

**THE EDEN PRAIRIE
COMMUNITY FOUNDATION**

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2016 AND JUNE 30, 2015

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COMMUNITY FOUNDATION**

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INDEPENDENT AUDITOR'S REPORT

To The Board of Directors
The Eden Prairie Community Foundation
Eden Prairie, Minnesota

We have audited the accompanying financial statements of The Eden Prairie Community Foundation (a nonprofit organization), which comprise the statement of assets, liabilities, and net assets - modified cash basis as of June 30, 2016, and the related statement of support, revenue, and expenses and changes in net assets - modified cash basis and statement of functional expenses - modified cash basis, for the year then ended, and the related notes to the financial statements - modified cash basis.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting as described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 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 financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets of The Eden Prairie Community Foundation as of June 30, 2016, and its support, revenue, and expenses for the year then ended in accordance with the modified cash basis of accounting as described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Event Revenue and Expenses - Modified Cash Basis and Schedule of Foundation Grants and Scholarships - Modified Cash Basis on pages 18 through 19 is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

Report on Summarized Comparative Information

We have previously audited The Eden Prairie Community Foundation's 2015 modified cash basis financial statements, and we expressed an unmodified audit opinion on those audited modified cash basis financial statements in our report dated November 5, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015, is consistent, in all material respects, with the audited modified cash basis financial statements from which it has been derived.

Casey, Menden, Faust & Nelson, P.A.

November 1, 2016

THE EDEN PRAIRIE COMMUNITY FOUNDATION

STATEMENT OF ASSETS, LIABILITIES AND NET ASSETS – MODIFIED CASH BASIS

JUNE 30, 2016 AND JUNE 30, 2015

<u>ASSETS</u>	2016	2015 (Summarized)
Current Assets:		
Cash and Cash Equivalents	\$ 278,008	\$ 325,323
Investments	352,890	260,316
Total Current Assets	630,898	585,639
Property and Equipment:		
Equipment	1,791	1,791
Original Painting	7,000	7,000
Total Property and Equipment	8,791	8,791
Less Accumulated Depreciation	1,791	1,751
Net Property and Equipment	7,000	7,040
Total Assets	\$ 637,898	\$ 592,679
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Payroll Withholdings	\$ 5,409	\$ 2,720
Total Current Liabilities	5,409	2,720
Net assets		
Unrestricted:		
Undesignated	63,658	93,404
Board Designated	190,487	207,370
Total Unrestricted	254,145	300,774
Temporarily Restricted:		
Temporarily Restricted	127,099	147,602
Donor Advised Funds	192,589	\$ 92,047
Total Temporarily Restricted	319,688	239,649
Permanently Restricted	58,656	49,536
Total Net Assets	632,489	589,959
Total Liabilities and Net Assets	\$ 637,898	\$ 592,679

The accompanying notes are an integral part of these financial statements.

THE EDEN PRAIRIE COMMUNITY FOUNDATION

STATEMENTS OF SUPPORT, REVENUE AND EXPENSES AND CHANGES IN NET ASSETS – MODIFIED CASH BASIS

YEARS ENDED JUNE 30, 2016 AND JUNE 30, 2015

	2016			2015	
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total (Summarized)
Support and Revenue:					
Century Club	\$ 19,624	-	-	\$ 19,624	\$ 23,695
Event Receipts	78,119	-	-	78,119	88,405
Donations	21,570	-	-	21,570	26,786
Jean Harris Scholarship	-	-	3,300	3,300	1,750
Society of Founders	-	-	4,940	4,940	7,940
Youth Initiative PROP	-	9,540	-	9,540	9,850
Youth Initiative CounterAct	-	1,722	-	1,722	600
Donor Advised Funds	-	111,567	-	111,567	7,325
EP Players	-	1,025	-	1,025	1,255
Endowments	-	-	4,500	4,500	-
Grants Fund	-	2,037	-	2,037	-
Miracle Field	-	100,975	-	100,975	112,329
S Gallagher Pool	-	90,398	-	90,398	-
David & Autumn Tysk Fund	-	15,000	-	15,000	-
Early Childhood	-	-	-	-	181
EP Disability Awareness	-	500	-	500	25
EP Reads Program	-	5,658	-	5,658	5,924
Beyond Yellow Ribbon	-	715	-	715	1,582
Investment Income	(2,884)	(768)	(320)	(3,972)	17,995
Fiduciary Agent Fee	4,675	-	-	4,675	-
Other Revenue	-	-	-	-	3,536
Net Assets Released from Restriction:					
Satisfaction of Donor Restrictions	261,630	(258,330)	(3,300)	-	-
Total Support and Revenue	382,734	80,039	9,120	471,893	309,178

