

NEIGHBORHOOD HOUSE

**FINANCIAL STATEMENTS WITH
SUPPLEMENTARY INFORMATION**

**FOR THE YEARS ENDED
DECEMBER 31, 2015 AND 2014**

NEIGHBORHOOD HOUSE

FINANCIAL STATEMENTS WITH SUPPLEMENTARY INFORMATION

For the Years Ended December 31, 2015 and 2014

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Neighborhood House
Saint Paul, Minnesota

We have audited the accompanying financial statements of Neighborhood House (a nonprofit organization), which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to 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.

Auditor's 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 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.

(Continued)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Neighborhood House as of December 31, 2015 and 2014, 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.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information shown on pages 25 to 29 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 audits 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.

*Mahoney Ulbrich
Christiansen Russ P.A.*

Saint Paul, Minnesota
June 9, 2016

NEIGHBORHOOD HOUSE

STATEMENTS OF FINANCIAL POSITION

December 31, 2015 and 2014

	2015	2014
ASSETS		
Current assets:		
Cash (Note 12)	\$ 772,839	\$ 776,635
Investments (Notes 5 and 12)	2,342,117	2,758,592
Accounts receivable	64,895	67,221
Governmental and foundation receivables (Note 3)	973,997	383,336
Contributions receivable, net (Note 3)	16,987	30,295
Prepaid expenses	175,176	160,438
Total current assets	4,346,011	4,176,517
Leasehold improvements and equipment, net (Note 6)	10,580,330	10,713,880
Endowment investments - restricted (Notes 5 and 11)	410,147	409,625
Total assets	\$ 15,336,488	\$ 15,300,022
LIABILITIES AND NET ASSETS		
Current liabilities:		
Line of credit (Note 9)	\$ 100,000	\$ -
Accounts payable	153,678	138,925
Accrued payroll and related	118,917	105,304
Deferred revenue	5,233	13,648
Total current liabilities	377,828	257,877
Net assets:		
Unrestricted:		
Board designated for:		
Boyesen Operating Reserve Fund	392,692	428,379
Currie Education Scholarship Fund	319,574	348,595
F. A. Hijikata Capital Reserve Fund	534,485	557,045
Operating Reserve Fund	1,068,280	1,159,217
Other unrestricted	778,639	594,347
	3,093,670	3,087,583
Temporarily restricted (Note 10)	11,454,843	11,544,937
Permanently restricted (Note 11)	410,147	409,625
Total net assets	14,958,660	15,042,145
Total liabilities and net assets	\$ 15,336,488	\$ 15,300,022

See accompanying notes to financial statements.

NEIGHBORHOOD HOUSE

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For the Year Ended December 31, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues and support:				
Contributions	\$ 512,263	\$ 12,730	\$ 522	\$ 525,515
Contributions - in-kind (Note 2)	851,710	-	-	851,710
Foundation grants	567,955	713,813	-	1,281,768
Greater Twin Cities United Way (Note 4)	503,280	266,957	-	770,237
Special events, net of expenses of \$64,074	212,196	-	-	212,196
Net assets released from restrictions:				
Expiration of time and use restrictions	728,461	(728,461)	-	-
Depreciation	337,362	(337,362)	-	-
Governmental grants and reimbursements	1,603,494	-	-	1,603,494
City lease payments (Note 15)	313,253	-	-	313,253
Rental income (Note 7)	289,506	-	-	289,506
Partnership fees	133,078	-	-	133,078
Program service fees	5,252	-	-	5,252
Interest and dividend income	70,303	7,982	-	78,285
Miscellaneous	1,496	-	-	1,496
	<u>6,129,609</u>	<u>(64,341)</u>	<u>522</u>	<u>6,065,790</u>
Expenses:				
Program services:				
Basic Needs (page 25)	2,146,420	-	-	2,146,420
Education (page 26)	950,505	-	-	950,505
Youth and Community (page 28)	1,830,955	-	-	1,830,955
	<u>4,927,880</u>	<u>-</u>	<u>-</u>	<u>4,927,880</u>
Total program services	4,927,880	-	-	4,927,880
Management and general	675,278	-	-	675,278
Development	381,571	-	-	381,571
	<u>5,984,729</u>	<u>-</u>	<u>-</u>	<u>5,984,729</u>
Change in net assets before loss from investments	144,880	(64,341)	522	81,061
Loss from investments (Note 5)	<u>(138,793)</u>	<u>(25,753)</u>	<u>-</u>	<u>(164,546)</u>
Change in net assets	6,087	(90,094)	522	(83,485)
Net assets, beginning of year	<u>3,087,583</u>	<u>11,544,937</u>	<u>409,625</u>	<u>15,042,145</u>
Net assets, end of year	<u>\$ 3,093,670</u>	<u>\$ 11,454,843</u>	<u>\$ 410,147</u>	<u>\$ 14,958,660</u>

See accompanying notes to financial statements.

