Financial Statements
September 30, 2016 and 2015

360 Communities

CPAs & BUSINESS ADVISORS

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, 2016 and 2015, 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 and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. 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, 2016 and 2015, 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 26, 2017, 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 Communities' internal control over financial reporting and compliance.

Eide Bailly LLP

Minneapolis, Minnesota
January 26, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Assets				
Cash and cash equivalents	$ 181,832	$ -	$ -	$ 181,832
Investments	139,030	380,629	-	519,659
Government grants and contracts receivable	305,418	-	-	305,418
Promises to give and other receivables, net	7,750	167,999	-	175,749
Prepaid expenses	109,959	-	-	109,959
Property and equipment, net	446,351	-	-	446,351
Endowment				
Cash	-	-	191,571	191,571
Certificates of deposit	-	-	51,759	51,759
Promises to give, net	-	-	47,970	47,970
Total assets	$ 1,190,340	$ 548,628	$ 291,300	$ 2,030,268
Liabilities and Net Assets				
Liabilities				
Accounts payable	$ 112,943	$ -	$ -	$ 112,943
Accrued liabilities	300,370	-	-	300,370
Deferred revenue	299,895	-	-	299,895
Capital lease obligations	52,394	-	-	52,394
Total liabilities	765,602	-	-	765,602
Net Assets				
Unrestricted	424,738	-	-	424,738
Temporarily restricted	-	548,628	-	548,628
Permanently restricted	-	-	291,300	291,300
Total net assets	424,738	548,628	291,300	1,264,666
Total liabilities and net assets	$ 1,190,340	$ 548,628	$ 291,300	$ 2,030,268

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Assets				
Cash and cash equivalents	$ 239,592	$ -	$ -	$ 239,592
Investments	52,498	376,232	-	428,730
Government grants and contracts receivable	240,431	-	-	240,431
Promises to give and other receivables, net	8,364	6,250	-	14,614
Prepaid expenses	104,800	-	-	104,800
Property and equipment, net	451,161	-	-	451,161
Endowment				
Cash	-	-	183,448	183,448
Certificates of deposit	-	-	51,593	51,593
Promises to give, net	-	-	53,580	53,580
Total assets	$ 1,096,846	$ 382,482	$ 288,621	$ 1,767,949
Liabilities and Net Assets				
Liabilities				
Accounts payable	$ 110,808	$ -	$ -	$ 110,808
Accrued liabilities	319,913	-	-	319,913
Deferred revenue	245,580	-	-	245,580
Capital lease obligations	37,537	-	-	37,537
Total liabilities	713,838	-	-	713,838
Net Assets				
Unrestricted	383,008	-	-	383,008
Temporarily restricted	-	382,482	-	382,482
Permanently restricted	-	-	288,621	288,621
Total net assets	383,008	382,482	288,621	1,054,111
Total liabilities and net assets	$ 1,096,846	$ 382,482	$ 288,621	$ 1,767,949

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and Revenue				
United Way	$ 124,214	$ 240,000	$ -	$ 364,214
Government grants	2,929,492	-	-	2,929,492
Contributions	904,035	633,006	2,679	1,539,720
Special event revenue	272,084	-	-	272,084
Less costs of direct benefits to donors	(85,630)	-	-	(85,630)
Special event revenue, net	186,454	-	-	186,454
Net investment return	30,667	8,715	-	39,382
Miscellaneous	7,265	-	-	7,265
Net assets released from restriction pursuant to endowment spending-rate	8,715	(8,715)	-	-
Net assets released from restrictions	706,860	(706,860)	-	-
Total support and revenue	4,897,702	166,146	2,679	5,066,527
Expenses and Losses				
Program services	3,976,526	-	-	3,976,526
Management and general	583,785	-	-	583,785
Fundraising	294,093	-	-	294,093
Total expenses by function	4,854,404	-	-	4,854,404
Loss on property and equipment	1,568	-	-	1,568
Total expenses and losses	4,855,972	-	-	4,855,972
Change in Net Assets	41,730	166,146	2,679	210,555
Net Assets, Beginning of Year	383,008	382,482	288,621	1,054,111
Net Assets, End of Year	$ 424,738	$ 548,628	$ 291,300	$ 1,264,666