(Continued)

THE EDEN PRAIRIE COMMUNITY FOUNDATION

STATEMENTS OF SUPPORT, REVENUE AND EXPENSES AND CHANGES IN NET ASSETS – MODIFIED CASH BASIS

YEARS ENDED JUNE 30, 2016 AND JUNE 30, 2015

	2016			2015
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total (Summarized)
Expenses:				
Program Services:				
Community Support	\$ 311,495	\$ -	\$ -	\$ 311,495
Events	39,826	-	-	43,163
Total Program Expenses	<u>351,321</u>	<u>-</u>	<u>-</u>	<u>351,321</u>
Supporting Services:				
General and Administrative	43,840	-	-	43,840
Fundraising	36,218	-	-	36,218
Total Support Expenses	<u>80,058</u>	<u>-</u>	<u>-</u>	<u>80,058</u>
Total Expenses	<u>431,379</u>	<u>-</u>	<u>-</u>	<u>431,379</u>
Change in Net Assets	(48,645)	80,039	9,120	40,514
Net Assets:				
Beginning of Year	300,774	239,649	49,536	589,959
End of Year	<u>\$ 252,129</u>	<u>\$ 319,688</u>	<u>\$ 58,656</u>	<u>\$ 630,473</u>
				<u>\$ 589,959</u>

The accompanying notes are an integral part of these financial statements

THE EDEN PRAIRIE COMMUNITY FOUNDATION

STATEMENTS OF FUNCTIONAL EXPENSES – MODIFIED CASH BASIS

YEARS ENDED JUNE 30, 2016 AND JUNE 30, 2015

	2016				2015
	Program Services		Supporting Services		Total
	Community Support	Events	General and Administrative	Fund-Raising	
Grants and Scholarships	\$ 278,783	-	-	-	\$ 278,783
Payroll	27,912	6,978	17,445	17,445	69,779
Payroll Taxes	2,272	568	1,420	1,420	5,681
Dinner	-	6,545	-	-	6,545
Audit and Accounting	-	-	12,138	-	12,138
Invitations	-	2,641	-	-	2,641
Auction Items	-	6,971	-	-	6,971
Other-Event	-	5,839	-	-	5,839
Entertainment	-	400	-	-	400
Advertising	-	1,870	-	-	1,870
Bank, Credit Card Fees	-	3,200	-	-	3,200
Deposits	-	3,600	-	-	3,600
Marketing	215	861	-	1,077	2,153
Donor Mailings	206	206	-	1,651	2,064
Special Projects:	-	-	-	-	-
Century Club	-	-	-	-	-
Miscellaneous	-	-	-	-	-
					1,007
					14,637

(Continued)

THE EDEN PRAIRIE COMMUNITY FOUNDATION

STATEMENTS OF FUNCTIONAL EXPENSES – MODIFIED CASH BASIS

YEARS ENDED JUNE 30, 2016 AND JUNE 30, 2015

	2016				2015
	Program Services		Supporting Services		Total
	Community Support	Events	General and Administrative	Fund-Raising	
Breakfast/Luncheon	-	-	75	75	149
Website/social media	-	-	2,422	-	2,422
Fundraising	-	-	-	14,155	14,155
Dues & Subscriptions	-	-	1,386	-	1,386
Insurance	-	-	1,845	-	1,845
Miscellaneous Office	-	-	-	-	-
Rent	90	90	90	90	360
Depreciation	-	-	40	-	40
Shipping and Postage	-	-	306	306	612
Supplies	-	57	57	-	113
Fund administrative fees	-	-	4,675	-	4,675
Other	-	-	1,942	-	1,942
Total Expenses by Program	\$ 311,495	\$ 39,826	\$ 43,840	\$ 36,218	\$ 429,363
					\$ 196,131

(Continued)

THE EDEN PRAIRIE COMMUNITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS – MODIFIED CASH BASIS

YEARS ENDED JUNE 30, 2016 AND JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND SIGNIFICANT OTHER INFORMATION

Foundation

The Eden Prairie Community Foundation (the “Foundation”) is a Minnesota nonprofit organization, which was incorporated in 1981. Its purpose is to foster pride in Eden Prairie through support of community organizations and projects that create a better quality of life and make the city a special place to live and work.

