

Community Emergency Assistance Programs, Inc.
Brooklyn Center, Minnesota

Consolidated Financial Statements

Auditor's Report
For the Years Ended
June 30, 2019 and 2018



CERTIFIED PUBLIC ACCOUNTANTS

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Carpenter, Evert & Associates

Certified Public Accountants
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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, 2019 and 2018, 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, 2019 and 2018, 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 13, 2019

COMMUNITY EMERGENCY ASSISTANCE PROGRAMS, INC.
CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue:						
Contributions	\$ 3,013,359	\$ -	\$ 3,013,359	\$ 3,123,499	\$ 25,000	\$ 3,148,499
Government Contracts and Grants	419,668	-	419,668	470,576	-	470,576
United Way	3,333	68,495	71,828	1,001	97,850	98,851
Program Fees	224,941	-	224,941	224,229	-	224,229
Rental Income	26,350	-	26,350	28,175	-	28,175
Interest Income	4,231	-	4,231	10,034	-	10,034
Other Income	42,013	-	42,013	51,550	-	51,550
Net Assets Released from Restrictions:						
Satisfaction of Program and Time Restriction	122,850	(122,850)	-	178,150	(178,150)	-
Total Support and Revenue	3,856,745	(54,355)	3,802,390	4,087,214	(55,300)	4,031,914
Expense:						
Program Services	3,495,210	-	3,495,210	3,647,163	-	3,647,163
Support Services:						
Management and General	315,861	-	315,861	256,968	-	256,968
Fundraising	215,384	-	215,384	260,379	-	260,379
Total Support Services	531,245	-	531,245	517,347	-	517,347
Total Expense	4,026,455	-	4,026,455	4,164,510	-	4,164,510
Change in Net Assets from Operations	(169,710)	(54,355)	(224,065)	(77,296)	(55,300)	(132,596)
Other Changes in Net Assets:						
Northwest Family Service Center:						
Income from NFSC Dissolution	2,642,890	-	2,642,890	-	-	-
Change in Net Assets	-	-	-	(880,526)	-	(880,526)
Change in Net Assets	2,473,180	(54,355)	2,418,825	(957,822)	(55,300)	(1,013,122)
Net Assets - Beginning of Year	1,785,227	122,850	1,908,077	2,743,049	178,150	2,921,199
Net Assets - End of Year	\$ 4,258,407	\$ 68,495	\$ 4,326,902	\$ 1,785,227	\$ 122,850	\$ 1,908,077

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, 2019 WITH COMPARATIVE TOTALS FOR 2018

	2019				2018	
	Total Program Services	Management & General	Fund- raising	Total Support Services	Total All Services	Total All Services
Salaries	\$ 532,258	\$ 86,619	\$ 165,008	\$ 251,627	\$ 783,885	\$ 844,027
Payroll Taxes	65,456	11,723	20,516	32,239	97,695	89,894
Employee Benefits	32,547	5,830	10,202	16,032	48,579	71,732
Total Personnel Costs	630,261	104,172	195,726	299,898	930,159	1,005,653
Needs of People	2,686,801	2,139	-	2,139	2,688,940	2,750,995
Occupancy	88,960	22,655	10,592	33,247	122,207	180,632
Professional Fees	47,355	30,424	3,110	33,534	80,889	99,091
Office Expense	30,653	7,190	5,213	12,403	43,056	50,153
Staff and Volunteer Expenses	6,580	5,004	550	5,554	12,134	20,455
Miscellaneous	1,675	10,381	-	10,381	12,056	12,996
Interest Expense	-	9,424	-	9,424	9,424	7,736
Travel and Transportation	2,925	292	193	485	3,410	3,413
Bad Debts	-	-	-	-	-	9,721
Depreciation	-	124,180	-	124,180	124,180	23,665
Total Expense	\$ 3,495,210	\$ 315,861	\$ 215,384	\$ 531,245	\$ 4,026,455	\$ 4,164,510