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and Revenue				
United Way	$ 165,620	$ 20,277	$ -	$ 185,897
Government grants	2,544,219	3,096	-	2,547,315
Contributions	1,046,589	633,669	21,573	1,701,831
Special event revenue	130,155	-	-	130,155
Less costs of direct benefits to donors	(38,281)	-	-	(38,281)
Special event revenue, net	91,874	-	-	91,874
Program fees	16,909	-	-	16,909
Net investment return	(26,051)	713	-	(25,338)
Miscellaneous	2,315	-	-	2,315
Net assets released from restriction pursuant to endowment spending-rate	713	(713)	-	-
Net assets released from restrictions	759,964	(759,964)	-	-
Total support and revenue	4,602,152	(102,922)	21,573	4,520,803
Expenses and Losses				
Program services	3,876,467	-	-	3,876,467
Management and general	528,950	-	-	528,950
Fundraising	275,877	-	-	275,877
Total expenses by function	4,681,294	-	-	4,681,294
Loss on property and equipment	4,343	-	-	4,343
Total expenses and losses	4,685,637	-	-	4,685,637
Change in Net Assets	(83,485)	(102,922)	21,573	(164,834)
Net Assets, Beginning of Year	466,493	485,404	267,048	1,218,945
Net Assets, End of Year	$ 383,008	$ 382,482	$ 288,621	$ 1,054,111

	Program Services			
	Violence Prevention Intervention	Self Sufficiency	School Success	Total
Expenses				
Salaries	$ 902,248	$ 370,003	$ 1,054,193	$ 2,326,444
Employee benefits	91,073	39,299	105,680	236,052
Payroll taxes	80,653	32,965	93,676	207,294
Professional services	16,837	4,752	13,792	35,381
Supplies	8,934	4,464	10,169	23,567
Telephone	29,054	22,064	9,612	60,730
Postage	1,178	1,254	502	2,934
Occupancy	123,759	147,923	39,162	310,844
Equipment & Furnishings	67,604	9,183	13,606	90,393
Printing	5,000	4,389	2,035	11,424
Program materials	1,987	3,243	-	5,230
Transportation	14,052	2,633	31,891	48,576
Conferences	45,594	2,938	6,488	55,020
Special assistance	41,634	232,281	1,903	275,818
Shelter care supplies	19,800	-	-	19,800
Insurance	8,306	966	599	9,871
Miscellaneous	5,709	6,902	2,135	14,746
Interest	1,568	990	146	2,704
In-kind	-	230,649	-	230,649
Total expenses before depreciation and amortization	1,464,990	1,116,898	1,385,589	3,967,477
Depreciation and Amortization	42,191	6,828	-	49,019
Total expenses by function	1,507,181	1,123,726	1,385,589	4,016,496
Less Expenses Included with Revenues on the Statement of Activities				
Investment and custodial fees	-	-	-	-
Cost of direct benefit to donors	39,184	786	-	39,970
Total Expenses Included in the Expense Section on the Statement of Activities	$ 1,467,997	$ 1,122,940	$ 1,385,589	$ 3,976,526

Supporting Services		
Management and General	Fundraising	Grand Total
$ 314,611	$ 206,144	$ 2,847,199
31,467	23,909	291,428
23,702	18,361	249,357
40,251	10,654	86,286
4,817	1,231	29,615
18,245	1,314	80,289
3,288	3,721	9,943
35,149	5,856	351,849
29,280	3,025	122,698
6,849	12,081	30,354
2,316	786	8,332
1,794	1,850	52,220
9,442	45,659	110,121
-	-	275,818
-	-	19,800
24,808	-	34,679
7,859	4,439	27,044
1,395	722	4,821
-	-	230,649
555,273	339,752	4,862,502
30,848	-	79,867
586,121	339,752	4,942,369
2,336	-	2,336
-	45,659	85,629
$ 583,785	$ 294,093	$ 4,854,404