Basis of Presentation

The accompanying financial statements have been prepared on the basis of modified cash receipts and disbursements. The modified cash basis of accounting followed by the Foundation differs from accounting principles generally accepted in the United States of America because accounts receivable, accounts payable, and accrued expenses are not recorded, nor are prepaid expenses deferred. Revenue is reported when cash is received and expenses are reported when they are paid. Depreciation is recorded related to the capitalized property and equipment.

Revenue, expenses, gains and losses, and net assets are classified based on the existence or absence of donor imposed restrictions. Accordingly, net assets and related changes are classified and reported as follows:

- Unrestricted Net Assets – Resources over which the Board of Directors has discretionary control. Designated amounts represent those net assets which the Board has set aside for a particular purpose.
- Temporarily Restricted Net Assets – Resources received with donor stipulations that limit the use of the donated assets. When a donor 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 Statement of Support, Revenue and Expenses, and Changes in Net Assets – Modified Cash Basis as net assets released from restrictions. When a restriction is accomplished within the same year of the donation, the funds are shown as unrestricted.

(Continued)

THE EDEN PRAIRIE COMMUNITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS – MODIFIED CASH BASIS

YEARS ENDED JUNE 30, 2016 AND JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND SIGNIFICANT OTHER INFORMATION (Continued)

Basis of Presentation (Continue)

- Permanently Restricted Net Assets – Net assets subject to donor imposed restrictions that they be maintained permanently by the Foundation. The donors have permitted the Foundation to use all or part of the income earned, included capital appreciation, for unrestricted or temporarily restricted purposed. Permanently restricted net assets consist of investments restricted for the endowment fund.

Contributions

Contributions are recorded as received or unconditionally pledged. All contributions are available for unrestricted use unless specifically restricted by the donor.

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

Use of Estimates

The preparation of the accompanying financial statements under the modified cash basis, which differs from accounting principles generally accepted in the United States of America, requires management to make certain estimates and assumptions that directly affect the results of reported assets, liabilities, revenues, and expenses. Actual results may differ from these estimates.

Concentration of Credit Risk

Financial instruments that potentially subject the Foundation to concentrations of credit risk consist principally of cash and cash equivalents. The Foundation places its cash with high credit quality financial institutions. As of June 30, 2016, the Foundation had a credit risk concentration as a result of depositing \$242,950 in a single bank. As of June 30, 2015, the Foundation had a credit risk concentration as a result of depositing \$288,122 in a single local bank.

(Continued)

THE EDEN PRAIRIE COMMUNITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS – MODIFIED CASH BASIS

YEARS ENDED JUNE 30, 2016 AND JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND SIGNIFICANT OTHER INFORMATION (Continued)

Concentration of Support

Substantially all support is received in the form of contributions from various individuals and corporations in and around Eden Prairie. The continuation of the program of The Eden Prairie Community Foundation is dependent upon future community support.

Property and Equipment

Property and equipment are carried at cost or, if donated, at the approximated fair value at the date of donation. Additions, improvements or major renewals are capitalized. If items of property are sold, retired or otherwise disposed of, they are removed from the asset and accumulated depreciation accounts and any gain or loss thereon is reflected in the Statement of Support, Revenue and Expenses, and Changes in Net Assets – Modified Cash Basis. The Foundation capitalizes assets with a cost of \$250 or greater.

Property and Equipment (Continued)

Depreciation of property and equipment is computed using accelerated methods over the estimated useful lives of the assets ranging from 3 to 5 years.

Original Painting

Original painting consists of art reported at historical cost on the Statement of Assets, Liabilities, and Net Assets – Modified Cash Basis.

