

**GREATER MINNEAPOLIS CRISIS NURSERY  
(A NON-PROFIT CORPORATION)**

**FINANCIAL STATEMENTS**

**YEARS ENDED JUNE 30, 2013 AND 2012**

**GREATER MINNEAPOLIS CRISIS NURSERY  
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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Greater Minneapolis Crisis Nursery  
Golden Valley, Minnesota

We have audited the accompanying financial statements of Greater Minneapolis Crisis Nursery (a nonprofit organization), which comprise the statements of financial position as of June 30, 2013 and 2012 and the related statements of activities, functional expenses, and 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 financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these 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 audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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.

Board of Directors  
Greater Minneapolis Crisis Nursery

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Greater Minneapolis Crisis Nursery as of June 30, 2013 and 2012, 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.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Minneapolis, Minnesota  
September 23, 2013

**GREATER MINNEAPOLIS CRISIS NURSERY**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2013 AND 2012**

	2013	2012
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 34,470	\$ -
Promises to Give, Less Allowance for Uncollectible		
Promises of \$67,879 in 2013 and \$31,544 in 2012	242,015	288,510
Government Grants Receivable	87,438	121,401
Other Receivables	44,334	57,707
Prepaid Expenses	45,062	41,305
Total Current Assets	453,319	508,923
Property and Equipment, Net	1,830,399	3,117,292
Property Held for Sale, Net	1,258,554	-
Long-Term Promises to Give, Net of Current Portion	313,113	262,252
	\$ 3,855,385	\$ 3,888,467
	\$ 3,855,385	\$ 3,888,467
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Current Portion of Long-Term Debt	\$ 115,877	\$ 470,318
Line of Credit	-	20,000
Accounts Payable	60,629	95,692
Accrued Interest	2,848	4,026
Accrued Expenses and Other Liabilities	148,663	135,687
Total Current Liabilities	328,017	725,723
<b>LONG-TERM DEBT, Net of Current Portion</b>	999,852	721,040
Total Liabilities	1,327,869	1,446,763
<b>NET ASSETS</b>		
Unrestricted Net Assets:		
Undesignated	1,278,991	54,066
Investment in Property and Equipment	714,670	1,925,934
Total Unrestricted Net Assets	1,993,661	1,980,000
Temporarily Restricted Net Assets:		
Time and Purpose Restricted	533,855	461,704
Total Net Assets	2,527,516	2,441,704
Total Liabilities and Net Assets	\$ 3,855,385	\$ 3,888,467
	\$ 3,855,385	\$ 3,888,467

See accompanying Notes to Financial Statements.

**GREATER MINNEAPOLIS CRISIS NURSERY  
STATEMENTS OF ACTIVITIES  
YEARS ENDED JUNE 30, 2013 AND 2012**

	2013		
	Unrestricted	Temporarily Restricted	Total
<b>PUBLIC SUPPORT AND REVENUE</b>			
Public Support:			
Contributions and Grants	\$ 965,187	\$ 267,830	\$ 1,233,017
United Way	412,003	-	412,003
Government Grants	522,465	-	522,465
In-Kind Contributions	276,160	-	276,160
Special Events Revenues	819,478	-	819,478
Special Events Expenses	(166,314)	-	(166,314)
Total Public Support	<u>2,828,979</u>	<u>267,830</u>	<u>3,096,809</u>
Other Revenue:			
Investment Gain	87	-	87
Other Revenue	166,477	-	166,477
Total Other Revenue	<u>166,564</u>	<u>-</u>	<u>166,564</u>
Net Assets Released from Restrictions:			
Satisfaction of Restrictions	<u>195,679</u>	<u>(195,679)</u>	<u>-</u>
 Total Public Support and Revenue	 3,191,222	 72,151	 3,263,373
<b>EXPENSES</b>			
Program Services	2,292,433	-	2,292,433
Supporting Activities:			
Management and General	448,719	-	448,719
Fundraising	436,409	-	436,409
Total Supporting Activities	<u>885,128</u>	<u>-</u>	<u>885,128</u>
 Total Expenses	 <u>3,177,561</u>	 <u>-</u>	 <u>3,177,561</u>
 <b>INCREASE IN NET ASSETS</b>	 13,661	 72,151	 85,812
Net Assets - Beginning of Year	<u>1,980,000</u>	<u>461,704</u>	<u>2,441,704</u>
 <b>NET ASSETS - END OF YEAR</b>	 <u>\$ 1,993,661</u>	 <u>\$ 533,855</u>	 <u>\$ 2,527,516</u>

See accompanying Notes to Financial Statements.

