Financial Statements
September 30, 2014 and 2013

360 Communities

Independent Auditor's Report.. 1

Financial Statements

Statements of Financial Position.. 3
Statements of Activities.. 5
Statements of Functional Expenses.. 7
Statements of Cash Flows.. 9
Notes to Financial Statements.. 10

Independent Auditor's Report

To the Board of Directors
360 Communities
Burnsville, Minnesota

Report on the Financial Statements
We have audited the accompanying financial statements of 360 Communities, which comprise the statements of financial position as of September 30, 2014 and 2013, 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.

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.

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of 360 Communities as of September 30, 2014 and 2013, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards
In accordance with *Government Auditing Standards*, we have also issued a report dated January 30, 2015 on our consideration of 360 Communities' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering 360 Communities' internal control over financial reporting and compliance.

Eide Bailly LLP

Minneapolis, Minnesota
January 30, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Assets				
Cash	$ 40,702	$ 51,757	$ -	$ 92,459
Investments	-	423,446	-	423,446
Accounts receivable				
Government grants and contracts	323,137	-	-	323,137
Promises to give and other receivables	7,500	10,201	-	17,701
Prepaid expenses	122,808	-	-	122,808
Property and equipment, net	524,138	-	-	524,138
Endowment				
Cash	-	-	161,813	161,813
Certificates of deposit	-	-	46,311	46,311
Promises to give, net	-	-	58,924	58,924
Total assets	$ 1,018,285	$ 485,404	$ 267,048	$ 1,770,737
Liabilities and Net Assets				
Liabilities				
Accounts payable	$ 84,084	$ -	$ -	$ 84,084
Accrued liabilities	342,663	-	-	342,663
Deferred revenue	95,300	-	-	95,300
Capital lease obligations	29,745	-	-	29,745
Total liabilities	551,792	-	-	551,792
Commitments and Contingencies				
Net Assets				
Unrestricted	466,493	-	-	466,493
Temporarily restricted	-	485,404	-	485,404
Permanently restricted	-	-	267,048	267,048
Total net assets	466,493	485,404	267,048	1,218,945
Total liabilities and net assets	$ 1,018,285	$ 485,404	$ 267,048	$ 1,770,737

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Assets				
Cash	$ 118,816	$ 50,875	$ -	$ 169,691
Investments	-	375,939	-	375,939
Accounts receivable				
Government grants and contracts	282,725	-	-	282,725
Promises to give and other receivables	4,494	19,115	-	23,609
Prepaid expenses	117,535	-	-	117,535
Property and equipment, net	568,511	-	-	568,511
Endowment				
Cash	-	-	136,312	136,312
Certificates of deposit	-	-	46,135	46,135
Promises to give, net	-	-	64,010	64,010
Total assets	$ 1,092,081	$ 445,929	$ 246,457	$ 1,784,467
Liabilities and Net Assets				
Liabilities				
Accounts payable	$ 73,258	$ -	$ -	$ 73,258
Accrued liabilities	312,736	-	-	312,736
Deferred revenue	193,483	-	-	193,483
Capital lease obligations	52,417	-	-	52,417
Total liabilities	631,894	-	-	631,894
Commitments and Contingencies				
Net Assets				
Unrestricted	460,187	-	-	460,187
Temporarily restricted	-	445,929	-	445,929
Permanently restricted	-	-	246,457	246,457
Total net assets	460,187	445,929	246,457	1,152,573
Total liabilities and net assets	$ 1,092,081	$ 445,929	$ 246,457	$ 1,784,467