	Program Services			
	Violence Prevention Intervention	Self Sufficiency	School Success	Total
Expenses				
Salaries	$ 819,705	$ 358,040	$ 1,099,293	$ 2,277,038
Employee benefits	62,853	25,068	72,821	160,742
Payroll taxes	72,791	31,464	94,350	198,605
Professional services	24,840	6,523	41,202	72,565
Supplies	5,662	4,820	2,180	12,662
Telephone	29,948	27,270	7,782	65,000
Postage	1,008	849	838	2,695
Occupancy	127,100	148,239	39,308	314,647
Equipment & Furnishings	58,901	7,593	14,025	80,519
Printing	6,351	3,184	2,496	12,031
Program materials	3,475	1,499	3,090	8,064
Transportation	12,307	1,040	25,724	39,071
Conferences	43,127	6,063	11,934	61,124
Special assistance	43,301	272,797	1,058	317,156
Shelter care supplies	16,400	-	-	16,400
Insurance	9,635	1,425	1,139	12,199
Miscellaneous	2,718	4,555	2,056	9,329
Interest	972	614	90	1,676
In-kind	-	165,825	-	165,825
Total expenses before depreciation and amortization	1,341,094	1,066,868	1,419,386	3,827,348
Depreciation and Amortization	41,655	7,464	-	49,119
Total expenses by function	1,382,749	1,074,332	1,419,386	3,876,467
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	$ 1,382,749	$ 1,074,332	$ 1,419,386	$ 3,876,467

See Notes to Financial Statements

Supporting Services		
Management and General	Fundraising	Grand Total
$ 254,752	$ 202,121	$ 2,733,911
24,398	14,577	199,717
25,133	17,728	241,466
44,964	7,314	124,843
5,237	2,261	20,160
15,778	1,916	82,694
2,254	3,685	8,634
33,896	5,397	353,940
29,011	3,330	112,860
6,060	10,961	29,052
1,226	2,087	11,377
990	2,059	42,120
15,628	37,458	114,210
-	-	317,156
-	-	16,400
22,164	37	34,400
6,073	2,780	18,182
864	447	2,987
-	-	165,825
488,428	314,158	4,629,934
43,416	-	92,535
531,844	314,158	4,722,469
2,894	-	2,894
-	38,281	38,281
$ 528,950	$ 275,877	$ 4,681,294

	2016	2015
Cash Flows from Operating Activities		
Change in net assets	$ 210,555	$ (164,834)
Adjustments to reconcile change in net assets to net cash from (used for) operating activities		
Depreciation and amortization	79,867	92,535
Realized and unrealized (gain) loss on investments	(22,085)	43,221
Loss on sale of property and equipment	(1,568)	(4,343)
Contributions and grants received, restricted for long-term use	(2,679)	(21,573)
Changes in operating assets and liabilities		
Government grants and contracts receivable	(64,987)	82,706
Promises to give and other receivables	(161,135)	3,087
Prepaid expenses	(5,159)	18,008
Accounts payable	2,135	26,724
Accrued liabilities	(19,543)	(22,750)
Deferred revenue	54,315	150,280
Net Cash from Operating Activities	69,716	203,061
Cash Flows from Investing Activities		
Purchases of property and equipment	(50,262)	(1,806)
Purchases of certificates of deposits, investments, loan funds and endowment funds	(70,647)	(73,247)
Net Cash used for Investing Activities	(120,909)	(75,053)
Cash Flows from Financing Activities		
Collections of contributions restriced to endowment	8,290	26,917
Payments of capital lease obligations	(14,857)	(7,792)
Net Cash from (used for) Financing Activities	(6,567)	19,125
Net Change in Cash	(57,760)	147,133
Cash, Beginning of Year	239,592	92,459
Cash, End of Year	$ 181,832	$ 239,592
Supplemental Disclosure of Cash Flow Information		
Cash paid during the year for		
Interest	$ 4,821	$ 2,987

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/sexual abuse shelters and provides domestic and sexual violence intervention and prevention services to individuals in the community. 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 other emergency services and resources for people in need as well as support individuals and families along their path to long-term self-sufficiency.

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, 2016 and 2015.

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. There were no indicators of asset impairment during the years ended September 30, 2016 and 2015.

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 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 totaled $230,649 and $165,825 for the years ended September 30, 2016 and 2015, respectively.

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 $3,784 and $5,017 for the years ended September 30, 2016 and 2015, 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.