Cash Equivalents

The Foundation considers all highly liquid debt instruments with a maturity of three months or less when purchased to be cash equivalents. Cash equivalents are stated at cost, which approximates fair value.

Functional Allocation of Expenses

The cost of providing the various programs and services are summarized on a functional basis on the Statement of Functional Expenses – Modified Cash Basis. Accordingly, certain costs were allocated among the programs or services benefited based on best estimates by management.

(Continued)

THE EDEN PRAIRIE COMMUNITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS – MODIFIED CASH BASIS

YEARS ENDED JUNE 30, 2016 AND JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND SIGNIFICANT OTHER INFORMATION (Continued)

Income Taxes

The Foundation is exempt from federal and state income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code. The Foundation had no unrelated business income tax in 2015.

The Foundation reviews income tax positions taken or expected to be taken in income tax returns to determine if there are any income tax uncertainties. This includes positions that the entity is exempt from income taxes or not subject to income taxes on unrelated business income. The Foundation recognizes tax benefits from uncertain tax positions only if it is more likely than not that the tax positions will be sustained on examination by taxing authorities, based on the technical merits of the positions. The Foundation has identified no significant income tax uncertainties. The Foundation files information returns as a tax-exempt organization. Should that status be challenged in the future, all years since inception could be subject to review by the Internal Revenue Service. The Foundation's federal and state tax returns are open to examination for tax years 2014 through 2016.

Fair Value Measurements

The Foundation follows an accounting standard that defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs used to measure fair value, and requires expanded disclosures about fair value measurements. In accordance with this standard, the Foundation has categorized its investments, 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. 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 are valued using inputs that are unadjusted quoted prices in active markets accessible at the measurement date of identical financial assets and liabilities. The inputs include those traded on an active exchange, such as the New York Stock Exchange, as well as U.S. Treasury and other U.S. government and agency mortgage-backed securities that are traded by dealers or brokers in active over-the-counter markets. Level 1 includes various mutual funds, collective funds, and U.S. Treasury futures.

(Continued)

THE EDEN PRAIRIE COMMUNITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS – MODIFIED CASH BASIS

YEARS ENDED JUNE 30, 2016 AND JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND SIGNIFICANT OTHER INFORMATION (Continued)

Level 2 - Financial assets and liabilities are valued using inputs quoted prices for similar assets, or inputs that are observable, either directly or indirectly for substantially the full term through corroboration with observable market data. Level 2 includes private collateralized mortgage obligations, municipal bonds, equity futures and corporate debt securities.

Level 3 - Financial assets and liabilities are valued using pricing inputs which are unobservable for the asset, inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset. Level 3 includes private equity, venture capital, hedge funds and real estate.

The Foundation holds certain assets that are required to be measured at fair value on a recurring basis. The fair value of the Foundation's investment securities were determined based on level 1 inputs determined from brokerage statements.

NOTE 2 - INVESTMENTS

A summary of investment securities is as follows:

Investment securities consisted of the following:

	June 30, 2016		June 30, 2015	
	Cost	Market	Cost	Market
Equities	\$ 13,538	\$ 9,704	\$ 13,538	\$ 13,492
Mutual Funds - Equity Funds	<u>357,566</u>	<u>343,186</u>	<u>243,378</u>	<u>246,824</u>
Total	<u>\$ 371,104</u>	<u>\$ 352,890</u>	<u>\$ 256,916</u>	<u>\$ 260,316</u>

The Foundation holds investments in a variety of investment funds. In general, their investments are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of the investments will occur in the near-term and that such changes could be material to the amounts reported in the Statement of Assets, Liabilities and Net Assets – Modified Cash Basis.