2012		
Unrestricted	Temporarily Restricted	Total
\$ 892,012	\$ 251,700	\$ 1,143,712
376,673	-	376,673
603,145	-	603,145
231,878	-	231,878
790,080	-	790,080
(204,265)	-	(204,265)
<u>2,689,523</u>	<u>251,700</u>	<u>2,941,223</u>
226	-	226
<u>129,770</u>	<u>-</u>	<u>129,770</u>
129,996	-	129,996
<u>218,829</u>	<u>(218,829)</u>	<u>-</u>
3,038,348	32,871	3,071,219
2,149,031	-	2,149,031
465,989	-	465,989
317,790	-	317,790
<u>783,779</u>	<u>-</u>	<u>783,779</u>
<u>2,932,810</u>	<u>-</u>	<u>2,932,810</u>
105,538	32,871	138,409
<u>1,874,462</u>	<u>428,833</u>	<u>2,303,295</u>
<u>\$ 1,980,000</u>	<u>\$ 461,704</u>	<u>\$ 2,441,704</u>

**GREATER MINNEAPOLIS CRISIS NURSERY  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2013**

	Supporting Activities				Total
	Program Services	Management and General	Fundraising	Total Supporting Activities	
Salaries	\$ 1,340,758	\$ 206,321	\$ 233,675	\$ 439,996	\$ 1,780,754
Benefits	184,083	28,327	32,083	60,410	244,493
Payroll Taxes	109,122	16,792	19,018	35,811	144,933
Total Salaries and Related	1,633,963	251,440	284,777	536,217	2,170,180
Contract Services	72,064	7,710	12,519	20,229	92,293
Child Care and Parent Program General Expense	180,379	-	-	-	180,379
Food Service	117,797	-	-	-	117,797
Occupancy	57,050	4,731	3,736	8,467	65,517
Expansion Expenses and Interest	27,153	49,683	1,250	50,933	78,086
Repairs and Maintenance	31,271	2,085	1,390	3,475	34,745
Printing and Publications	5,004	1,354	20,861	22,215	27,219
Professional Fees	15,932	24,157	-	24,157	40,089
Insurance	19,904	3,732	1,244	4,976	24,880
Staff Expense	17,135	2,482	3,931	6,413	23,548
Public Relations	-	7,625	77,971	85,596	85,596
Office Supplies and Expense	16,007	399	3,777	4,176	20,183
Postage and Shipping	392	927	8,822	9,749	10,141
Miscellaneous	14,885	7,519	10,517	18,036	32,921
Travel	4,783	202	325	527	5,310
Total Expenses before Depreciation and Amortization	2,213,719	364,046	431,119	795,165	3,008,884
Depreciation and Amortization	78,715	84,672	5,289	89,962	168,677
Total Expenses	\$ 2,292,433	\$ 448,719	\$ 436,409	\$ 885,128	\$ 3,177,561

See accompanying Notes to Financial Statements.