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, 2018

	Support Services				Total All Services
	Total Program Services	Management & General	Fund- raising	Total Support Services	
Salaries	\$ 547,093	\$ 97,855	\$ 199,079	\$ 296,934	\$ 844,027
Payroll Taxes	58,293	10,414	21,187	31,601	89,894
Employee Benefits	46,516	8,310	16,906	25,216	71,732
Total Personnel Costs	651,902	116,579	237,172	353,751	1,005,653
Needs of People	2,750,995	-	-	-	2,750,995
Occupancy	148,660	24,024	7,948	31,972	180,632
Professional Fees	54,984	40,228	3,879	44,107	99,091
Office Expense	25,343	14,652	10,158	24,810	50,153
Staff and Volunteer Expenses	10,384	9,479	592	10,071	20,455
Miscellaneous	1,953	10,492	551	11,043	12,996
Interest Expense	-	7,736	-	7,736	7,736
Travel and Transportation	2,942	392	79	471	3,413
Bad Debts	-	9,721	-	9,721	9,721
Depreciation	-	23,665	-	23,665	23,665
Total Expense	\$ 3,647,163	\$ 256,968	\$ 260,379	\$ 517,347	\$ 4,164,510

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, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
<u>ASSETS</u>		
Current Assets:		
Cash and Cash Equivalents	\$ 80,354	\$ 118,889
Accounts Receivable (Less Allowance for Doubtful accounts of \$3,163 for both 2019 and 2018)	102,258	87,100
Grants and Pledges Receivable	68,495	117,604
Prepaid Expense	38,403	54,133
Funds Held in Escrow - Northwest Family Service Center, LLC.	-	259,864
Total Current Assets	289,510	637,590
Noncurrent Assets:		
Property and Equipment - Net Operations	4,347,284	21,945,826
Note Receivable - CEAP Investment Fund, LLC	-	4,000,000
TOTAL ASSETS	\$ 4,636,794	\$ 26,583,416
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Accounts Payable	\$ 104,764	\$ 106,076
Accrued Salaries and Vacation	52,999	59,171
Notes Payable	135,864	18,279,530
Deferred Revenue	1,769	2,107
Capital Leases Payable	3,622	3,223
Total Current Liabilities	299,018	18,450,107
Accounts Payable	-	35,736
Notes Payable - Northwest Family Service Center	-	6,175,000
Capital Leases Payable	10,874	14,496
Total Liabilities	309,892	24,675,339
Net Assets:		
Without Donor Restrictions	4,258,407	3,565,105
With Donor Restrictions	68,495	122,850
Total Net Assets	4,326,902	3,687,955
Non-Controlling Interest in Northwest Family Services, LLC.:		
Hennepin County Department of Human Services and Public Health	-	(889,939)
Independent School District #279	-	(889,939)
Total Net Assets and Non-Controlling Interest	4,326,902	1,908,077
TOTAL LIABILITIES AND NET ASSETS	\$ 4,636,794	\$ 26,583,416

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, 2019 AND 2018

<u>Increase (Decrease) in Cash and Cash Equivalents</u>	<u>2019</u>	<u>2018</u>
Cash Flows from Operating Activities:		
Change in Net Assets	\$ 2,418,825	\$ (1,013,122)
Total Adjustments	(2,708,563)	750,588
Net Cash (Used) by Operating Activities	<u>(289,738)</u>	<u>(262,534)</u>
Cash Flows from Investing Activities:		
Purchases of Property and Equipment	(36,772)	(34,825)
Funds Held in Escrow	259,864	123,346
Net Cash Provided by Investing Activities	<u>223,092</u>	<u>88,521</u>
Cash Flows from Financing Activities:		
Net Activity on Line of Credit	31,334	(6,161)
Payments on Capital Leases	(3,223)	(2,345)
Net Cash Provided (Used) by Financing Activities	<u>28,111</u>	<u>(8,506)</u>
Net (Decrease) in Cash and Cash Equivalents	(38,535)	(182,519)
Cash and Cash Equivalents - Beginning of Year	<u>118,889</u>	<u>301,408</u>
Cash and Cash Equivalents - End of Year	<u>\$ 80,354</u>	<u>\$ 118,889</u>
 <u>Supplemental Disclosures of Cash Flow Information</u>		
Cash Paid For:		
Interest Expense	<u>\$ 9,424</u>	<u>\$ 1,237,246</u>
Noncash Investing Activities:		
Acquisition of Property and Equipment through Capital Lease	<u>\$ -</u>	<u>\$ 20,065</u>
Noncash Financing Activities:		
Acquisition of Property and Equipment through Capital Lease	<u>\$ -</u>	<u>\$ 20,065</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, 2019 AND 2018

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.