(Continued)

THE EDEN PRAIRIE COMMUNITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS – MODIFIED CASH BASIS

YEARS ENDED JUNE 30, 2016 AND JUNE 30, 2015

NOTE 3 - EVENT RECEIPTS

The EP Gives gala receipts and the Brewfest receipts are as follows:

	<u>2016</u>	<u>2015</u>
Ticket sales	\$ 14,800	\$ 16,700
Cash contributions	1,080	390
Sponsorships	28,000	33,700
Auction and Raffle Proceeds	<u>15,050</u>	<u>21,450</u>
Total EP Gives receipts	<u>58,930</u>	<u>72,240</u>
Sponsorships	7,100	3,750
Ticket Sales	11,989	9,524
Cash contributions	100	-
Raffle Sales	<u>-</u>	<u>2,891</u>
Total Brewfest receipts	<u>19,189</u>	<u>16,165</u>
Total Event Receipts	<u>\$ 78,119</u>	<u>\$ 88,405</u>

(Continued)

THE EDEN PRAIRIE COMMUNITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS – MODIFIED CASH BASIS

YEARS ENDED JUNE 30, 2016 AND JUNE 30, 2015

NOTE 4 - BOARD DESIGNATED AND RESTRICTED NET ASSETS

At June 30, 2016 and 2015, board designated and restricted net assets include:

	<u>2016</u>	<u>2015</u>
Board Designated		
Operating Reserve	\$ 86,989	\$ 86,989
Grants and Scholarships	<u>103,498</u>	<u>120,381</u>
Total Board Designated	<u>\$ 190,487</u>	<u>\$ 207,370</u>
Temporarily Restricted:		
Donor Advised Funds	\$ 192,589	\$ 92,047
Miracle Field	93,575	120,400
J. Harris Scholarship	11,720	9,920
EP Youth Scholarship	9,890	5,850
CounterAct Fund	2,322	600
ABD Funds	-	2,250
EP Players	5,293	4,319
Rotary	-	-
EP Disability Awareness	1,547	1,174
EP Reads	1,359	2,398
Beyond the Yellow Ribbon Fund	<u>1,393</u>	<u>691</u>
Total Temporarily Restricted	<u>\$ 319,688</u>	<u>\$ 239,649</u>
Permanently Restricted:		
Society of Founders	\$ 43,215	\$ 37,453
Endowments	<u>15,441</u>	<u>12,083</u>
Total Permanently Restricted	<u>\$ 58,656</u>	<u>\$ 49,536</u>

Permanently restricted net assets at June 30, 2016 and 2015 consist of an endowment fund established in 2006 and the Society of Founders Endowment established in 2012 to provide annual investment income to support the Foundation's mission. The original principal of the gift is to be held and invested by the Foundation indefinitely and income is available for support of area projects and organizations.

(Continued)

THE EDEN PRAIRIE COMMUNITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS – MODIFIED CASH BASIS

YEARS ENDED JUNE 30, 2016 AND JUNE 30, 2015

NOTE 4 - BOARD DESIGNATED AND RESTRICTED NET ASSETS (Continued)

The Board of Directors of The Eden Prairie Community Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the prudent expenditure of donor-restricted endowment funds. Unless stated otherwise in the gift instrument, the assets in an endowment fund are donor-restricted assets until appropriated for expenditure by the Foundation. In making a determination to appropriate, an organization shall act in good faith with the care that a prudent person would exercise. The donors of the Foundation's endowment funds have permitted an appropriation policy of spending earnings of the endowment fund. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- 1) The duration and preservations of the fund.
- 2) The purpose of the Foundation and the donor-restricted endowment fund.
- 3) General economic conditions.
- 4) The possible effect of inflation and deflation.
- 5) The expected total return from income and the appreciation of investments.
- 6) Other resources of the Foundation.
- 7) The investment policies of the Foundation.

The Foundation has adopted an investment policy and philosophy that concentrates on maximizing total return within reasonable risk parameters. This is accomplished through a strategic plan that strives to maintain and grow the investment corpus and provide annual earnings to support the Foundation's mission. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that preserve the inflation-adjusted value of the fund.

