Financial Statements
September 30, 2017 and 2016

360 Communities

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 (the Organization), which comprise the statements of financial position as of September 30, 2017 and 2016, 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 the Organization as of September 30, 2017 and 2016, 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 24, 2018, on our consideration of the Organization' 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 the Organization' internal control over financial reporting and compliance.

Eide Bailly LLP

Minneapolis, Minnesota
January 24, 2018

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Assets				
Cash and cash equivalents	$ 256,467	$ -	$ -	$ 256,467
Investments	80,874	507,113	-	587,987
Government grants and contracts receivable	316,340	-	-	316,340
Promises to give and other receivables, net	25,940	45,626	-	71,566
Prepaid expenses	114,633	-	-	114,633
Property and equipment, net	424,937	-	-	424,937
Endowment				
Cash	-	-	199,716	199,716
Certificates of deposit	-	-	51,904	51,904
Promises to give, net	-	-	42,078	42,078
Total assets	$ 1,219,191	$ 552,739	$ 293,698	$ 2,065,628
Liabilities and Net Assets				
Liabilities				
Accounts payable	$ 50,507	$ -	$ -	$ 50,507
Accrued liabilities	277,651	-	-	277,651
Deferred revenue	360,746	-	-	360,746
Capital lease obligations	39,901	-	-	39,901
Total liabilities	728,805	-	-	728,805
Net Assets				
Unrestricted	490,386	-	-	490,386
Temporarily restricted	-	552,739	-	552,739
Permanently restricted	-	-	293,698	293,698
Total net assets	490,386	552,739	293,698	1,336,823
Total liabilities and net assets	$ 1,219,191	$ 552,739	$ 293,698	$ 2,065,628

	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
Support and Revenue				
United Way	$ -	$ 67,500	$ -	$ 67,500
Government grants	3,352,242	-	-	3,352,242
Contributions	1,010,317	684,039	2,398	1,696,754
Special event revenue	295,318	-	-	295,318
Less costs of direct benefits to donors	(83,750)	-	-	(83,750)
Special event revenue, net	211,568	-	-	211,568
Net investment return	33,202	8,811	-	42,013
Miscellaneous	2,690	-	-	2,690
Net assets released from restriction pursuant to endowment spending-rate	8,811	(8,811)	-	-
Net assets released from restrictions	747,428	(747,428)	-	-
Total support and revenue	5,366,258	4,111	2,398	5,372,767
Expenses and Losses				
Program services	4,434,942	-	-	4,434,942
Management and general	537,479	-	-	537,479
Fundraising	328,189	-	-	328,189
Total expenses by function	5,300,610	-	-	5,300,610
Change in Net Assets	65,648	4,111	2,398	72,157
Net Assets, Beginning of Year	424,738	548,628	291,300	1,264,666
Net Assets, End of Year	$ 490,386	$ 552,739	$ 293,698	$ 1,336,823

	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	4,016,496	-	-	4,016,496
Management and general	583,785	-	-	583,785
Fundraising	254,123	-	-	254,123
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

	Program Services			
	Violence Prevention Intervention	Self Sufficiency	School Success	Total
Expenses				
Salaries	$ 1,202,194	$ 306,949	$ 1,124,592	$ 2,633,735
Employee benefits	134,710	36,419	129,374	300,503
Payroll taxes	87,469	21,462	79,395	188,326
Professional services	24,441	11,370	22,704	58,515
Supplies	12,634	5,030	2,952	20,616
Telephone	35,965	18,390	8,531	62,886
Postage	401	1,036	425	1,862
Occupancy	47,518	86,073	35,891	169,482
Equipment and furnishings	70,348	10,989	2,726	84,063
Printing	1,705	3,365	779	5,849
Program materials	2,052	342	429	2,823
Transportation	26,828	5,513	34,604	66,945
Conferences	12,364	4,529	8,618	25,511
Special assistance	45,090	214,565	8,113	267,768
Shelter care supplies	19,621	-	-	19,621
Insurance	12,027	1,945	624	14,596
Miscellaneous	8,408	6,751	1,245	16,404
Interest	1,248	788	120	2,156
In-kind	112,451	329,196	-	441,647
Total expenses before depreciation and amortization	1,857,474	1,064,712	1,461,122	4,383,308
Depreciation and Amortization	45,707	5,927	-	51,634
Total expenses by function	1,903,181	1,070,639	1,461,122	4,434,942
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	$ 1,903,181	$ 1,070,639	$ 1,461,122	$ 4,434,942