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and Revenue				
United Way	$ 192,120	$ 15,000	$ -	$ 207,120
Government grants	2,506,265	2,828	-	2,509,093
Contributions	911,526	695,981	20,591	1,628,098
Special event revenue	127,048	-	-	127,048
Less: costs of direct benefits to donors	(34,201)	-	-	(34,201)
Program fees	16,622	-	-	16,622
Net investment return	31,181	-	-	31,181
Miscellaneous	362	-	-	362
Total support and revenue before net assets released from restrictions	3,750,923	713,809	20,591	4,485,323
Net assets released from restrictions	674,334	(674,334)	-	-
Total support and revenue	4,425,257	39,475	20,591	4,485,323
Expenses				
Program services	3,577,791	-	-	3,577,791
Management and general	575,451	-	-	575,451
Fundraising	265,709	-	-	265,709
Total expenses	4,418,951	-	-	4,418,951
Change in Net Assets	6,306	39,475	20,591	66,372
Net Assets, Beginning of Year	460,187	445,929	246,457	1,152,573
Net Assets, End of Year	$ 466,493	$ 485,404	$ 267,048	$ 1,218,945

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and Revenue				
United Way	$ 190,218	$ -	$ -	$ 190,218
Government grants	2,277,696	-	-	2,277,696
Contributions	696,471	550,689	59,974	1,307,134
Special event revenue	104,524	-	-	104,524
Less: costs of direct benefits to donors	(23,289)	-	-	(23,289)
Program fees	12,610	-	-	12,610
Net investment return	27,345	-	-	27,345
Miscellaneous	44	-	-	44
Total support and revenue before net assets released from restrictions	3,285,619	550,689	59,974	3,896,282
Net assets released from restrictions	632,917	(632,917)	-	-
Total support and revenue	3,918,536	(82,228)	59,974	3,896,282
Expenses				
Program services	3,305,089	-	-	3,305,089
Management and general	453,523	-	-	453,523
Fundraising	238,240	-	-	238,240
Total expenses	3,996,852	-	-	3,996,852
Change in Net Assets	(78,316)	(82,228)	59,974	(100,570)
Net Assets, Beginning of Year	538,503	528,157	186,483	1,253,143
Net Assets, End of Year	$ 460,187	$ 445,929	$ 246,457	$ 1,152,573

	Program Services			
	Violence Prevention Intervention	Self Sufficiency	School Success	Total
Expenses				
Salaries	$ 801,090	$ 318,935	$ 1,001,739	$ 2,121,764
Employee benefits	64,752	18,603	75,245	158,600
Payroll taxes	74,646	27,767	94,599	197,012
Professional services	36,543	5,522	28,153	70,218
Supplies	7,255	8,940	2,118	18,313
Telephone	30,148	28,500	7,940	66,588
Postage	1,074	743	1,509	3,326
Occupancy	124,410	99,066	39,547	263,023
Equipment rental	29,451	28,745	4,712	62,908
Printing	8,648	2,342	2,543	13,533
Program materials	3,405	1,458	631	5,494
Transportation	7,583	3,186	26,293	37,062
Conferences	9,723	11,245	444	21,412
Special assistance	45,032	222,232	1,318	268,582
Shelter care supplies	15,489	-	-	15,489
Insurance	9,993	1,215	691	11,899
Miscellaneous	4,472	6,179	2,190	12,841
Interest	1,034	883	167	2,084
In kind	-	171,779	-	171,779
Total expenses before depreciation and amortization	1,274,748	957,340	1,289,839	3,521,927
Depreciation and Amortization	49,100	6,764	-	55,864
Total expenses	1,323,848	964,104	1,289,839	3,577,791
Less Expenses Included with Revenues on the Statement of Activities				
Investment and custodial fees	-	-	-	-
Cost of direct benefit to donors	-	-	-	-
Total Expenses Included in the Expense Section on the Statement of Activities	$ 1,323,848	$ 964,104	$ 1,289,839	$ 3,577,791