NEIGHBORHOOD HOUSE

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For the Year Ended December 31, 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues and support:				
Contributions	\$ 514,516	\$ 47,050	\$ 457	\$ 562,023
Contributions - in-kind (Note 2)	1,103,692	-	-	1,103,692
Foundation grants	419,698	564,500	-	984,198
Greater Twin Cities United Way (Note 4)	462,842	-	-	462,842
Special events, net of expenses of \$63,959	173,983	-	-	173,983
Net assets released from restrictions:				
Expiration of time and use restrictions	1,006,188	(1,006,188)	-	-
Depreciation	337,362	(337,362)	-	-
Governmental grants and reimbursements	1,363,264	-	-	1,363,264
City lease payments (Note 15)	313,398	-	-	313,398
Rental income (Note 7)	285,596	-	-	285,596
Partnership fees	67,741	-	-	67,741
Program service fees	1,399	-	-	1,399
Interest and dividend income	84,913	-	-	84,913
Miscellaneous	1,921	-	-	1,921
	<u>6,136,513</u>	<u>(732,000)</u>	<u>457</u>	<u>5,404,970</u>
Expenses:				
Program services:				
Basic Needs (page 25)	2,142,982	-	-	2,142,982
Education (page 27)	849,694	-	-	849,694
Youth and Community (page 29)	2,149,701	-	-	2,149,701
	<u>5,142,377</u>	<u>-</u>	<u>-</u>	<u>5,142,377</u>
Total program services	5,142,377	-	-	5,142,377
Management and general	562,275	-	-	562,275
Development	352,900	-	-	352,900
	<u>6,057,552</u>	<u>-</u>	<u>-</u>	<u>6,057,552</u>
	<u>6,057,552</u>	<u>-</u>	<u>-</u>	<u>6,057,552</u>
Change in net assets before gain from investments	78,961	(732,000)	457	(652,582)
Gain from investments (Note 5)	7,492	13,216	-	20,708
	<u>86,453</u>	<u>(718,784)</u>	<u>457</u>	<u>(631,874)</u>
Change in net assets	86,453	(718,784)	457	(631,874)
Net assets, beginning of year	<u>3,001,130</u>	<u>12,263,721</u>	<u>409,168</u>	<u>15,674,019</u>
Net assets, end of year	<u>\$ 3,087,583</u>	<u>\$ 11,544,937</u>	<u>\$ 409,625</u>	<u>\$ 15,042,145</u>

See accompanying notes to financial statements.

NEIGHBORHOOD HOUSE

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2015

	Basic Needs	Education	Youth and Community	Total Program Services	Management and General	Development	Total
Salaries and wages	\$ 536,495	\$ 604,447	\$ 726,941	\$ 1,867,883	\$ 419,710	\$ 241,785	\$ 2,529,378
Employee benefits	71,799	80,163	97,770	249,732	56,731	32,255	338,718
Payroll taxes	44,877	51,068	63,450	159,395	35,021	20,378	214,794
	<u>653,171</u>	<u>735,678</u>	<u>888,161</u>	<u>2,277,010</u>	<u>511,462</u>	<u>294,418</u>	<u>3,082,890</u>
Professional fees and contract services	9,023	13,118	251,411	273,552	142,048	52,059	467,659
Program supplies	27,019	19,134	23,901	70,054	3,965	2,543	76,562
Office supplies	1,043	386	725	2,154	7,586	9,260	19,000
Food costs	949,460	5,781	20,276	975,517	6,316	24,043	1,005,876
Telephone / communications	7,704	11,106	6,285	25,095	(15,550)	2,090	11,635
Occupancy	55,732	-	200,654	256,386	-	-	256,386
Insurance	-	-	23,908	23,908	15,713	-	39,621
Equipment	5,829	6,637	62,835	75,301	2,398	2,558	80,257
Technology	22,121	17,692	54,970	94,783	(73,476)	5,938	27,245
Printing / publications	728	850	1,455	3,033	9,499	25,050	37,582
Transportation	8,836	11,709	11,637	32,182	1,732	3,017	36,931
Conferences and meetings	1,942	5,530	6,089	13,561	7,312	4,353	25,226
Miscellaneous expenses	2,870	424	4,205	7,499	11,069	1,579	20,147
Scholarship awards	-	14,000	-	14,000	-	-	14,000
Specific assistance	335,544	20,970	116,885	473,399	-	-	473,399
Bad debt expense (recovery)	-	-	-	-	-	(645)	(645)
Facilities allocation	65,398	87,490	(206,162)	(53,274)	33,892	19,382	-
	<u>2,146,420</u>	<u>950,505</u>	<u>1,467,235</u>	<u>4,564,160</u>	<u>663,966</u>	<u>445,645</u>	<u>5,673,771</u>
Depreciation and amortization	-	-	361,027	361,027	11,312	-	372,339
Loss on disposal	-	-	2,693	2,693	-	-	2,693
Less: special events	-	-	-	-	-	(64,074)	(64,074)
Total expenses	<u>\$ 2,146,420</u>	<u>\$ 950,505</u>	<u>\$ 1,830,955</u>	<u>\$ 4,927,880</u>	<u>\$ 675,278</u>	<u>\$ 381,571</u>	<u>\$ 5,984,729</u>
Ratio of expenses				<u>82%</u>	<u>11%</u>	<u>7%</u>	<u>100%</u>

See accompanying notes to financial statements.

NEIGHBORHOOD HOUSE

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2014

	Basic Needs	Education	Youth and Community	Total Program Services	Management and General	Development	Total
Salaries and wages	\$ 517,484	\$ 520,795	\$ 675,621	\$ 1,713,900	\$ 314,705	\$ 239,478	\$ 2,268,083
Employee benefits	67,579	66,437	85,871	219,887	41,895	30,766	292,548
Payroll taxes	42,121	42,559	56,392	141,072	25,998	19,989	187,059
	<u>627,184</u>	<u>629,791</u>	<u>817,884</u>	<u>2,074,859</u>	<u>382,598</u>	<u>290,233</u>	<u>2,747,690</u>
Professional fees and contract services	7,270	10,731	769,260	787,261	141,244	70,601	999,106
Program supplies	42,782	49,881	24,004	116,667	6,861	(318)	123,210
Office supplies	1,976	176	629	2,781	8,605	2,793	14,179
Food costs	1,067,014	5,887	22,590	1,095,491	6,673	16,687	1,118,851
Telephone / communications	7,684	10,917	6,380	24,981	(14,729)	1,924	12,176
Occupancy	31,702	-	203,586	235,288	-	-	235,288
Insurance	-	-	25,366	25,366	13,899	-	39,265
Equipment	1,117	12,610	45,049	58,776	9,774	1,755	70,305
Technology	22,884	19,074	49,568	91,526	(72,495)	4,620	23,651
Printing / publications	1,647	501	679	2,827	13,638	4,383	20,848
Transportation	10,514	4,965	12,605	28,084	2,901	1,441	32,426
Conferences and meetings	1,547	4,346	1,775	7,668	7,591	397	15,656
Miscellaneous expenses	2,444	964	4,572	7,980	11,096	901	19,977
Scholarship awards	-	13,500	-	13,500	-	-	13,500
Specific assistance	257,293	-	-	257,293	-	-	257,293
Bad debt expense	-	-	-	-	-	4,370	4,370
Facilities allocation	59,924	86,351	(194,915)	(48,640)	31,568	17,072	-
	<u>2,142,982</u>	<u>849,694</u>	<u>1,789,032</u>	<u>4,781,708</u>	<u>549,224</u>	<u>416,859</u>	<u>5,747,791</u>
Depreciation and amortization	-	-	359,207	359,207	13,051	-	372,258
Loss on disposal	-	-	1,461	1,461	-	-	1,461
Less: special events	-	-	-	-	-	(63,959)	(63,959)
Total expenses	<u>\$ 2,142,982</u>	<u>\$ 849,694</u>	<u>\$ 2,149,700</u>	<u>\$ 5,142,376</u>	<u>\$ 562,275</u>	<u>\$ 352,900</u>	<u>\$ 6,057,551</u>
Ratio of expenses				<u>85%</u>	<u>9%</u>	<u>6%</u>	<u>100%</u>