NFSC and NFSL were dissolved during the year ending June 30, 2019. As a part of the dissolution all assets, loans and liabilities related to NFSC and NFSL were satisfied and are no longer required to be on the books. CEAP was assigned their portion of the building based on the ownership percentages.

Organizational Purpose

CEAP is a Minnesota nonprofit corporation that mobilizes resources, shares abundance and nourishes neighbors to create and celebrate a healthier, stronger and connected community.

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:

Net Assets without Donor Restrictions – Net assets which are not restricted by donor-imposed stipulations. These net assets include both board designated and undesignated amounts. Property and equipment is reported as net assets without donor restrictions.

Net Assets with Donor Restrictions – The part of net assets of CEAP resulting from contributions and other inflows of assets 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, 2019 AND 2018

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.

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 \$3,163 for both years ended June 30, 2019 and 2018.

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.

New Accounting Pronouncement

On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. CEAP has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively for the periods ended June 30, 2019 and 2018, as required.

COMMUNITY EMERGENCY ASSISTANCE PROGRAMS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

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 net assets with donor restrictions 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 net assets with donor restrictions until the donor-imposed restrictions expire or are fulfilled. Net assets with donor restrictions are reclassified to net assets without donor restrictions 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, 2019 AND 2018

1. Summary of Significant Accounting Policies (continued)

Investments

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

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).

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.

Subsequent Events

CEAP has evaluated the effect that subsequent events would have on the financial statements through November 13, 2019, 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, 2019 AND 2018

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</u>
	<u>2019</u>	<u>2018</u>	<u>Useful Lives</u>
Operations:			
Building and Improvements	\$ 12,820	\$ 32,304	10-30 years
Furniture and Equipment	111,234	114,927	5-15 years
Vehicles	174,191	137,419	5 years
Land	662,000	-	
Building	3,676,378	-	40 years
Northwest Family Service Center:			
Land	-	3,310,000	
Building	-	<u>22,697,312</u>	40 years
	4,636,623	26,291,962	
Less Accumulated Depreciation			
Operations	289,339	188,337	
Northwest Family Service Center	-	<u>4,157,799</u>	
	<u>\$ 4,347,284</u>	<u>\$ 21,945,826</u>	

Depreciation expense from operations was \$124,180 and \$23,665 for the years ended June 30, 2019 and 2018, respectively. Depreciation expense from Northwest Family Service Center was \$756,577 for the year ended June 30, 2018.

COMMUNITY EMERGENCY ASSISTANCE PROGRAMS, INC.
CONSOLIDATED NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

4. Notes Payable

The breakdown of note payable was as follows as of:

	June 30,	
	2019	2018
CEAP:		
6.5% interest line of credit from Topline. Payable on demand. Secured by all assets of CEAP. Limit of \$200,000. Matures 12/1/2023.	\$ 135,864	\$ 104,530
Northwest Family Service Center:		
4.592% interest note from MMCDC New Markets 13V, LLC. Principle of \$3,811,635 due June 5, 2020. Accrued interest paid monthly. Secured by building.	-	3,811,635
4.592% interest loan from MMCDC New Markets 13V, LLC. Principle of \$5,688,365 due in full August 15, 2041. Accrued interest paid monthly. Secured by building.	-	5,688,365
4.4065% interest loan from GNDC New Markets Fund I, LLC. Principle of \$11,963,365 due June 5, 2020. Accrued interest paid monthly. Secured by building.	-	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
	135,864	24,454,530
Less Portion Due Within One Year	135,864	18,279,530
Long-term Portion	\$ -	\$ 6,175,000

Principal payments required are as follows:

<u>Due in the Year Ending June 30,</u>	
2020	\$ 135,864

All of the NFSC debt was satisfied as a part of the dissolution of the entity in the year ending June 30, 2019.