**GREATER MINNEAPOLIS CRISIS NURSERY  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2012**

	Supporting Activities				Total
	Program Services	Management and General	Fundraising	Total Supporting Activities	
Salaries	\$ 1,209,708	\$ 193,290	\$ 165,301	\$ 358,591	\$ 1,568,299
Benefits	187,138	29,901	25,571	55,472	242,610
Payroll Taxes	96,490	15,417	13,185	28,602	125,092
Total Salaries and Related	1,493,336	238,608	204,057	442,665	1,936,001
Contract Services	50,850	35,389	42,757	78,146	128,996
Child Care and Parent Program General Expense	186,182	-	-	-	186,182
Food Service	108,646	-	-	-	108,646
Occupancy	47,180	4,153	3,351	7,504	54,684
Interest	28,768	52,927	1,250	54,177	82,945
Repairs and Maintenance	39,971	2,665	1,777	4,442	44,413
Printing and Publications	4,046	939	19,215	20,154	24,200
Professional Fees	40,855	17,858	-	17,858	58,713
Insurance	17,162	3,218	1,073	4,291	21,453
Staff Expense	19,648	5,727	947	6,674	26,322
Public Relations	-	5,132	20,158	25,290	25,290
Office Supplies and Expense	10,508	1,687	2,395	4,082	14,590
Postage and Shipping	567	675	7,081	7,756	8,323
Miscellaneous	15,454	6,346	8,309	14,655	30,109
Travel	7,142	741	131	872	8,014
Total Expenses before Depreciation and Amortization	2,070,315	376,065	312,501	688,566	2,758,881
Depreciation and Amortization	78,716	89,924	5,289	95,213	173,929
Total Expenses	\$ 2,149,031	\$ 465,989	\$ 317,790	\$ 783,779	\$ 2,932,810

See accompanying Notes to Financial Statements.

**GREATER MINNEAPOLIS CRISIS NURSERY  
STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30, 2013 AND 2012**

	2013	2012
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 85,812	\$ 138,409
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	168,677	173,929
Contribution of Stock, Property and Equipment	(8,079)	(15,802)
Amortization of Discount of Unconditional Promises to Give Restricted for Long-Term Purposes	11,411	4,413
Changes in Assets and Liabilities:		
Increase in Promises to Give	(4,366)	(43,824)
Decrease in Government Grants Receivable	35,925	57
Increase in Prepaid Expenses and Other Current Assets	(3,757)	(7,067)
Increase (Decrease) in Accounts Payable	(35,063)	23,729
Decrease in Accrued Interest	(1,178)	(644)
Increase (Decrease) in Accrued Expenses	12,976	(34,258)
Net Cash Provided by Operating Activities	262,358	238,942
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Property and Equipment	(140,338)	(32,612)
Proceeds from Sale of Investments	8,079	15,802
Net Cash Used by Investing Activities	(132,259)	(16,810)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from Line of Credit	504,917	618,249
Payments on Line of Credit	(524,917)	(733,249)
Proceeds from Long-term Debt	33,875	-
Payments on Long-term Debt	(109,504)	(107,837)
Net Cash Used by Financing Activities	(95,629)	(222,837)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	34,470	(705)
Cash and Cash Equivalents - Beginning of Year	-	705
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 34,470	\$ -
<b>SUPPLEMENTAL DISCLOSURES</b>		
Interest Paid	\$ 68,756	\$ 83,589
<b>SIGNIFICANT NONCASH INVESTING AND FINANCING ACTIVITIES</b>		
Contributions of Stock and Equipment	\$ 8,079	\$ 15,802

See accompanying Notes to Financial Statements.

**GREATER MINNEAPOLIS CRISIS NURSERY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013 AND 2012**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

Greater Minneapolis Crisis Nursery (the Nursery) is incorporated under the Minnesota Nonprofit Corporation Act. The Nursery assists in the prevention of child abuse and neglect. Children are placed by their parents at the Nursery for up to 72 hours, while their parents receive assistance from the Nursery's counselors and other community services to address stress and parenting needs.

**Income Taxes**

The Nursery is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and similar state income tax laws. The Nursery is a non-private foundation and contributions to the Nursery qualify as a charitable tax deduction by the contributor. The Nursery's tax returns are subject to review and examination by federal, state and local authorities. The tax returns for the years 2010 to 2012 are open to examination by federal, local and state authorities.

The Nursery has adopted the provisions for accounting for uncertainty in income taxes. This prescribes a recognition threshold and measurement principles for the financial statement recognition and measurement of tax positions taken or expected to be taken on a tax return that are not certain to be realized. The implementation of accounting for uncertainty in income taxes had no impact on the Nursery's financial statements.

