97,139	-	-	97,139
Total Personnel Expense	913,123	-	-	913,123
Needs of People	2,530,701	-	-	2,530,701
Interest	4,415	1,227,792	(244,342)	987,865
Occupancy	389,237	-	(248,171)	141,066
Professional Fees	127,011	-	-	127,011
Bad Debts	53,132	-	-	53,132
Office Expense	39,387	-	-	39,387
Miscellaneous	18,593	1,063	-	19,656
Staff and Volunteer Expenses	11,169	-	-	11,169
Travel and Transportation	5,487	-	-	5,487
Depreciation	30,191	756,577	-	786,768
Total Expense	4,122,446	1,985,432	(492,513)	5,615,365
Change in Net Assets	(120,317)	(852,723)	-	(973,040)
Net Assets - Beginning of Year	4,420,708	2,175,162	-	6,595,870
Net Assets - End of Year	\$ 4,300,391	\$ 1,322,439	-	\$ 5,622,830

See Statement of Auditor's Responsibility.

COMMUNITY EMERGENCY ASSISTANCE PROGRAMS, INC.
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
JUNE 30, 2014

<u>ASSETS</u>	<u>CEAP</u>	<u>Northwest Family Service Center Lender, LLC</u>	<u>Northwest Family Service Center, LLC</u>	<u>Eliminations</u>	<u>Total</u>
Current Assets:					
Cash and Cash Equivalents					
Operating	\$ 72,485	\$ -	\$ 17,981	\$ -	\$ 90,466
Board Designated	118,662	-	-	-	118,662
Accounts Receivable (Less Allowance for Doubtful accounts of \$64,604 and \$30,000 for 2014 and 2013)	124,757	-	24,186	(24,186)	124,757
Grants and Pledges Receivable	199,234	-	-	-	199,234
Prepaid Expense	5,896	-	-	-	5,896
Total Current Assets	<u>521,034</u>	<u>-</u>	<u>42,167</u>	<u>(24,186)</u>	<u>539,015</u>
Noncurrent Assets:					
Notes Receivable	4,000,000	18,175,000	-	(18,175,000)	4,000,000
Property and Equipment - Net Operations	104,893	-	24,875,821	-	24,980,714
Funds Held in Escrow	-	-	754,451	-	754,451
TOTAL ASSETS	<u>\$ 4,625,927</u>	<u>\$ 18,175,000</u>	<u>\$ 25,672,439</u>	<u>\$ (18,199,186)</u>	<u>\$ 30,274,180</u>
 <u>LIABILITIES AND NET ASSETS</u>					
Current Liabilities:					
Notes Payable	\$ 86,349	\$ -	\$ -	\$ -	\$ 86,349
Accounts Payable	166,001	-	-	(24,186)	141,815
Accrued Salaries and Vacation	71,986	-	-	-	71,986
Deferred Revenue	1,200	-	-	-	1,200
Total Current Liabilities	<u>325,536</u>	<u>-</u>	<u>-</u>	<u>(24,186)</u>	<u>301,350</u>
Notes Payable	-	18,175,000	24,350,000	(18,175,000)	24,350,000
Total Liabilities	<u>325,536</u>	<u>18,175,000</u>	<u>24,350,000</u>	<u>(18,199,186)</u>	<u>24,651,350</u>
Net Assets:					
Unrestricted	4,212,343	-	264,487	-	4,476,830
Temporarily Restricted	88,048	-	-	-	88,048
Non-Controlling Interest	-	-	1,057,952	-	1,057,952
Total Net Assets	<u>4,300,391</u>	<u>-</u>	<u>1,322,439</u>	<u>-</u>	<u>5,622,830</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 4,625,927</u>	<u>\$ 18,175,000</u>	<u>\$ 25,672,439</u>	<u>\$ (18,199,186)</u>	<u>\$ 30,274,180</u>