See accompanying notes to financial statements.

NEIGHBORHOOD HOUSE

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2015 and 2014

Increase (Decrease) in Cash

	2015	2014
Cash flows from operating activities:		
Change in net assets	\$ (83,485)	\$ (631,874)
Adjustments to reconcile the change in net assets to net cash from operating activities:		
Depreciation and amortization	372,339	372,258
Loss on disposal	2,693	1,460
(Gain) loss from investments	164,546	(20,708)
Contributions restricted for capital campaign and endowment, net	(522)	(31,283)
In-kind contributions of leasehold improvements	-	(10,700)
Dividends and interest reinvested, net of fees paid	(50,000)	(60,606)
Changes in operating assets and liabilities:		
Receivables	(575,027)	62,340
Prepaid expenses	(14,738)	(26,254)
Accounts payable	(1,197)	45,665
Accrued payroll and related	13,613	(92,681)
Deferred revenue	(8,415)	(13,635)
Net cash from operating activities	(180,193)	(406,018)
Cash flows from investing activities:		
Sale of investments	301,929	149,420
Purchase of investments	(522)	(157,623)
Decrease in cash restricted for specific program activities	-	165,000
Additions to leasehold improvements and equipment	(225,532)	-
Net cash from investing activities	75,875	156,797
Cash flows from financing activities:		
Proceeds from line of credit	200,000	-
Payments on line of credit	(100,000)	-
Contributions restricted for capital campaign and endowment, net	522	31,283
Net cash from financing activities	100,522	31,283
Net decrease in cash	(3,796)	(217,938)
Cash at beginning of year	776,635	994,573
Cash at end of year	\$ 772,839	\$ 776,635
Noncash investing and financing activities:		
Leasehold improvement additions included in contributions - in-kind	\$ -	\$ 10,700
Leasehold improvement additions included in accounts payable	15,950	-

See accompanying notes to financial statements.

NEIGHBORHOOD HOUSE

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2015 and 2014

1. ORGANIZATION

The mission of Neighborhood House is to help people, families and organizations develop the skills, knowledge and confidence to thrive in diverse communities. Founded in 1897 on Saint Paul's historic West Side, Neighborhood House has a long history within the settlement house tradition of helping immigrants and low-income individuals integrate into society, connect with community, and achieve a better quality of life. Neighborhood House provides services to more than 18,000 participants annually. Neighborhood House is a multi-cultural, multi-lingual center with programs in basic needs, education and youth leadership.

Our Basic Needs department includes our culturally competent Food Shelves Family Centers.

Education programs help adults learn English as well as prepare for GED and citizenship exams. Additional programs provide financial literacy and supportive services to students pursuing post-secondary degrees. Early childhood learning classes focus on school readiness and family literacy. Health Access programs provide family and community-based reproductive health education and HIV testing.

Youth Leadership programs help young people develop the life skills, positive self-esteem and resilience needed to become engaged students, creative leaders and productive citizens. Services include our youth activities, homework help, creative arts and gang reduction program.

Neighborhood House brings the community together through events and volunteer opportunities. Our home, the Wellstone Center, serves as a gathering place for over 100,000 people every year.

Neighborhood House is supported primarily through contributions, foundation grants, governmental grants and reimbursements, facility rentals and the Greater Twin Cities United Way.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) 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.

(Continued)

NEIGHBORHOOD HOUSE

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2015 and 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation - Neighborhood House reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Revenues and support are classified based on the presence or absence of donor restrictions and reported in the following net asset categories:

- Unrestricted net assets represent the portion of net assets that are not subject to donor restrictions.
- Temporarily restricted net assets arise from contributions that are restricted by donors for specific purposes or time periods.
- Permanently restricted net assets arise from contributions that the donor has stipulated must be maintained in perpetuity.

Cash and Cash Equivalents - Neighborhood House considers all highly liquid investments purchased with original maturities of three months or less and any certificates of deposit that do not contain material early withdrawal penalties to be cash equivalents. Cash and cash equivalents for purposes of the Statement of Cash Flows exclude permanently restricted cash and cash equivalents and cash. Cash and cash equivalents held in brokerage accounts are considered investments rather than cash equivalents.

Accounts Receivable - Accounts receivable are stated at the amount management expects to collect. Management reviews receivable balances at year end and establishes an allowance for doubtful accounts based on expected collections. Receivables are written off as a charge to the allowance when, in management's estimation, it is probable the receivable is worthless. At December 31, 2015 and 2014, no allowance for uncollectible amounts has been recorded since management believes all receivables are collectible.

Contributions Receivable - Promises to give that are expected to be collected within one year are recorded at their net realizable value. Promises that are expected to be collected in future years are recorded at the present value of the amounts expected to be collected. The discounts on those amounts were computed using a discount rate of 5% in 2015 and 2014. Amortization of the discounts is included in contributions revenue. Management reviews receivable balances at year end and establishes an allowance for doubtful accounts based on expected collections.

(Continued)

NEIGHBORHOOD HOUSE

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2015 and 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government Grants and Contracts - Government grants and contracts are generally considered exchange transactions and are recorded as revenue when earned. Revenue is earned when eligible expenditures, as defined in each grant or contract, are incurred. Funds received but not yet earned are recorded as deferred revenue.