**Cash and Cash Equivalents**

For the purposes of the statements of cash flows, the Nursery considers all cash and other highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

**Financial Statement Presentation**

Net assets and revenues, gains, and losses are classified based on donor imposed restrictions. Accordingly, net assets of the Nursery and changes therein are classified and reported as follows:

Unrestricted – Resources over which the board of directors has discretionary control.

Temporarily Restricted – Those resources subject to donor imposed restrictions which will be satisfied by actions of the Nursery or the passage of time.

Permanently Restricted – Those resources subject to a donor-imposed restriction that they be maintained permanently. At this time, the Nursery has no such permanently restricted net assets.

**GREATER MINNEAPOLIS CRISIS NURSERY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013 AND 2012**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Revenue Recognition**

Contributions are recognized as revenue when they are received or unconditionally pledged.

Support that is temporarily restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets reclassified from restrictions.

The Nursery receives rental income. Rental income is recognized based on a straight line basis as it becomes receivable.

**Government Grants**

Governmental grant funds are recorded when reimbursements are requested. All governmental grant funds are received on a reimbursement basis.

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, the Nursery will record such disallowance at the time the final assessment is made.

**Promises to Give Receivable**

Contributions are recognized when the donor makes a promise to give that is, in substance, unconditional. Promises to give represent amounts committed by donors that have not been received by the Nursery. The Nursery determines and establishes an allowance for estimated uncollectible promises to give (contributions receivable).

Unconditional promises to give due within the next 12 months from the statements of financial position date are recorded at their net realizable value. Unconditional promises to give due in subsequent years are reported at the present value of their net realizable value, using risk-adjusted interest rates as of fiscal year-end (i.e., are discounted). This value is determined to be fair value. Amortization of the discount is included in contributions revenue. Conditional promises to give are not included as support until such time as the conditions are substantially met.

**Donated Services, Materials and Equipment**

Contributions of noncash assets (materials and equipment) are recorded at their fair values in the period received. Contributions of services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and which would typically need to be purchased if not provided by donation, are recorded at their estimated fair values in the period received.

**GREATER MINNEAPOLIS CRISIS NURSERY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013 AND 2012**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Investments**

The Nursery receives contributions of equity securities from donors on occasion. It is the policy of the Nursery to sell these equity securities as soon as is reasonably possible. Any equity holdings at year-end are in the process of being sold or are restricted in some way. At June 30, 2013 and 2012, the Nursery held no investments.

The finance committee of the Nursery has the primary responsibility for directing and monitoring the investment of the Nursery's funds in accordance with the Nursery's investment policy for any investments that are held during the year.

Investment earnings available for distribution are recorded in unrestricted net assets on the statements of financial position. If restrictions on investment earnings are fulfilled in the same period in which the earnings are received, the Nursery reports the earnings as unrestricted.

**Property and Equipment**

The Nursery capitalizes all expenditures for property and equipment with a useful life of three or more years, and a cost in excess of \$1,500. Buildings and equipment are recorded at cost, or in the case of contributed property and equipment, at the estimated fair value at the date of donation. If donors stipulate how long the asset must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support.

Expenditures for renewals and improvements are capitalized while repairs and maintenance costs are charged to expense as incurred. When assets are retired, or otherwise disposed of, the cost and related accumulated depreciation is removed from the accounts, and any resulting gain or loss is reflected in income for the period.

Depreciation of building and components is computed on the straight-line method over estimated useful lives of 5 to 30 years. Depreciation of equipment is computed on the straight-line method over estimated useful lives of 3 to 10 years.

**Fair Value Measurements**

The Nursery has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

**GREATER MINNEAPOLIS CRISIS NURSERY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013 AND 2012**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Fair Value Measurements (Continued)**

Financial assets and liabilities recorded on the statements of financial position are categorized based on the inputs to the valuation techniques as follows:

*Level 1* – Financial assets and liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market that the Nursery has the ability to access.

*Level 2* – Financial assets and liabilities whose values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability. Level 2 inputs include the following:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in non-active markets;
- Pricing models whose inputs are observable for substantially the full term of the asset or liability; and
- Pricing models whose inputs are derived principally from or corroborated by observable market data through correlation or other means for substantially the full term of the asset or liability.