See Notes to Financial Statements

Supporting Services		
Management and General	Fundraising	Grand Total
$ 278,346	$ 200,917	$ 2,601,027
16,042	9,554	184,196
24,019	15,035	236,066
45,414	6,665	122,297
5,818	3,072	27,203
17,726	2,404	86,718
3,683	3,771	10,780
35,746	5,673	304,442
39,016	3,421	105,345
7,150	12,061	32,744
2,573	680	8,747
826	1,560	39,448
8,651	30,795	60,858
-	-	268,582
-	-	15,489
26,558	-	38,457
15,465	3,825	32,131
923	477	3,484
-	-	171,779
527,956	299,910	4,349,793
49,807	-	105,671
577,763	299,910	4,455,464
2,312	-	2,312
-	34,201	34,201
$ 575,451	$ 265,709	$ 4,418,951

	Program Services			
	Violence Prevention Intervention	Self Sufficiency	School Success	Total
Expenses				
Salaries	$ 816,740	$ 315,309	$ 909,886	$ 2,041,935
Employee benefits	94,599	37,464	105,296	237,359
Payroll taxes	69,842	27,754	81,439	179,035
Professional services	38,146	4,046	27,086	69,278
Supplies	4,922	4,246	2,312	11,480
Telephone	38,883	18,779	7,654	65,316
Postage	2,142	548	965	3,655
Occupancy	144,588	80,374	25,257	250,219
Equipment rental	35,834	1,674	7,675	45,183
Printing	6,356	3,092	1,948	11,396
Program materials	2,886	1,555	57	4,498
Transportation	8,454	5,063	27,322	40,839
Conferences	11,532	1,416	779	13,727
Special assistance	38,612	198,575	1,385	238,572
Shelter care supplies	12,636	-	-	12,636
Insurance	8,662	399	489	9,550
Miscellaneous	5,520	3,728	2,657	11,905
Interest	1,612	1,800	541	3,953
Total expenses before depreciation and amortization	1,341,966	705,822	1,202,748	3,250,536
Depreciation and Amortization	49,842	4,711	-	54,553
Total expenses	1,391,808	710,533	1,202,748	3,305,089
Less Expenses Included with Revenues on the Statement of Activities				
Investment and custodial fees	-	-	-	-
Cost of direct benefit to donors	-	-	-	-
Total Expenses Included in the Expense Section on the Statement of Activities	$ 1,391,808	$ 710,533	$ 1,202,748	$ 3,305,089

Supporting Services		
Management and General	Fundraising	Grand Total
$ 186,584	$ 169,013	$ 2,397,532
23,341	19,871	280,571
3,935	14,772	197,742
48,843	5,380	123,501
3,748	1,677	16,905
16,879	2,356	84,551
4,264	4,889	12,808
33,979	3,953	288,151
25,921	560	71,664
8,384	9,570	29,350
2,942	245	7,685
1,781	1,674	44,294
6,902	24,281	44,910
-	-	238,572
-	-	12,636
29,823	-	39,373
8,457	2,403	22,765
2,014	885	6,852
407,797	261,529	3,919,862
48,650	-	103,203
456,447	261,529	4,023,065
2,924	-	2,924
-	23,289	23,289
$ 453,523	$ 238,240	$ 3,996,852

	2014	2013
Cash Flows from Operating Activities		
Change in net assets	$ 66,372	$ (100,570)
Adjustments to reconcile change in net assets to net cash from (used for) operating activities		
Depreciation and amortization	105,671	103,203
Realized and unrealized (gain) loss on investments	(10,638)	(11,125)
(Gain) loss on sale of property and equipment	3,201	-
Provision for (recovery of) doubtful loans	-	(194)
Contributions and grants received, restricted for long-term use	(20,591)	(59,974)
Changes in assets and liabilities		
Government grants and contracts receivable	(40,412)	28,484
Promises to give and other receivables	5,908	(19,075)
Deferred compensation arrangement assets, net	-	128,507
Prepaid expenses	(5,273)	(451)
Accounts payable	10,826	(21,420)
Accrued liabilities	29,927	22,019
Deferred revenue	(98,183)	25,874
Deferred compensation arrangement liability, net	-	(128,507)
Net Cash from (used for) Operating Activities	46,808	(33,229)
Cash Flows from Investing Activities		
Purchases of property and equipment	(64,499)	(15,819)
Proceeds from certificates of deposits, investments and loan funds	-	120,000
Purchases of certificates of deposits, investments, loan funds and endowment funds	(62,546)	(33,216)
Net Cash from (used for) Investing Activities	(127,045)	70,965
Cash Flows from Financing Activities		
Collections of contributions restriced to endowment	25,677	25,678
Payments of capital lease obligations	(22,672)	(39,900)
Net Cash from (used for) Financing Activities	3,005	(14,222)
Net Change in Cash	(77,232)	23,514
Cash, Beginning of Year	169,691	146,177
Cash, End of Year	$ 92,459	$ 169,691
Supplemental Disclosure of Cash Flow Information		
Cash paid during the year for:		
Interest	$ 3,484	$ 6,852