Expenditures under government grants and contracts are subject to review by the granting authority. If, as a result of such a review, expenditures are determined to be unallowable, the disallowance will be recorded at the time the assessment for refund is made.

Contributions - Contributions are recognized when the donor makes an unconditional commitment to give. Contributions that are restricted by the donor are reported as increases in temporarily restricted net assets and transferred to unrestricted net assets when restrictions expire or the condition is met. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized.

Contributions of long-lived assets or contributions restricted for the acquisition of long-lived assets are released from restriction on a straight-line basis over the estimated useful lives of the assets acquired.

Contributed Materials and Space - Contributed materials and use of space are recorded as contributions, when received, at their fair value. During 2015, Neighborhood House received program supplies of \$19,884, food donations of \$779,031, supplies of \$2,308, special events items of \$30,779 and use of space of \$42,725. During 2014, Neighborhood House received program supplies of \$60,942, food donations of \$928,927, supplies of \$4,800, special events items of \$24,567, specific assistance of \$24,669 and use of space of \$19,212.

Contributed Services - Contributed services are recorded as contributions, at their fair value, when the service creates or enhances a nonfinancial asset or the service requires specialized skills that would need to be purchased if not provided by donation. During 2015, contributed professional and consulting services valued at \$7,762 were received for management and general purposes and \$2,600 for special events. During 2014, contributed professional and consulting services valued at \$65,142 were received for management and general purposes and \$2,017 for special events.

Investments - Investments are reported at fair value. Realized and unrealized gains and losses are included in the statement of activities and changes in net assets as changes in unrestricted net assets unless their use is restricted by explicit donor stipulation or law. Investments contributed by donors are recorded at fair market value at the time of the contribution.

(Continued)

NEIGHBORHOOD HOUSE

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2015 and 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leasehold Improvements and Equipment - Neighborhood House's portion of the building is carried at cost and recorded as a leasehold improvement. Equipment is carried at cost, with the exception of donated equipment, which is recorded at its fair market value at the date of the gift. Neighborhood House capitalizes all items over \$2,500 which provide a future benefit. Leasehold improvements are amortized over estimated useful lives of 3 to 40 years using the straight-line method. Equipment is depreciated over estimated useful lives of 3 to 7 years using the straight-line method. Maintenance and repairs are expensed as incurred. Major renewals or betterments that extend the lives of property and equipment are capitalized. Management evaluates these assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

Contributions of long-lived assets or contributions restricted for the acquisition of long-lived assets are considered released from restriction on a straight-line basis over the estimated useful lives of the assets acquired.

Concentrations - Neighborhood House places its cash with several financial institutions. At times the amount on deposit exceeds the insured limit of the institutions and exposes Neighborhood House to a credit risk. At December 31, 2015 and 2014, these accounts exceeded the FDIC limit by \$50,197 and \$51,803. Additionally, the investments expose Neighborhood House to a market risk.

Functional Expenses - The costs of providing programs and the Organization's supporting services have been summarized on a functional basis in the Statements of Activities and Changes in Net Assets and the Statements of Functional Expenses. Whenever possible, expenses are recorded in functional categories when incurred. Other expenses have been allocated among program and supporting services based on an analysis of personnel time and estimates of space used for the related activities as determined by management.

Fair Value Measurements - Neighborhood House determines fair value, when necessary, based on the assumptions that market participants would use when pricing the asset or liability. Valuation techniques require using inputs representing the assumptions that would be made by market participants in pricing the asset or liability. Valuation inputs are categorized using the following hierarchy:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - inputs that are observable, directly or indirectly, other than the quoted prices included in Level 1; and
- Level 3 - unobservable inputs

Fair value measurements are used to measure investments on a recurring basis.

(Continued)

NEIGHBORHOOD HOUSE

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2015 and 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes - Neighborhood House is exempt from income taxes under Internal Revenue Code Section 501(c)(3) and applicable Minnesota Statutes, except to the extent it has taxable income from activities that are not related to its exempt purpose. Unrelated business income is taxed at the corporate income tax rate. Neighborhood House did not have any unrelated business income in 2015 or 2014.

The Organization believes that it has appropriate support for any tax positions taken, and accordingly, does not have any uncertain tax positions that are material to the financial statements.

3. CONTRIBUTIONS RECEIVABLE

Contributions receivable consist of the following as of December 31, 2015:

Year due	Annual giving	Total
2016	\$ 16,987	<u>\$ 16,987</u>

Contributions receivable consist of the following as of December 31, 2014:

Year due	Annual giving	Total
Prior years	\$ 28,004	\$ 28,004
2015	1,500	1,500
2016	1,500	1,500
		<u>31,004</u>
Less 5% discount to net present value		(64)
Less allowance for uncollectible pledges		<u>(645)</u>
		<u>\$ 30,295</u>

Governmental and foundation receivables consist of the following as of December 31, 2015:

Year due	Government	Foundation	Total
2016	\$ 310,221	\$ 663,776	<u>\$ 973,997</u>

(Continued)

NEIGHBORHOOD HOUSE

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2015 and 2014

3. CONTRIBUTIONS RECEIVABLE (Continued)

Governmental and foundation receivables consist of the following as of December 31, 2014:

Year due	Government	Foundation	Total
2015	\$ 225,565	\$ 157,771	\$ 383,336

4. CONDITIONAL PROMISE TO GIVE

Neighborhood House has received a conditional grant of \$533,913 for 2016 from the Greater Twin Cities United Way. This grant will be recorded when the fundraising campaign is complete and the United Way board approves the grant. The United Way board approved the grant through June 30, 2016 and \$266,957 was recorded as revenue in 2015. Greater Twin Cities United Way represented approximately 13% and 9% of total revenue and support in 2015 and 2014.