(Continued)

THE EDEN PRAIRIE COMMUNITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS – MODIFIED CASH BASIS

YEARS ENDED JUNE 30, 2016 AND JUNE 30, 2015

NOTE 4 - BOARD DESIGNATED AND RESTRICTED NET ASSETS (Continued)

Changes in permanently restricted endowment net assets are as follows:

	<u>2016</u>	<u>2015</u>
Beginning of Year Balance	\$ 49,536	\$ 40,656
Contributions	12,740	9,690
Investment income	(320)	707
Donor Requested Transfers	<u>(3,300)</u>	<u>(1,517)</u>
End of Year Balance	<u>\$ 58,656</u>	<u>\$ 49,536</u>

NOTE 5 - ENDOWMENT FEASIBILITY STUDY

The purpose of an endowment is to provide long-term sustainability for the Foundation. In fiscal year 2016, the Foundation hired a consultant to perform an endowment feasibility study at a cost of \$18,500. \$12,500 of this fee was incurred in 2016, while the remaining \$6,000 was incurred in fiscal year 2017. In August 2016 the consultant reported to the Foundation that an endowment campaign was feasible. Rather than immediately implementing such a campaign, the Board agreed to spend \$6,000 on a four-month project to lay the groundwork for a potential campaign (September 2016 through December 2016 at \$1,500 per month). At this time, the Foundation has not committed to a campaign or the hiring of a consultant to conduct a campaign. That decision is expected in January or February 2017.

NOTE 6 - SUBSEQUENT EVENTS

Subsequent events have been evaluated through November 1, 2016, which is the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

THE EDEN PRAIRIE COMMUNITY FOUNDATION

SCHEDULES OF EVENT REVENUE AND EXPENSES – MODIFIED CASH BASIS

YEARS ENDED JUNE 30, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
Revenue Collected:		
Contributions, Sponsorships	\$ 36,280	\$ 37,840
Ticket Sales/Auction	41,839	50,565
Total Revenue	<u>78,119</u>	<u>88,405</u>
Less Direct Expenses:		
Dinner	6,545	11,383
Deposits	3,600	1,950
Auction Items	6,971	10,542
Entertainment	400	1,200
Credit Card Fees	3,200	1,599
Total Direct Expenses	<u>20,716</u>	<u>26,674</u>
Revenue Collected for Event, Net of Direct Expenses	<u>57,403</u>	<u>61,731</u>
Other Expenses Paid:		
Payroll	6,978	6,227
Payroll Taxes	568	483
Invitations	2,641	2,697
Advertising	1,870	622
Telephone	-	-
Rent	90	90
Other	6,963	6,370
Total Other Expenses Paid for Event	<u>19,110</u>	<u>16,489</u>
Revenue Collected Greater Than Expenses Paid	<u>\$ 38,293</u>	<u>\$ 45,242</u>

See Independent Auditor's Report

THE EDEN PRAIRIE COMMUNITY FOUNDATION

SCHEDULES OF EVENT REVENUE AND EXPENSES – MODIFIED CASH BASIS

YEARS ENDED JUNE 30, 2016 AND 2015

	2016	2015
EPCF GRANTS:		
Teens Alone	\$ 500	\$ -
Bloomington/EP Meals on Wheels	1,000	-
Jean Harris Scholarship Awards	1,500	1,500
Let's Go Fishing	3,000	4,000
True Friends	2,500	5,000
Eden Prairie Crime Prevention	3,000	2,500
Choice, Inc.	600	2,500
Eden Prairie Community Education	4,500	2,250
PROP	8,500	4,000
Cornerstone	1,595	3,000
The PROP Shop	-	1,250
City of Eden Prairie Heritage Preservation Commission	-	3,500
Fraser	-	1,000
ISD 271 Education Service Center	-	3,000
Chrestomathy Inc.	-	2,285
City of Eden Prairie Community Services Department	-	1,650
Avinity/Edendale Residence	-	2,000
GRANTS FROM DESIGNATED FUNDS:		
City of Eden Prairie/EP Miracle Field	125,399	454
Eden Prairie Miracle Field	5,326	-
City of Eden Prairie/Sydney Galleger Memorial Pool	75,000	-
A Brighter Day Foundation	2,228	-
Eden Prairie Lacrosse Association	15,000	-
Foundation for Eden Prairie Schools	13,590	-
Eden Prairie Reads	6,681	3,000
Eden Prairie Disability Awareness Committee	114	-
The Rotary Foundation	-	4,200
GRANTS FROM DONOR-ADVISED FUNDS		
Minnesota Historical Society	600	800
St. Andrew Lutheran Church	7,800	8,405
New Beginnings	250	-
The PROP Shop	100	-
	\$ 278,783	\$ 56,294
Total		

See Independent Auditor's Report