Note 1 - Principal Activity and Significant Accounting Policies

Organization

360 Communities (the Organization) is a nonprofit corporation organized under the laws of the State of Minnesota to provide human services. For more than 40 years, the organization has provided hope and support to the people in Dakota County and eastern Scott County of Minnesota with programs in over 40 locations to prevent violence, ensure school success, and promote long-term self-sufficiency. Working in partnership with volunteers, schools, congregations, service organizations and businesses, the Organization provides holistic support to people with the following program areas:

- **Violence Prevention and Intervention** – A program which runs two domestic abuse shelters and provides domestic violence intervention and prevention services as well as sexual assault services. Trained advocates provide emotional support, safety planning, court advocacy and referrals to community resources.

- **School Success** – Three programs that cover children from birth to high school graduation. We provide home visiting to at-risk families to facilitate healthy pregnancies, promote strong parenting skills and optimal child development. We provide child care resources and services to promote quality child care programs that prepare children for school. We work in schools to support at-risk students and families with stabilizing resources and family learning plans to ensure each student has the best opportunity for academic success.

- **Self-Sufficiency** – A program to provide food support and emergency services for people in need and also to engage community members to help address the needs in their communities.

Cash and Cash Equivalents

360 Communities considers all cash and highly liquid financial instruments with original maturities of three months or less, and which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to permanent endowment are excluded from this definition.

Investments

Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statement of financial position. Net investment gain (loss) is reported in the statement of activities and consists of interest and dividend income, and realized and unrealized capital gains and losses, less investment manager and custodial fees.

Receivables and Credit Policies

Accounts receivable consist primarily of noninterest-bearing amounts due for services provided under grant and service contracts with governmental agencies, and generally considers such agreements to be exchange transactions. Receivables arising from such government grants and contracts are recorded at their net realizable value, and generally no collateral is required. The Organization follows a policy of providing an allowance for doubtful accounts; however, the Organization considers all such accounts to be collectible and thus an allowance is not necessary. Such receivables are expected to be collected within the following year. Amounts receivable under governmental contracts would be considered delinquent if the account is more than 90 days past the original due date and are written off when such accounts are determined to be uncollectible. There were no significant delinquent government contracts receivable at September 30, 2014 and 2013.

Promises to Give

Unconditional promises to give expected to be collected within one year are recorded at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statement of activities. The Organization follows a policy of providing an allowance for uncollectible promises to give based upon management's judgment, including such factors as prior collection history and type of contribution. An allowance for uncollectible promises to give related to operations has been provided. Management is of the belief that its promises to give related to its endowment program and its other grant receivables are fully collectible in all material respects and thus an allowance is not considered necessary for those receivables.

Property and Equipment

Property and equipment additions over $1,000 are recorded at cost, or if donated, at fair value on the date of donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets ranging from 5 to 19 years, or in the case of capitalized leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any remaining gain or loss is included in the statement of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

Long-lived assets, such as property and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If circumstances require a long-lived asset be tested for possible impairment, the Organization first compares undiscounted cash flows expected to be generated by an asset to the carrying value of the asset. If the carrying value of the long-lived asset is not recoverable on an undiscounted cash flow basis, impairment is recognized to the extent that the carrying value exceeds its fair value. Fair value is determined through various valuation techniques including, but not limited to, discounted cash flow models, quoted market values and third-party independent appraisals.