5. INVESTMENTS

Neighborhood House uses an investment advisor to manage its investment portfolio within guidelines set by Neighborhood House. Investments consist of the following:

	2015	2014
Money market funds	\$ 92,278	\$ 83,055
US equity securities	523,082	597,804
International equity securities	303,883	295,556
US treasury notes	142,017	160,373
Certificates of deposit	-	200,000
Corporate debt securities	431,301	418,311
Mutual funds		
Developed markets:		
US equities	383,288	398,580
International equities	187,822	244,548
Emerging markets	221,474	279,046
Taxable fixed income	127,113	140,775
Managed futures	340,006	350,169
	\$ 2,752,264	\$ 3,168,217

(Continued)

NEIGHBORHOOD HOUSE

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2015 and 2014

5. INVESTMENTS (Continued)

A reconciliation to the statement of financial position follows:

	2015	2014
Investments	\$ 2,342,117	\$ 2,758,592
Endowment investments - restricted	410,147	409,625
	\$ 2,752,264	\$ 3,168,217

Gains (losses) on investments are as follows:

Realized gains, net	\$ 17,750	\$ 53,042
Unrealized gains (losses), net	(182,296)	(32,334)
Gain (loss) on investments	\$ (164,546)	\$ 20,708

Investment activity in 2015 and 2014 follows:

Beginning of year	\$ 3,168,217	\$ 3,078,700
Interest and dividends	77,836	84,913
Gains (losses), net	(164,546)	23,904
Investment fees	(27,836)	(27,503)
Deposits	522	157,623
Program distributions	(301,929)	(149,420)
End of year	\$ 2,752,264	\$ 3,168,217

During 2015 and 2014, program distributions include \$301,959 and \$149,420 from the corporate account.

Following is a description of the valuation methodologies used for investments:

- Common stocks, corporate debt securities, and U.S. government securities are valued at the closing price reported in the active market in which the securities are traded (Level 1).
- Mutual funds are valued at the net asset value of shares held at year end (Level 1).
- Certificates of deposit are valued based on yields currently available on comparable certificates (Level 2).

(Continued)

NEIGHBORHOOD HOUSE

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2015 and 2014

5. INVESTMENTS (Continued)

	Fair Value	Fair Value Measurements Using:		
		Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Investments - 2015	\$ 2,752,264	\$ 2,752,264	\$ -	\$ -
Investments - 2014	\$ 3,168,217	\$ 2,968,217	\$ 200,000	\$ -

6. LEASEHOLD IMPROVEMENTS AND EQUIPMENT

Leasehold improvements and equipment consisted of the following:

	2015	2014
Leasehold improvements (Note 15)	\$ 13,940,931	\$ 13,733,130
Equipment	918,813	900,418
	14,859,744	14,633,548
Less accumulated depreciation and amortization	(4,279,414)	(3,919,668)
	\$ 10,580,330	\$ 10,713,880

7. LEASES RECEIVABLE

Neighborhood House has leased space in the Wellstone Center (Note 15) to six tenants. Lease terms are for one to four years. Lease payments include a portion of operating costs. In addition, facilities are rented out for events and meetings.

The following is a schedule of minimum future rentals on noncancellable leases as of December 31, 2015:

2016	\$ 28,579
2017	2,578

Rental income in 2015 was \$289,506 of which \$72,458 was from tenants and \$217,048 was from facility rentals. Rental income in 2014 was \$285,596 of which \$73,725 was from tenants and \$211,871 was from facility rentals.

(Continued)

NEIGHBORHOOD HOUSE

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2015 and 2014

8. UNEMPLOYMENT FUND DEPOSIT

Neighborhood House has elected to opt out of participation in the Minnesota Unemployment Insurance Program. Neighborhood House is self insured for unemployment claims through Unemployment Services Trust (UST). Contributions to UST are accumulated and used to pay future claims. Neighborhood House could be required to make additional payments if claims exceeded the accumulated contributions. The unemployment fund deposit balances at December 31, 2015 and 2014 of \$125,533 and \$110,742 were included in prepaid expenses.

9. LINE OF CREDIT

Neighborhood House has a \$500,000 bank line of credit that matures September 6, 2017, with an interest rate that adjusts monthly based on the Wall Street Journal prime rate minus .25% (3.25% at December 31, 2015). The line of credit is secured by the Board-designated Operating Reserve Fund. At December 31, 2015, there was \$100,000 advanced on the line of credit. At December 31, 2014, there were no advances on the line of credit.

10. RESTRICTED NET ASSETS

Temporarily restricted - Temporarily restricted net assets result from restrictions on contributions received from donors. The restrictions expire over time or when the stated purposes have been met. Temporarily restricted net assets are for the following purposes:

	2015	2014
Basic Needs	\$ 375,518	\$ 274,887
Education	343,927	195,000
Youth and Community	138,203	113,000
General operations - time restricted	65,000	9,840
Strategic initiatives	159,730	-
Specific program activities	212,958	343,941
Capital campaign and bridge funding (see Note 15)	10,132,421	10,542,912
Unappropriated endowment earnings (see Note 11)	27,086	65,357
	<u>\$11,454,843</u>	<u>\$11,544,937</u>

Permanently restricted - Permanently restricted net assets result from restrictions on contributions received from donors to be held in perpetuity as an endowment. Income is available to support organizational and facility operations. See Note 11 for additional discussion.

(Continued)

NEIGHBORHOOD HOUSE

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2015 and 2014

11. ENDOWMENT FUND

Neighborhood House's endowment fund consists of one fund established to support general operations. The endowment is a donor-restricted endowment fund.