*Level 3* – Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect management's own assumptions about the assumptions a market participant would use in pricing the asset or liability. Assets valued using Level 3 inputs include Long-Term Promises to Give.

The Nursery elected fair value for the initial and subsequent measurement for certain financial assets and liabilities on an instrument-by-instrument basis. Long-Term Promises to Give are measured at fair value, as permitted for administrative ease.

**Financial Instruments**

The Nursery's financial instruments are cash and cash equivalents, accounts receivable, contributions receivable, accounts payable, and long-term debt. The recorded values of cash and cash equivalents, accounts receivable, and accounts payable approximate their fair values based on their short-term nature. The fair value of the Nursery's long-term debt is estimated based on the current rates offered to the Nursery for debt of similar terms and maturities.

**Use of Estimates**

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

**GREATER MINNEAPOLIS CRISIS NURSERY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013 AND 2012**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Functional Allocation of Expenses**

The cost of providing programs and services has been summarized on a functional basis. Accordingly, certain costs have been allocated between program and the supporting services benefited based on management's best estimates of such amounts.

**Subsequent Events**

In preparing these financial statements, the Nursery has evaluated events and transactions for potential recognition or disclosure through September 23, 2013, the date the financial statements were available to be issued.

**NOTE 2 PROMISES TO GIVE RECEIVABLE**

The details of promises to give receivables as of June 30, 2013 and 2012 are as follows:

	2013	2012
Receivable in:		
Less than One Year	\$ 309,894	\$ 320,054
One to Five Years	361,616	299,344
Total	671,510	619,398
Allowance for Doubtful Collections	(67,879)	(31,544)
Discount to Present Value	(48,503)	(37,092)
Total Promises to Give Receivable	555,128	550,762
Less: Current Portion	242,015	288,510
Total Noncurrent Portion	\$ 313,113	\$ 262,252

The discount rate used in calculating the present value of long-term pledges for the years ended June 30, 2013 and 2012 was 5%.

**GREATER MINNEAPOLIS CRISIS NURSERY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013 AND 2012**

**NOTE 3 FAIR VALUE MEASUREMENTS**

The following tables present the fair value hierarchy for the balances of the assets of the Nursery measured at fair value on a recurring basis as of June 30, 2013 and 2012:

	2013			
	Level 1	Level 2	Level 3	Total
Long-Term Promises to Give	\$ -	\$ -	\$ 313,113	\$ 313,113

	2012			
	Level 1	Level 2	Level 3	Total
Long-Term Promises to Give	\$ -	\$ -	\$ 262,252	\$ 262,252

The fair value of long-term promises to give is based on the estimated present value of future cash payments using a discount rate of 5%.

**Level 3 Assets and Liabilities**

The following table provides a summary of changes in fair value of the Nursery's Level 3 financial assets for the years ended June 30, 2013 and 2012:

	2013	2012
Beginning Balance	\$ 262,252	\$ 209,259
Additional Long-Term Promises to Give	200,746	154,291
Prior Year Promises to Give - Currently Due in 1 Year	(138,474)	(96,885)
Change in Discount	(11,411)	(4,413)
Ending Balance	\$ 313,113	\$ 262,252

**Fair Value Option**

A fair value option election is available that allows organizations to irrevocably elect fair value as the initial and subsequent measurement attribute for certain financial assets and financial liabilities. Changes in fair value for assets and liabilities for which the election is made will be recognized in earnings as they occur. This option permits the fair value option election on an instrument by instrument basis at initial recognition of an asset or liability or upon an event that gives rise to a new basis of accounting for that instrument. For certain financial instruments that are not accounted for at fair value under other applicable accounting guidance, the fair value option has been elected.