Deferred Revenue

Deferred revenue represents advances on grants and contracts with governmental agencies. Such grant and contract revenue is recognized as support in the period in which it is earned.

Net Assets

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

Unrestricted Net Assets – Net assets available for use in general operations.

Temporarily Restricted Net Assets – Net assets subject to donor restrictions that may or will be met by expenditures or actions of the Organization and/or the passage of time, and certain income earned on permanently restricted net assets that has not yet been appropriated for expenditure by the Organization's Board of Directors.

The Organization reports contributions as temporarily restricted support if they are 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 activities as net assets released from restrictions.

Permanently Restricted Net Assets – Net assets whose use is limited by donor-imposed restrictions that neither expire by the passage of time nor can be fulfilled or otherwise removed by action of the Organization. The restrictions stipulate that resources be maintained permanently but permit the Organization to expend the income generated in accordance with the provisions of the agreements.

Revenue and Revenue Recognition

Revenue is recognized when earned. Program service fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed or expenditures are incurred, respectively. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Donated Services and In-Kind Contributions

Volunteers contribute significant amounts of time to the Organization's program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles.

Contributions of facility usage, materials or qualifying services are recorded at their estimated fair value at the date of receipt. The Organization began to track and record contributed food shelf materials beginning in fiscal year 2014. The value of the donated materials is calculated by weighing items and applying an estimated value per pound. Contributed food shelf materials recorded as in-kind contributions for the year ended September 30, 2014 totaled $171,779. No such contributed food shelf materials were recorded for the year ended September 30, 2013.

The Organization reports gifts of property and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Advertising

The Organization expenses the costs of advertising as incurred. Advertising expense was $4,291 and $6,599 for the years ended September 30, 2014 and 2013, respectively.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Taxes

360 Communities is organized as a Minnesota nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3), qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi), and has been determined not to be a private foundation under Section 509(a)(1). The Organization is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Organization is subject to income tax on net income that is derived from business activities that are unrelated to the exempt purpose. The Organization has determined it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

The Organization believes that it has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. The Organization would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

Estimates

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

Financial Instruments and Credit Risk

The Organization manages deposit concentration risk by placing cash, money market accounts, and certificates of deposit with financial institutions believed by management to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, the Organization has not experienced losses in any of these accounts. Credit risk associated with accounts receivable and promises to give is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due reputable donors and governmental agencies. Investments are made by diversified investment managers whose performance is monitored by management and the Board of Directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, management believes that the investment policies and guidelines are prudent for the long-term welfare of the Organization.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

Subsequent Events

The Organization has evaluated subsequent events through January 30, 2015, the date the financial statements were available to be issued.

Note 2 - Fair Value Measurements and Disclosures

The Organization's accounting for fair value measurements of assets and liabilities that are recognized or disclosed at fair value in the financial statements on a recurring or non-recurring basis adhere to the Financial Accounting Standards Board (FASB) fair value hierarchy that prioritizes inputs to valuation techniques used to measure fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity’s own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date.

- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

- Level 3 inputs are unobservable inputs for the asset or liability.

The level in the fair value hierarchy within which a fair measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

The Organization's investment assets are classified within Level 1 because they are comprised of mutual funds, money market cash and marketable securities with readily determinable fair values based on daily redemption values. Investments valued at NAV are classified as Level 2 if the Organization has the ability to redeem the investment at NAV per share, or its equivalent, at the measurement date or within the near term; otherwise the investment is classified within Level 3.