Subsequent Events

The Organization has evaluated subsequent events through January 26, 2017, 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, bank certificates of deposits, 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 tables presents assets and liabilities measured at fair value on a recurring basis at September 30, 2016 and 2015:

2016	Fair Value Carrying Amount in the Statement of Financial Position	Fair Value Measurements Using Level 1	Level 2	Level 3
Investments				
Mutual funds - equities	$ 88,932	$ 88,932	$ -	$ -
Mutual funds - fixed income	38,282	38,282	-	-
Mutual funds - other	175,407	175,407	-	-
Bonds	136,915	-	136,915	-
Money market cash	65,115	65,115	-	-
Bank certificates of deposit	15,008	15,008	-	-
	$ 519,659	$ 382,744	$ 136,915	$ -

2015	Fair Value Carrying Amount in the Statement of Financial Position	Level 1	Level 2	Level 3
Investments				
Mutual funds - equities	$ 93,561	$ 93,561	$ -	$ -
Mutual funds - fixed income	34,719	34,719	-	-
Mutual funds - other	161,981	161,981	-	-
Bonds	78,961	-	78,961	-
Marketable securities	25,658	25,658	-	-
Money market cash	18,857	18,857	-	-
Bank certificates of deposit	14,993	14,993	-	-
	$ 428,730	$ 349,769	$ 78,961	$ -

Note 3 - Net Investment Return

Net investment return consists of the following for fiscal years ended September 30, 2016 and 2015:

	2016	2015
Interest and dividends	$ 19,634	$ 20,777
Net realized and unrealized gain (loss)	22,085	(43,221)
Less investment management and custodial fees	(2,337)	(2,894)
	$ 39,382	$ (25,338)

Note 4 - Promises to Give and Other Receivables

Promises to give and other receivables consisted of the following:

	2016	2015
Endowment, future year	$ 59,020	$ 67,308
Less unamortized discount	(11,050)	(13,728)
	47,970	53,580
Contributions receivable	1,750	2,114
Other receivables	173,999	12,500
	$ 223,719	$ 68,194
Amounts due in		
Less than one year	$ 184,040	$ 22,904
One to five years	33,160	33,160
More than five years	17,569	25,858
	234,769	81,922
Less unamortized discount (5.05%)	(11,050)	(13,728)
	$ 223,719	$ 68,194

The Organization receives funding from various organizations and agencies. The Organization received approximately $1,661,027 and $1,404,364 from the State of Minnesota to fund various programs, generally under annual contracts, for the years ended September 30, 2016 and 2015, respectively. Of this amount, approximately $1,432,432 and $1,202,960 was for services provided at the B. Robert Lewis Houses for the years ended September 30, 2016 and 2015, respectively. Additionally, approximately $688,493 and $482,895 of the funds received from the State of Minnesota during the years ended September 30, 2016 and 2015, respectively, represent funds passed through from the Federal government. Accounts receivable at September 30, 2016 and 2015, included approximately $203,471 and $141,808, respectively, of receivables from the State of Minnesota.

Deferred revenue included $30,889 and $28,322 received for various programs funded by the State of Minnesota at September 30, 2016 and 2015, respectively.

Note 5 - Property and Equipment

Property and equipment consist of the following at September 30, 2016 and 2015:

	2016	2015
Land	$ 94,950	$ 94,950
Buildings	510,738	510,738
Leasehold and building improvements	581,470	546,511
Equipment and furniture	471,270	460,921
	1,658,428	1,613,120
Less accumulated depreciation and amortization	1,212,077	1,161,959
	$ 446,351	$ 451,161

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 $131,823 and $131,823 of contribution revenue and occupancy expense for each of the years ended September 30, 2016 and 2015, 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 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 March of 2015, the Organization entered into a capital lease for a copier requiring annual payments of $7,093 through March 2020 with an implicit interest rate of 8.66%. The Organization had an initial capital lease obligation for this lease of $28,700. 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. This machine was traded in on a new copier requiring annual payments of $9,238 through September, 2020. The initial capital lease obligation is $37,550 with an implicit interest rate of 7.9%. Interest expense related to the capital leases was $4,821 and $2,987 for the years ended September 30, 2016 and 2015, respectively. The total of the Organization's capital lease obligations was $52,395 and $37,537 at September 30, 2016 and 2015, respectively.