**GREATER MINNEAPOLIS CRISIS NURSERY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013 AND 2012**

**NOTE 4 PROPERTY AND EQUIPMENT**

Property and equipment components at June 30, 2013 and 2012 are as follows:

	2013	2012
Land	\$ 72,064	\$ 222,064
Building	2,231,612	4,370,911
Equipment:		
Program	7,403	7,403
Office	146,455	138,379
Kitchen	16,883	47,178
Other Fixed Assets	38,952	38,952
Total Property and Equipment	2,513,369	4,824,887
Less: Accumulated Depreciation	682,970	1,707,595
Property and Equipment, Net	\$ 1,830,399	\$ 3,117,292

**NOTE 5 PROPERTY HELD FOR SALE**

During 2013, the Nursery decided to sell its land and building located in Golden Valley and has recorded the property as held for sale on the statement of financial position. The Nursery has entered into a purchase agreement to sell the building for \$1.75 million and will close on the building in September 2013. The property was recorded at historical cost less accumulated depreciation. Debt related to this building, which was \$357,716 at June 30, 2013, will be paid off as part of the sale.

**NOTE 6 LINE OF CREDIT**

The Nursery had lines of credit at both June 30, 2013 and 2012. Interest on the line of credit for both years was a variable rate which equaled 4.5%. Payments of interest only are due each month on any outstanding balance.

As of June 30, 2013, the funds available to the Nursery were \$250,000, of which \$0- was drawn and outstanding. The line of credit at June 30, 2013 matures in December 2013. As of June 30, 2012, the funds available to the Nursery were \$250,000, of which \$20,000 was drawn and outstanding, for a remaining balance available of \$230,000.

**NOTE 7 LONG-TERM DEBT**

The Nursery has a note payable to Bremer Bank which was refinanced on December 14, 2012, at a fixed rate of 5% through December 13, 2017. After December 13, 2017, the rate will be 3% plus LIBOR, with a minimum rate of 5%. The note payable matures in December of 2020. The agreement requires monthly installments of \$9,227, including principal and interest. The balance as of June 30, 2013 and 2012 on this note payable was \$726,901 and \$791,247, respectively.

**GREATER MINNEAPOLIS CRISIS NURSERY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013 AND 2012**

**NOTE 7 LONG-TERM DEBT (CONTINUED)**

The Nursery has an additional note payable to Bremer Bank that was refinanced on December 17, 2012. The note has a fixed interest rate of 4.5% and monthly installments due of \$4,006.32, including principal and interest, with a balloon payment due in December of 2017. The balance as of June 30, 2013 and 2012 on the note payable was \$357,716 and \$400,111, respectively.

The Nursery also entered into two new debt agreements beginning in December 2012. The first of these agreements has a fixed interest rate of 4% and requires monthly payments of \$553 through the maturity date of February 1, 2018. The second agreement has 0% interest and requires monthly payments of \$135 through the maturity date of March 6, 2015. The balance as of June 30, 2013 on these debt agreements was \$28,182 and \$2,930, respectively.

At June 30, 2013 and 2012, the total amounts outstanding on long-term debt were \$1,115,729 and \$1,191,358, respectively.

Debt covenants included in the agreement stipulate that the Nursery must maintain minimum net assets of \$2,000,000 and a Debt Service Coverage Ratio of not less than 1.0 to 1.0 as of the end of each of the borrower's fiscal years.

Aggregate maturities under these agreements over the next five years are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2014	\$ 115,877
2015	121,089
2016	125,768
2017	131,953
2018	315,665
2018 and thereafter	305,377
Total	<u>\$ 1,115,729</u>

**NOTE 8 RESTRICTED NET ASSETS**

Temporarily restricted net assets as of June 30, 2013 and 2012 are available for the following purposes:

	<u>2013</u>	<u>2012</u>
Future Periods	\$ 518,855	\$ 442,544
Purpose Restricted	15,000	19,160
Total	<u>\$ 533,855</u>	<u>\$ 461,704</u>

**GREATER MINNEAPOLIS CRISIS NURSERY  
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JUNE 30, 2013 AND 2012**

**NOTE 8 RESTRICTED NET ASSETS (CONTINUED)**

Net assets released from restrictions for the years ended June 30, 2013 and 2012 are as follows:

	2013	2012
Satisfaction of Purpose Restriction	\$ 37,500	\$ 45,000
Expiration of Time Restrictions	158,179	173,829
Total	<u>\$ 195,679</u>	<u>\$ 218,829</u>