COMMUNITY EMERGENCY ASSISTANCE PROGRAMS, INC.
CONSOLIDATED NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

5. Capital Leases

Equipment under capital leases consists of two capitalized copiers with a combined capitalized cost of \$20,065. Accumulated depreciation in the statement of financial position relating to these leased copiers includes \$6,927 and \$3,106 for the years ended June 30, 2019 and 2018, respectively. Depreciation expense reported in the statement of functional expenses for the leased copiers includes \$3,822 and \$3,106 for the years ended June 30, 2019 and 2018, respectively.

Future minimum lease payments required are as follows:

<u>Due in the Year Ending June 30,</u>	
2020	\$ 3,622
2021	4,081
2022	4,611
2023	<u>2,182</u>
Total	<u>\$ 14,496</u>

The imputed interest necessary to reduce the net minimum lease payments to present value is considered immaterial.

6. Net Assets with Donor Restrictions

Net assets with donor restrictions consisted the following as of:

	<u>June 30,</u>	
	<u>2019</u>	<u>2018</u>
Subject to Expenditures for Specified Purpose:		
Program Activities	<u>\$ 68,495</u>	<u>\$ 122,850</u>

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:

	<u>June 30,</u>	
	<u>2019</u>	<u>2018</u>
Food at \$1.50 per pound	\$ 2,310,219	\$ 2,273,679
Other Program Supplies	63,981	88,349
Clothing at \$1.00 per item	<u>54,885</u>	<u>50,075</u>
	<u>\$ 2,429,085</u>	<u>\$ 2,412,103</u>

COMMUNITY EMERGENCY ASSISTANCE PROGRAMS, INC.
CONSOLIDATED NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

7. In-kind Contributions (continued)

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 \$494,054 when valued at \$17.00 per hour for the year ended June 30, 2019 and \$509,626 when valued at \$17.00 per hour for the year ended June 30, 2018.

8. Rent Expense

Rental expense for office space was \$63,543 and \$18,003 for the years ended June 30, 2019 and 2018, respectively.

9. 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.

NFSC and NFSCCL were dissolved during the year ending June 30, 2019. As a part of the dissolution all assets, loans and liabilities related to NFSC and NFSCCL were satisfied and are no longer required to be on the books. CEAP was assigned their portion of the building based on the ownership percentages.

The New Market Tax Credits all matured and were satisfied and that is the reason for the dissolution of the entities.

COMMUNITY EMERGENCY ASSISTANCE PROGRAMS, INC.
CONSOLIDATED NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

10. Liquidity and Availability

The following represents CEAP's financial assets at June 30, 2019:

Financial Assets	
Cash and Cash Equivalents	\$ 80,354
Accounts Receivable	102,258
Pledges and Grants Receivable	<u>68,495</u>
Total Financial Assets	251,107
Less assets not available to be used within one year:	
Net Assets with Donor Restrictions	68,495
Net Assets with Restrictions to be met within a year	<u>(68,495)</u>
Total assets not available to be used within one year	<u>-</u>
Financial assets available for general expenditures within one year	<u>\$ 251,107</u>

As part of the Organization's liquidity plan, CEAP has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

CEAP considers net assets with donor-imposed restrictions that are expected to be satisfied by time during normal operations within one year to be available for use.

In addition, they have a \$200,000 line-of-credit that can be used, if needed.

11. 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>2019</u>	<u>2018</u>
Depreciation	\$ 124,180	\$ 780,242
Accounts Payable	(35,736)	35,736
NFSC Dissolution	(2,838,866)	-
Increases (Decreases) in Current Liabilities:		
Accounts Payable	(1,312)	(63,843)
Accrued Salaries and Vacation	(6,172)	2,375
Deferred Revenue	(338)	972
Decreases (Increases) in Current Assets:		
Accounts Receivable	(15,158)	16,632
Grants and Pledges Receivable	49,109	(12,254)
Prepaid Expense	<u>15,730</u>	<u>(9,272)</u>
Total Adjustments	<u>\$ (2,708,563)</u>	<u>\$ 750,588</u>