Interpretation of Relevant Law - The Board of Directors of Neighborhood House has interpreted the Minnesota Prudent Management of Institutional Funds Act (MPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, Neighborhood House 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. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by Neighborhood House in a manner consistent with the standard of prudence prescribed by MPMIFA. In accordance with MPMIFA, Neighborhood House considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of Neighborhood House 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 organization
- (7) The investment policies of the organization

Endowment net asset composition by type of fund as of December 31, 2015 and 2014 follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total Endowment</u>
Donor-restricted endowment funds - 2015	<u>\$ -</u>	<u>\$ 27,086</u>	<u>\$ 410,147</u>	<u>\$ 437,233</u>
Donor-restricted endowment funds - 2014	<u>\$ -</u>	<u>\$ 65,357</u>	<u>\$ 409,625</u>	<u>\$ 474,982</u>

(Continued)

NEIGHBORHOOD HOUSE

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2015 and 2014

11. ENDOWMENT FUND (Continued)

Changes in endowment net assets for the years ended December 31, 2015 and 2014 follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total Endowment</u>
Endowment net assets, December 31, 2013	\$ -	\$ 52,141	\$ 409,168	\$ 461,309
Contributions	-	-	457	457
Investment return:				
Investment income	-	14,256	-	14,256
Net appreciation realized and unrealized	-	3,447	-	3,447
Total investment return	-	17,703	-	17,703
Fees	-	(4,487)	-	(4,487)
Endowment net assets, December 31, 2014	-	65,357	409,625	474,982
Contributions	-	-	522	522
Appropriation of endowment assets for expenditure	-	(20,500)	-	(20,500)
Investment return:				
Investment income	-	12,398	-	12,398
Net depreciation realized and unrealized	-	(25,753)	-	(25,753)
Total investment return	-	(13,355)	-	(13,355)
Fees	-	(4,416)	-	(4,416)
Endowment net assets, December 31, 2015	<u>\$ -</u>	<u>\$ 27,086</u>	<u>\$ 410,147</u>	<u>\$ 437,233</u>

(Continued)

NEIGHBORHOOD HOUSE

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2015 and 2014

11. ENDOWMENT FUND (Continued)

Fund Deficiency - From time to time, the fair value of assets associated with the donor restricted endowment fund may fall below the level that the donor or MPMIFA requires Neighborhood House to retain as a fund of perpetual duration. There was no such deficiency as of December 31, 2015 and 2014.

Return Objectives and Risk Parameters - Neighborhood House has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of a donor-restricted fund that the Neighborhood House must hold in perpetuity. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to maximize return with a reasonable and prudent level of risk. Neighborhood House expects its endowment fund, over time, to provide an average rate of return of approximately 8 percent annually. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives - To satisfy its long-term rate-of-return objectives, Neighborhood House relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). Neighborhood House targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy - Endowment fund investment income is available for current operations under the spending rate method. The Board has designated that 5% of the past three years trailing average of the fund's investments will be available for current year operations (spending rate). In establishing this policy, the Board of Directors considered the long-term expected return on its endowment. Accordingly, over the long term, Neighborhood House expects the current spending policy to allow its endowment to grow at an average of 3 percent annually. This is consistent with Neighborhood House's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return. The Board appropriated \$20,500 for expenditure in 2015. No appropriations were made from the endowment fund in 2014.

(Continued)

NEIGHBORHOOD HOUSE

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2015 and 2014

12. **RESTRICTIONS ON CASH AND INVESTMENTS BALANCES**

Cash and investments held in Neighborhood House accounts may be subject to restricted use. At December 31, 2015 and 2014, \$474,575 and \$814,111 of the combined cash and investments balances was subject to program restrictions.

13. **RETIREMENT PLAN**

Neighborhood House offers employees a 403(b) retirement plan that has a sliding contribution scale based on years of service and one-to-one match. Contributions to this plan were \$49,979 and \$46,964 in 2015 and 2014, respectively.

14. **MULTIEMPLOYER DEFINED BENEFIT PLAN**

Neighborhood House participates in a multiemployer defined benefit pension plan in which 16 other agencies also participate. Of the approximate 1,400 participants, 3% are Neighborhood House employees. Effective December 31, 2004, the plan froze benefit accruals and, as a result, employees do not earn additional defined benefits for future services.

As required by GAAP for this plan, an employer must recognize as net pension cost the required contribution for the period and must recognize as a liability any contribution due and unpaid. The funding is determined by the actuary and is allocated based on employee compensation among the participating agencies. The objective in funding the plan is to accumulate sufficient funds to provide for benefits and to achieve full funding to allow for termination of the plan. Because the plan's unfunded projected termination liability exceeds the fair market value of plan assets, continued annual contributions will be required in order to achieve full funding. If any participating agency defaults on their annual contributions, the remaining agencies assume the liability and contributions of the agency in default. Plan assets are invested based on a long term investment strategy and held approximately 30% in fixed income securities and 70% in equity accounts. Contributions to the plan by Neighborhood House are recognized as employee benefits expense.

(Continued)

NEIGHBORHOOD HOUSE

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2015 and 2014

14. **MULTIEMPLOYER DEFINED BENEFIT PLAN (Continued)**

The following table presents information concerning participation in the multiemployer defined benefit pension plan:

Legal name	Twin Cities Nonprofit Partners Pension Plan	
EIN/Plan number	41-1973442/333	
Plan year end	12/31/2015	12/31/2014
Pension Protection Act % Funded	110%	113%
Contributions by Neighborhood House	\$51,569	\$50,451
Contributions as % of total contributed	3%	4%
Rehabilitation Plan Status	N/A	N/A

15. **THE PAUL AND SHEILA WELLSTONE CENTER FOR COMMUNITY BUILDING**

Neighborhood House’s administration, as well as a catalog of programs, are based at The Paul and Sheila Wellstone Center for Community Building (the Wellstone Center). The 93,000 square foot facility includes two gymnasiums for recreation and large group gatherings, a fitness center, a walking track, classrooms for adult and early childhood education, a large (free) food market, meeting rooms, a 265-seat performance space, two computer labs, a teen resource center, a teaching kitchen, a commercial grade kitchen with dining room, a 169-stall parking structure, tenant and office spaces as well as other amenities. Programs are offered at the Wellstone Center by Neighborhood House, the City of Saint Paul Parks and Recreation, and other tenant organizations. Additionally, the facility is available for use by other nonprofit organizations, schools, government agencies and community members.

Lease agreement - Neighborhood House and the City of Saint Paul (City) entered into a lease agreement in July 2004 for the Wellstone Center. Neighborhood House and the City jointly maintain offices and operate programs at the Wellstone Center which is owned by the City.

The initial term of the lease is for 20 years commencing January 1, 2006. Neighborhood House has the option to renew for an additional 20 year period. Additionally, Neighborhood House has the option to renew for two additional 10 year periods. Neighborhood House is not required to pay any rent to the City for the use and occupancy of the Wellstone Center.