The Organization leases additional office space under an agreement which requires monthly rent of $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 $0 and $2,528 at September 30, 2016 and 2015, respectively.

Total rental expense under operating leases was $134,602 and $133,979 for the years ended September 30, 2016 and 2015, respectively.

On November 19, 2015, the Organization signed an Amendment to extend the current lease for 12 months at the 2015 monthly rate and a pro rate share of maintenance and real estate taxes.

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

	2016	2015
Equipment and furniture	$ 173,724	$ 178,674
Less accumulated amortization	119,839	128,579
	$ 53,885	$ 50,095

At September 30, 2016, the Organization had the following minimum commitments by fiscal year for payments of rentals under leases which at inception had a non-cancellable term of more than one year:

Years Ending September 30,	Capital Leases	Operating Leases
2017	$ 16,331	$ 82,510
2018	16,331	77,910
2019	16,331	77,910
2020	12,027	25,970
Total lease commitments	61,020	$ 264,300
Less amount representing interest	8,626	
Present value of minimum lease payments	$ 52,394	

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, 2016 and 2015, 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, 2016 and 2015, the Organization had the following endowment net asset composition by type of fund:

September 30, 2016	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted for permanent endowment	$ -	$ -	$ 291,300	$ 291,300
September 30, 2015				
Donor-restricted for permanent endowment	$ -	$ -	$ 288,621	$ 288,621

Changes in Endowment net assets for the year ending September 30, 2016, are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ -	$ -	$ 288,621	$ 288,621
Investment income, net of fees	-	8,715	-	8,715
	-	8,715	288,621	297,336
Contributions	-	-	2,679	2,679
Appropriations for expenditure	-	(8,715)	-	(8,715)
Endowment net assets, end of year	$ -	$ -	$ 291,300	$ 291,300

Changes in Endowment net assets for the year ending September 30, 2015, are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ -	$ -	$ 267,048	$ 267,048
Investment income, net of fees	-	713	-	713
	-	713	267,048	267,761
Contributions	-	-	21,573	21,573
Appropriations for expenditure	-	(713)	-	(713)
Endowment net assets, end of year	$ -	$ -	$ 288,621	$ 288,621

Note 8 - Restricted Net Assets

Temporarily restricted net assets at September 30, 2016 and 2015, were available for the following purposes at:

	2016	2015
Partners for Success	$ 103,264	$ 104,940
Community Resources	309,851	258,435
Early Childhood Services	481	7,396
B. Robert Lewis Houses	135,032	11,711
	$ 548,628	$ 382,482

Net assets were released from donor restrictions during the years ended September 30, 2016 and 2015, by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donor as follows:

	2016	2015
Program restrictions released		
Partners for Success	$ 171,778	$ 134,933
Community Resources	456,143	540,569
Early Childhood Services	10,915	18,604
B. Robert Lewis Houses	68,024	45,858
	$ 706,860	$ 739,964

At September 30, 2016 and 2015, the Organization had permanently restricted endowment net assets of $291,300 and $288,621, 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 1,051 participants, 5.71% 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.

As required by GAAP for this plan, an employer shall recognize as net pension cost the required contribution for the period and shall 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. The Organization had pension expense of $77,961 and $79,225, respectively, for the years ended September 30, 2016 and 2015.

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.

	2016	2015
	Twin Cities Nonprofit Partners Pension Plan	Twin Cities Nonprofit Partners Pension Plan
EIN/Plan Number	41-1973442/333	41-1973442/333
Plan year end	12/31/2016	12/31/2015
Pension Protection Act % funded	110%	110%
Contributions by 360 Communities	$ 77,961	$ 77,961
Contributions as a % of total combined	4.87%	4.89%
Rehabilitation plan status	N/A	N/A

The Organization established a 401(k) Profit Sharing Plan and Trust effective January 1, 2015, with Trust Point Inc. The Organization made discretionary matching contributions equal to a uniform percentage of employee salary deferral in 2015. The Organization elected not to accrue for a 2016 discretionary profit sharing contribution to be paid in fiscal year 2017.