The following table presents assets and liabilities measured at fair value on a recurring basis at September 30, 2014 and 2013:

	2014			
	Fair Value Carrying Amount in the Statement of Financial Position	Fair Value Measurements Using		
		(Level 1)	(Level 2)	(Level 3)
Investments				
Mutual funds - equities	$ 61,308	$ 61,308	$ -	$ -
Mutual funds - fixed income	45,975	45,975	-	-
Mutual funds - other	164,016	164,016	-	-
Mutual funds - commodities	4,877	4,877	-	-
Bonds	30,320	-	30,320	-
Marketable securities	16,431	16,431	-	-
Money market cash	14,901	14,901	-	-
Bank certificates of deposit	85,618	-	85,618	-
	$ 423,446	$ 307,508	$ 115,938	$ -

	2013			
	Fair Value Carrying Amount in the Statement of Financial Position	Fair Value Measurements Using		
		(Level 1)	(Level 2)	(Level 3)
Investments				
Mutual funds - equities	$ 42,350	$ 42,350	$ -	$ -
Mutual funds - fixed income	44,411	44,411	-	-
Mutual funds - other	140,201	140,201	-	-
Mutual funds - commodities	5,105	5,105	-	-
Bonds	31,070	-	31,070	-
Marketable securities	12,869	12,869	-	-
Money market cash	15,203	15,203	-	-
Bank certificates of deposit	84,730	-	84,730	-
	$ 375,939	$ 260,139	$ 115,800	$ -

Note 3 - Net Investment Return

Net investment return consists of the following for fiscal years ended September 30, 2014 and 2013:

	2014	2013
Interest and dividends	$ 22,855	$ 19,144
Net realized and unrealized gain (loss)	10,638	11,125
Less investment management and custodial fees	(2,312)	(2,924)
	$ 31,181	$ 27,345

Note 4 - Promises to Give and Other Receivables

Promises to give and other receivables consisted of the following:

	2014	2013
Endowment, future year	$ 75,598	$ 83,888
Less unamortized discount	(16,674)	(19,878)
	58,924	64,010
Contributions receivable	2,701	19,312
Less allowance for uncollectible pledges	-	(197)
	2,701	19,115
Other receivables	15,000	4,494
Total contributions, endowment, pledges and other receivables	$ 76,625	$ 87,619
Amounts due in		
Less than one year	$ 25,928	$ 32,096
One to five years	33,160	33,160
More than five years	34,211	42,438
	93,299	107,694
Less allowance for uncollectible pledges	-	(197)
Less unamortized discount (5.05%)	(16,674)	(19,878)
Total contributions, endowment, pledges and other receivables	$ 76,625	$ 87,619

The Organization receives funding from various organizations and agencies. The Organization received approximately $1,393,000 and $1,331,000 from the State of Minnesota to fund various programs, generally under annual contracts, for the years ended September 30, 2014 and 2013, respectively. Of this amount, approximately $1,204,000 and $1,196,000 was for services provided at the B. Robert Lewis Houses for the years ended September 30, 2014 and 2013, respectively. Additionally, approximately $538,000 and $566,000 of the funds received from the State of Minnesota during the years ended September 30, 2014 and 2013, respectively, represent funds passed through from the Federal government. Accounts receivable at September 30, 2014 and 2013 included approximately $161,000 and $139,000, respectively, of receivables from the State of Minnesota. Deferred revenue included $26,100 and $23,700 received for various programs funded by the State of Minnesota at September 30, 2014 and 2013, respectively.

Note 5 - Property and Equipment

Property and equipment consist of the following at September 30, 2014 and 2013:

	2014	2013
Land	$ 94,950	$ 94,950
Buildings	510,738	510,738
Leasehold and building improvements	546,511	520,221
Equipment and furniture	466,915	435,750
	1,619,114	1,561,659
Less accumulated depreciation and amortization	1,094,976	993,148
Property and equipment, net	$ 524,138	$ 568,511

Note 6 - Lease Obligations and Contributed Facility Usage

The Organization leases space for one of its domestic abuse shelters for $1 per year from a local real estate development company. The Organization recorded $81,673 and $81,673 of contribution revenue and occupancy expense for each of the years ended September 30, 2014 and 2013, respectively. The Organization has recorded contribution revenue and occupancy expense for this space based on the estimated fair value of the donation. The lease is for 25 years (through 2026) but is cancelable with notice.