(Continued)

NEIGHBORHOOD HOUSE

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2015 and 2014

15. **THE PAUL AND SHEILA WELLSTONE CENTER FOR COMMUNITY BUILDING (Continued)**

Although the City of Saint Paul owns the property and facility, Neighborhood House raised funds for the \$25 million project. Payments made by Neighborhood House for the building have been capitalized as leasehold improvements and are being amortized over the term of the lease, including the first renewal option.

Neighborhood House operates and manages the facility, pays all expenses, and is reimbursed by the City for its portion of the expenses. Neighborhood House's share of operating expenses is 61.9% and the City's share is 38.1% annually. The City agreed to pay \$313,253 in 2015 and \$313,398 in 2014.

16. **VOLUNTEER HOURS (Unaudited)**

A large number of dedicated volunteers assist Neighborhood House in an array of activities such as English language classes, food shelf, youth activities, facility operations and administrative support. In 2015, 3,461 volunteers contributed approximately 50,295 hours (\$1,222,681) to Neighborhood House, and in 2014, 3,450 volunteers contributed approximately 51,930 hours (\$819,207). The volunteer hours have not been recorded in the financial statements because they do not meet the requirements established by generally accepted accounting principles.

17. **RELATED PARTY TRANSACTIONS**

The members of the Board of Directors annually disclose any conflicts of interest with Neighborhood House.

A member of the Board of Directors is a vice president of a bank at which Neighborhood House holds accounts.

A member of the Board of Directors is an attorney at the law firm providing pro bono legal services to Neighborhood House.

(Continued)

NEIGHBORHOOD HOUSE

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2015 and 2014

18. **MAJOR SOURCES OF REVENUE AND SUPPORT**

Neighborhood House receives a substantial amount of its support from various forms of government funding and public support. A significant reduction in the level of funding in these sources would have a material effect on Neighborhood House's programs and activities. The Organization has government grants which account for 26% and 25% in 2015 and 2014 , and private contributions and grants which account for 21% and 18% in 2015 and 2014.

19. **SUBSEQUENT EVENTS**

Management has evaluated subsequent events through June 9, 2016, the date on which the financial statements were available for issue, and identified no further significant events or transactions to disclose.

SUPPLEMENTARY INFORMATION

NEIGHBORHOOD HOUSE

DETAILED STATEMENTS OF PROGRAM EXPENSES

For the Years Ended December 31, 2015 and 2014

BASIC NEEDS

	2015			2014		
	Food Support	Family Centers	Total	Food Support	Family Centers	Total
Salaries and wages	\$ 244,239	\$ 292,256	\$ 536,495	\$ 282,740	\$ 234,744	\$ 517,484
Employee benefits	32,622	39,177	71,799	37,449	30,130	67,579
Payroll taxes	20,537	24,340	44,877	23,572	18,549	42,121
	<u>297,398</u>	<u>355,773</u>	<u>653,171</u>	<u>343,761</u>	<u>283,423</u>	<u>627,184</u>
Professional fees and contract services	8,963	60	9,023	6,407	863	7,270
Program supplies	13,112	13,907	27,019	26,929	15,853	42,782
Office supplies	390	653	1,043	1,369	607	1,976
Food costs	946,191	3,269	949,460	1,063,083	3,931	1,067,014
Telephone	6,280	1,424	7,704	6,690	994	7,684
Occupancy	8,446	47,286	55,732	8,650	23,052	31,702
Equipment	5,829	-	5,829	940	177	1,117
Technology	15,417	6,704	22,121	16,432	6,452	22,884
Printing / publications	476	252	728	1,575	72	1,647
Transportation	5,793	3,043	8,836	7,391	3,123	10,514
Conferences and meetings	1,193	749	1,942	1,089	458	1,547
Miscellaneous expenses	1,858	1,012	2,870	1,899	545	2,444
Specific assistance	8,649	326,895	335,544	61,674	195,619	257,293
Overhead allocation:						
Facilities	60,046	5,352	65,398	58,064	1,860	59,924
Total expenses	<u>\$ 1,380,041</u>	<u>\$ 766,379</u>	<u>\$ 2,146,420</u>	<u>\$ 1,605,953</u>	<u>\$ 537,029</u>	<u>\$ 2,142,982</u>

See independent auditor's report.

NEIGHBORHOOD HOUSE

DETAILED STATEMENT OF PROGRAM EXPENSES

For the Year Ended December 31, 2015

EDUCATION

	<u>Adult Education</u>	<u>Health Access</u>	<u>College Access</u>	<u>Currie Scholarship</u>	<u>Early Childhood</u>	<u>Total</u>
Salaries and wages	\$ 281,338	\$ 107,865	\$ 75,859	\$ -	\$ 139,385	\$ 604,447
Employee benefits	37,573	14,529	9,841	-	18,220	80,163
Payroll taxes	<u>23,971</u>	<u>8,921</u>	<u>6,380</u>	-	<u>11,796</u>	<u>51,068</u>
	342,882	131,315	92,080	-	169,401	735,678
Professional fees and contract services	7,348	1,575	-	-	4,195	13,118
Program supplies	4,297	11,111	1,778	-	1,948	19,134
Office supplies	259	18	3	59	47	386
Food costs	1,228	1,875	842	176	1,660	5,781
Telephone	8,377	1,277	906	-	546	11,106
Equipment	6,597	40	-	-	-	6,637
Technology	8,781	4,339	1,628	-	2,944	17,692
Printing / publications	436	260	72	36	46	850
Transportation	4,731	2,352	734	-	3,892	11,709
Conferences and meetings	1,111	1,053	60	-	3,306	5,530
Miscellaneous expenses	45	190	60	-	129	424
Scholarship awards	-	-	-	14,000	-	14,000
Specific assistance	20,970	-	-	-	-	20,970
Overhead allocation: Facilities	<u>57,419</u>	<u>9,114</u>	<u>5,056</u>	<u>10</u>	<u>15,891</u>	<u>87,490</u>
Total expenses	<u>\$ 464,481</u>	<u>\$ 164,519</u>	<u>\$ 103,219</u>	<u>\$ 14,281</u>	<u>\$ 204,005</u>	<u>\$ 950,505</u>

See independent auditor's report.