**NOTE 9 CONTRIBUTIONS AND GRANTS REVENUE**

Contributions and grants to the Nursery for the years ended June 30, 2013 and 2012 are classified as follows:

	2013	2012
Foundations	\$ 87,732	\$ 175,071
Corporations	467,140	460,587
Churches and Community Groups	58,545	46,134
Individuals	619,600	461,920
Total Contributions and Grants	<u>\$ 1,233,017</u>	<u>\$ 1,143,712</u>

**NOTE 10 IN-KIND CONTRIBUTIONS**

The Nursery records in-kind contributions at estimated fair market value at date of donation. In-kind contributions for the years ended June 30, 2013 and 2012 include the following:

	2013	2012
Special Event In-kind	\$ 67,245	\$ 79,399
Children's Supplies (Program Services)	88,096	86,780
Food (Program Services)	91,100	80,650
Legal Fees (Management and General)	10,947	35,870
Public Relations (Management and General and Fundraising)	74,017	16,578
Medical Assessments (Program Services)	12,000	12,000
Total In-Kind Contributions	<u>\$ 343,405</u>	<u>\$ 311,277</u>

In-kind contributions relating to special events in the amount of \$67,245 and \$79,399 are included in special event revenue for the years ended June 30, 2013 and 2012, respectively.

**GREATER MINNEAPOLIS CRISIS NURSERY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013 AND 2012**

**NOTE 10 IN-KIND CONTRIBUTIONS (CONTINUED)**

The Nursery receives significant amounts of donated services from a substantial number of unpaid volunteers who assist in the Nursery's programs, fundraising and special projects. No amounts have been recognized in the accompanying statements of activities because the criteria for recognition of such volunteer effort have not been satisfied. The estimated fair market value of these services for the years ended June 30, 2013 and 2012 was \$535,250 and \$429,426, respectively.

**NOTE 11 OPERATING LEASE**

The Nursery leases office space to a tenant under a non-cancelable operating lease with a term of 10 years. In the year ended June 30, 2011, the lease was re-structured to have fixed amount of base rental payments and then a portion of the rent that is based on a minimum number of students enrolled. The lease was terminated in May 2013.

**NOTE 12 SIGNIFICANT CONCENTRATIONS**

The Nursery maintains its temporary cash investments with high credit quality financial institutions. At times, such investments may be in excess of the Federal Deposit Insurance Corporation (FDIC) insurance limit.

Approximately 65% of the employees of the Nursery are subject to a collective bargaining agreement with the Federation of Social Justice Advocates. The agreement expires on December 31, 2014.

The majority of governmental revenues are from one agency. Governmental revenues were approximately 16% and 18% of total revenue for the years ended June 30, 2013 and 2012, respectively.

United Way contributions constitute approximately 13% and 11% of total revenue at June 30, 2013 and 2012, respectively.

**NOTE 13 JOINT COSTS**

During the year ended June 30, 2013, the Nursery incurred joint costs of \$14,548 for informational materials that included education/administrative communications and a fundraising appeal. Of these costs, \$4,801 was allocated to program costs, \$4,975 was allocated to management and general and \$4,773 was allocated to fundraising expense.

During the year ended June 30, 2012, the Nursery incurred joint costs of \$8,922 for informational materials that included education/administrative communications and a fundraising appeal. Of these costs, \$2,680 was allocated to program costs, \$1,685 was allocated to management and general and \$4,557 was allocated to fundraising expense.

**GREATER MINNEAPOLIS CRISIS NURSERY  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 14 RELATED PARTY TRANSACTIONS**

Contributions from board members and employees made up approximately 16% and 7% of total contributions at June 30, 2013 and 2012, respectively. Pledges receivable from board members and employees made up approximately 5% and 6% of the total pledges receivable at June 30, 2013 and 2012, respectively.

**NOTE 15 EMPLOYEE RETIREMENT PLAN**

During 2013, the Organization started a SIMPLE IRA plan for qualified employees who earned greater than \$5,000 in the previous calendar year. The plan has a dollar for dollar match up to 3% of wages, and total contributions for the year ended June 30, 2013 were \$14,213.