The Organization leases its office facility, vehicles, and certain equipment under operating and capital leases. The Organization is obligated to pay costs of insurance, taxes, repairs and maintenance pursuant to the terms of the leases. In November 2008, the Organization entered into a furniture capital lease that requires annual payments of $26,144 through December 2013, including interest at an implicit rate of 7.99%. In November of 2010, the Organization entered into a capital lease for a copier requiring annual payments of $9,154, through November 2015 with an implicit interest rate of 9.29%. The Organization had an initial capital lease obligation for this lease of $36,500. In November of 2011 the Organization entered into a capital lease for a copier requiring annual payments of $10,690, through September 2016 with an implicit interest rate of 9.42%. The Organization had an initial capital lease obligation for this lease of $42,500. Interest expense related to the capital leases was $3,261 and $6,852 for the years ended September 30, 2014 and 2013, respectively. The total of the Organization's capital lease obligations was $29,745 and $52,417 at September 30, 2014 and 2013, respectively.

The Organization leases one copier under an operating lease, requiring total annual payments of approximately $3,600. This lease expired in fiscal year 2014.

The Organization leases additional office space under an agreement which requires monthly rent ranging from $6,788 to $7,642 through December 2015. In addition to monthly base rent, the Organization is required to pay a pro rata share of the facility's maintenance and real estate taxes. The office space lease agreement contains escalating monthly payments. In accordance with generally accepted accounting principles, the Organization recognizes rental expense on a straight-line basis and records the difference between the accumulated monthly lease payments and the accumulated straight-line expense incurred as deferred rent. The Organization had a deferred rent liability of $7,288 and $10,109 at September 30, 2014 and 2013, respectively.

Total rental expense under operating leases was $139,186 and $134,480 for the years ended September 30, 2014 and 2013, respectively.

Property and equipment included the following amounts for the capital leases at:

	2014	2013
Equipment and furniture	$ 186,474	$ 186,474
Less accumulated amortization	127,405	96,252
Net equipment and furniture under capital lease	$ 59,069	$ 90,222

At September 30, 2014, the Organization had the following minimum commitments by fiscal year for payments of rentals under leases which at inception had a noncancellable term of more than one year:

Years Ending September 30,	Capital Leases	Operating Leases
2015	$ 19,845	$ 91,254
2016	11,453	22,927
2017	1,140	-
Total lease commitments	32,438	$ 114,181
Less amount representing interest	2,693	
Present value of minimum lease payments	$ 29,745	

Note 7 - Endowment Funds

The Organization's endowment consists of a fund established for the purpose of providing funds for the B. Robert Lewis Houses Program. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor imposed restrictions.

The Organization's Board of Directors has interpreted the Minnesota Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. At September 30, 2014 and 2013, there were no such donor stipulations. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts donated to the endowment (including promises to give net of discount and allowance for doubtful accounts and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. The remaining portion of the endowment fund that is not classified in permanently restricted net assets is classified as temporary restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

The Organization has adopted investment and spending policies for endowment assets that provide for the preservation of capital and to provide a predictable stream of funding to the program supported by its endowment. The Organization utilizes cash accounts to achieve its long-term return objectives with prudent risk constraints.

As of September 30, 2014 and 2013, the Organization had the following endowment net asset composition by type of fund:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
September 30, 2014				
Donor-restricted for permanent endowment	$ -	$ -	$ 267,048	$ 267,048
September 30, 2013				
Donor-restricted for permanent endowment	$ -	$ -	$ 246,457	$ 246,457

Changes in Endowment net assets for the year ending September 30, 2014 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ -	$ -	$ 246,457	$ 246,457
Investment income, net of fees	-	661	-	661
	-	661	246,457	247,118
Contributions	-	-	20,591	20,591
Appropriations for expenditure	-	(661)	-	(661)
Endowment net assets, end of year	$ -	$ -	$ 267,048	$ 267,048