NEIGHBORHOOD HOUSE

DETAILED STATEMENT OF PROGRAM EXPENSES

For the Year Ended December 31, 2014

EDUCATION

	<u>Adult Education</u>	<u>Health Access</u>	<u>College Access</u>	<u>Currie Scholarship</u>	<u>Early Childhood</u>	<u>Total</u>
Salaries and wages	\$ 258,856	\$ 106,825	\$ 61,140	\$ -	\$ 93,974	\$ 520,795
Employee benefits	32,974	13,712	7,868	-	11,883	66,437
Payroll taxes	21,210	8,430	5,092	-	7,827	42,559
	<u>313,040</u>	<u>128,967</u>	<u>74,100</u>	<u>-</u>	<u>113,684</u>	<u>629,791</u>
Professional fees and contract services	9,494	-	-	-	1,237	10,731
Program supplies	30,878	14,125	2,423	-	2,455	49,881
Office supplies	20	13	10	103	30	176
Food costs	1,513	2,820	1,087	152	315	5,887
Telephone	8,082	1,318	1,105	-	412	10,917
Equipment	12,610	-	-	-	-	12,610
Technology	10,759	4,730	1,669	-	1,916	19,074
Printing / publications	237	196	36	-	32	501
Transportation	3,236	1,617	20	-	92	4,965
Conferences and meetings	3,185	435	349	-	377	4,346
Miscellaneous expenses	341	623	-	-	-	964
Scholarship awards	-	-	-	13,500	-	13,500
Facilities	58,305	8,939	4,871	-	14,236	86,351
Administrative	-	-	-	-	-	-
Total expenses	<u>\$ 451,700</u>	<u>\$ 163,783</u>	<u>\$ 85,670</u>	<u>\$ 13,755</u>	<u>\$ 134,786</u>	<u>\$ 849,694</u>

See independent auditor's report.

NEIGHBORHOOD HOUSE

DETAILED STATEMENT OF PROGRAM EXPENSES

For the Year Ended December 31, 2015

YOUTH AND COMMUNITY

	Youth	Community Center	Volunteers	Program Evaluation	Total
Salaries and wages	\$ 320,238	\$ 328,483	\$ 41,690	\$ 36,530	\$ 726,941
Employee benefits	43,327	44,107	5,577	4,759	97,770
Payroll taxes	28,152	28,540	3,578	3,180	63,450
	<u>391,717</u>	<u>401,130</u>	<u>50,845</u>	<u>44,469</u>	<u>888,161</u>
Professional fees and contract services	125,323	57,033	1,555	67,500	251,411
Program supplies	22,618	665	298	320	23,901
Office supplies	226	470	29	-	725
Food costs	16,908	1,644	1,281	443	20,276
Telephone	3,054	2,625	406	200	6,285
Occupancy	-	200,654	-	-	200,654
Insurance	-	23,908	-	-	23,908
Equipment	1,800	61,035	-	-	62,835
Technology	14,215	37,909	904	1,942	54,970
Printing / publications	158	958	135	204	1,455
Transportation	13,440	(2,437)	615	19	11,637
Conferences and meetings	3,542	727	990	830	6,089
Specific assistance	116,885	-	-	-	116,885
Miscellaneous expenses	340	3,840	-	25	4,205
Overhead allocation: Facilities	33,258	(244,016)	1,970	2,626	(206,162)
	<u>743,484</u>	<u>546,145</u>	<u>59,028</u>	<u>118,578</u>	<u>1,467,235</u>
Depreciation and amortization	-	361,027	-	-	361,027
Loss on disposal	-	2,693	-	-	2,693
Total expenses	<u>\$ 743,484</u>	<u>\$ 909,865</u>	<u>\$ 59,028</u>	<u>\$ 118,578</u>	<u>\$ 1,830,955</u>

See independent auditor's report.

NEIGHBORHOOD HOUSE

DETAILED STATEMENT OF PROGRAM EXPENSES

For the Year Ended December 31, 2014

YOUTH AND COMMUNITY

	<u>Youth</u>	<u>Community Center</u>	<u>Volunteers</u>	<u>Program Evaluation</u>	<u>Total</u>
Salaries and wages	\$ 298,198	\$ 315,125	\$ 39,071	\$ 23,227	\$ 675,621
Employee benefits	37,938	40,002	4,984	2,947	85,871
Payroll taxes	24,744	26,388	3,284	1,976	56,392
	<u>360,880</u>	<u>381,515</u>	<u>47,339</u>	<u>28,150</u>	<u>817,884</u>
 Professional fees and contract services	 142,107	 559,019	 645	 67,489	 769,260
Program supplies	21,772	2,036	193	3	24,004
Office supplies	254	323	51	1	629
Food costs	19,105	2,162	914	409	22,590
Telephone	2,939	2,886	252	303	6,380
Occupancy	-	203,586	-	-	203,586
Insurance	-	23,691	1,675	-	25,366
Equipment	1,944	43,105	-	-	45,049
Technology	12,200	34,827	866	1,676	49,569
Printing / publications	204	113	75	287	679
Transportation	13,034	(1,048)	567	52	12,605
Conferences and meetings	543	414	488	330	1,775
Miscellaneous expenses	793	3,484	200	95	4,572
Overhead allocation: Facilities	 27,242	 (225,702)	 1,580	 1,965	 (194,915)
	<u>603,017</u>	<u>1,030,411</u>	<u>54,845</u>	<u>100,760</u>	<u>1,789,033</u>
 Depreciation and amortization	 -	 359,207	 -	 -	 359,207
Loss on disposal	-	1,461	-	-	1,461
	<u>-</u>	<u>1,461</u>	<u>-</u>	<u>-</u>	<u>1,461</u>
 Total expenses	 <u>\$ 603,017</u>	 <u>\$ 1,391,079</u>	 <u>\$ 54,845</u>	 <u>\$ 100,759</u>	 <u>\$ 2,149,701</u>

See independent auditor's report.