Changes in Endowment net assets for the year ending September 30, 2013 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ -	$ -	$ 186,483	$ 186,483
Investment income, net of fees	-	672	-	672
	-	672	186,483	187,155
Contributions	-	-	59,974	59,974
Appropriations for expenditure	-	(672)	-	(672)
Endowment net assets, end of year	$ -	$ -	$ 246,457	$ 246,457

Note 8 - Restricted Net Assets

Temporarily restricted net assets at September 30, 2014 and 2013 were available for the following purposes at:

	2014	2013
Partners for Success	$ 99,374	$ 98,257
Community Resources	349,078	334,584
Early Childhood Services	4,000	-
B. Robert Lewis Houses	32,952	13,088
Total temporarily restricted net assets	$ 485,404	$ 445,929

Net assets were released from donor restrictions during the years ended September 30, 2014 and 2013 by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donor as follows:

	2014	2013
Program restrictions released		
Partners for Success	$ 180,632	$ 174,101
Community Resources	468,516	401,656
Early Childhood Services	6,000	22,500
General Operations (time restricted)	10,050	13,548
B. Robert Lewis Houses	9,136	21,112
Total net assets released from restrictions	$ 674,334	$ 632,917

At September 30, 2014 and 2013, the Organization had permanently restricted endowment net assets of $267,048 and $246,457, respectively. The principal is to be invested in perpetuity and the investment income thereon may be expended for certain B. Robert Lewis Houses Program activities (intervention and prevention). The endowment investment earnings are generally fully appropriated in each year.

Note 9 - Employee Benefit Plan

The Organization participates in a multiemployer defined benefit pension plan in which 16 other agencies also participate. Of the approximate 1,400 participants, 7% are 360 Communities employees. Effective December 31, 2004, the plan froze benefit accruals and, as a result, employees do not earn additional defined benefits for future services.

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. The Organization had pension expense of $76,065 and $74,433, respectively, for the years ended September 30, 2014 and 2013.

Effective October 1, 2012, the Organization adopted Accounting Standards Update 2011-09 (ASU No. 2011-09), *Disclosures about an Employer's Participation in a Multiemployer Plan*, which requires additional disclosures about employers' participation in multiemployer pension plans including information about the plan's funded status if it is readily available.

During 2012, the plan name was changed from the Defined Benefit Pension Plan for the Employees of Greater Twin Cities United Way and Participating Affiliated Agencies to the Twin Cities Nonprofit Partners Pension Plan.

The following table presents information concerning the Organization's participation in the multiemployer defined benefit pension plan (for the plan years ended December 31, 2013 and 2012):

	2013 Twin Cities Nonprofit Partners Pension Plan	2012 Twin Cities Nonprofit Partners Pension Plan
EIN/Plan Number	41-1973442/333	41-1973442/333
Plan year end	12/31/2013	12/31/2012
Pension Protection Act % funded	97%	90%
Contributions by 360 Communities	$ 75,433	$ 75,433
Contributions as a % of total combined	4.72%	4.70%
Rehabilitation plan status	N/A	N/A

The Organization established a defined contribution 403(b) plan on January 1, 2005. The Organization elected not to accrue for a 2013 discretionary contribution to be paid in fiscal year 2014 nor accrue for a 2014 discretionary contribution to be paid in fiscal year 2015.

The Organization established a non-qualified deferred compensation arrangement for certain management employees, which provided for elective deferrals of the eligible employee's compensation up to the IRS limitations. The Organization maintained investment assets under this arrangement in a Rabbi trust. The investments were self-directed by the employee and offset the related deferred compensation liability. The investments consisted primarily of mutual fund type investments, and stated at fair value. Any earnings on the investments were offset by a like change to the deferred compensation liability and related costs. The Organization froze the deferred compensation arrangement in fiscal year 2012. All deferred compensation expenses have been recognized prior to fiscal year 2013 and it was paid out in full during 2013.