Supporting Services		
Management and General	Fundraising	Grand Total
$ 232,943	$ 229,505	$ 3,096,183
22,915	23,681	347,099
62,838	16,250	267,414
50,880	9,962	119,357
3,094	1,890	25,600
19,804	1,836	84,526
2,486	3,894	8,242
34,616	15,896	219,994
36,896	2,372	123,331
11,525	14,004	31,378
1,605	2,237	6,665
3,819	2,714	73,478
12,022	86,057	123,590
-	-	267,768
-	-	19,621
22,855	-	37,451
1,755	1,066	19,225
1,106	575	3,837
-	-	441,647
521,159	411,939	5,316,406
19,100	-	70,734
540,259	411,939	5,387,140
2,780	-	2,780
-	83,750	83,750
$ 537,479	$ 328,189	$ 5,300,610

	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 and 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	-	-	-	-
Total Expenses Included in the Expense Section on the Statement of Activities	$ 1,507,181	$ 1,123,726	$ 1,385,589	$ 4,016,496

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
-	85,629	85,629
$ 583,785	$ 254,123	$ 4,854,404

	2017	2016
Cash Flows from Operating Activities		
Change in net assets	$ 72,157	$ 210,555
Adjustments to reconcile change in net assets to net cash from (used for) operating activities		
Depreciation and amortization	74,572	84,688
Realized and unrealized (gain) loss on investments	(23,748)	(22,085)
Loss on sale of property and equipment	-	(1,568)
Contributions and grants received, restricted for long-term use	(2,398)	(2,679)
Changes in operating assets and liabilities		
Government grants and contracts receivable	(10,922)	(64,987)
Promises to give and other receivables	104,183	(161,135)
Prepaid expenses	(4,674)	(5,159)
Accounts payable	(62,436)	2,135
Accrued liabilities	(22,719)	(19,543)
Deferred revenue	60,851	54,315
Net Cash from Operating Activities	184,866	74,537
Cash Flows from Investing Activities		
Purchases of property and equipment	(49,320)	(50,262)
Purchases of operating investments	(72,234)	(115,882)
Proceeds from sales of operating investments	27,655	53,524
Addition to endowment	(8,290)	(8,290)
Net Cash used for Investing Activities	(102,189)	(120,910)
Cash Flows from Financing Activities		
Collections of contributions restricted to endowment	8,290	8,290
Payments of capital lease obligations	(16,331)	(19,678)
Net Cash from (used for) Financing Activities	(8,041)	(11,388)
Net Change in Cash	74,636	(57,761)
Cash, Beginning of Year	181,831	239,592
Cash, End of Year	$ 256,467	$ 181,831
Supplemental Disclosure of Cash Flow Information		
Cash paid during the year for		
Interest	$ 3,837	$ 4,821

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 45 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 network of five food shelves and two family resource centers 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

The Organization 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, 2017 and 2016.

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, 2017 and 2016.

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 utilizes donated in-kind space for services provided using the estimated fair value market rate of similar properties. Donated space recorded totaled $162,601 for the year ended September 30, 2017. 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 $279,046 and $230,649 for the years ended September 30, 2017 and 2016, 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 $5,988 and $3,784 for the years ended September 30, 2017 and 2016, 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

The Organization 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 24, 2018, 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, 2017 and 2016:

	Fair Value Carrying Amount in the Statement of Financial	Fair Value Measurements Using		
2017	Position	Level 1	Level 2	Level 3
Investments				
Mutual funds - equities	$ 202,858	$ 202,858	$ -	$ -
Mutual funds - other	157,329	157,329	-	-
Bonds	155,589	-	155,589	-
Money market cash	57,211	57,211	-	-
Bank certificates of deposit	66,904	66,904	-	-
	$ 639,891	$ 484,302	$ 155,589	$ -
Endowment investments				
Bank certificates of deposit	$ 51,904	$ 51,904	$ -	$ -
2016				
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	66,767	66,767	-	-
	$ 571,418	$ 434,503	$ 136,915	$ -
Endowment investments				
Bank certificates of deposit	$ 51,759	$ 51,759	$ -	$ -

Note 3 - Net Investment Return

Net investment return consists of the following for fiscal years ended September 30, 2017 and 2016:

	2017	2016
Interest and dividends	$ 21,045	$ 19,634
Net realized and unrealized gain (loss)	23,748	22,085
Less investment management and custodial fees	(2,780)	(2,337)
	$ 42,013	$ 39,382

Note 4 - Promises to Give and Other Receivables

Promises to give and other receivables consisted of the following:

	2017	2016
Endowment, future year	$ 50,729	$ 59,020
Less unamortized discount	(8,652)	(11,050)
	42,077	47,970
Contributions receivable	25,765	1,750
Other receivables	45,802	173,999
	$ 113,644	$ 223,719
Amounts due in		
Less than one year	$ 79,857	$ 184,040
One to five years	42,439	33,160
More than five years	-	17,569
	122,296	234,769
Less unamortized discount (5.05%)	(8,652)	(11,050)
	$ 113,644	$ 223,719

The Organization receives funding from various organizations and agencies. The Organization received approximately $2,065,043 and $1,661,027 from the State of Minnesota to fund various programs, generally under annual contracts, for the years ended September 30, 2017 and 2016, respectively. Of this amount, approximately $1,841,965 and $1,432,432 was for services provided at the B. Robert Lewis Houses for the years ended September 30, 2017 and 2016, respectively. Additionally, approximately $1,102,708 and $688,493 of the funds received from the State of Minnesota during the years ended September 30, 2017 and 2016, respectively, represent funds passed through from the Federal government. Accounts receivable at September 30, 2017 and 2016, included approximately $229,840 and $203,471, respectively, of receivables from the State of Minnesota.

Deferred revenue included $0 and $30,889 received for various programs funded by the State of Minnesota at September 30, 2017 and 2016, respectively.

Note 5 - Property and Equipment

Property and equipment consist of the following at September 30, 2017 and 2016:

	2017	2016
Land	$ 94,950	$ 94,950
Buildings	510,738	510,738
Leasehold and building improvements	611,176	581,470
Equipment and furniture	467,541	471,270
	1,684,405	1,658,428
Less accumulated depreciation and amortization	1,259,468	1,212,077
	$ 424,937	$ 446,351

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 $162,601 and $131,823 of contribution revenue and occupancy expense for each of the years ended September 30, 2017 and 2016, 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 September of 2015, the Organization entered into a capital lease for a 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 $3,837 and $4,821 for the years ended September 30, 2017 and 2016, respectively. The total of the Organization's capital lease obligations was $39,901 and $52,395 at September 30, 2017 and 2016, respectively.

The Organization leases additional office space under an agreement which requires monthly rent of $6,492 through January 2020. 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.

Total rental expense under operating leases was $125,389 and $134,602 for the years ended September 30, 2017 and 2016, respectively.

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

	2017	2016
Equipment and furniture	$ 173,724	$ 173,724
Less accumulated amortization	133,089	119,839
	$ 40,635	$ 53,885

At September 30, 2017, 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
2018	$ 16,331	$ 77,910
2019	16,331	77,910
2020	12,027	25,970
Total lease commitments	44,689	$ 181,790
Less amount representing interest	4,789	
Present value of minimum lease payments	$ 39,900	

Note 7 - Endowment Funds

The Organization’s endowment consists of a fund established for the purpose of providing funds for the Family Violence Prevention Endowment Fund. 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, 2017 and 2016, 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, 2017 and 2016, the Organization had the following endowment net asset composition by type of fund:

September 30, 2017	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted for permanent endowment	$ -	$ -	$ 293,698	$ 293,698
September 30, 2016				
Donor-restricted for permanent endowment	$ -	$ -	$ 291,300	$ 291,300

Changes in Endowment net assets for the year ending September 30, 2017, are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ -	$ -	$ 291,300	$ 291,300
Investment income, net of fees	-	8,811	-	8,811
	-	8,811	291,300	300,111
Contributions	-	-	2,398	2,398
Appropriations for expenditure	-	(8,811)	-	(8,811)
Endowment net assets, end of year	$ -	$ -	$ 293,698	$ 293,698

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

Note 8 - Restricted Net Assets

Temporarily restricted net assets at September 30, 2017 and 2016, were available for the following purposes at:

	2017	2016
Partners for Success	$ 119,172	$ 103,264
Community Resources	313,446	309,851
Early Childhood Services	-	481
B. Robert Lewis Houses	120,121	135,032
	$ 552,739	$ 548,628

Net assets were released from donor restrictions during the years ended September 30, 2017 and 2016, by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donor as follows:

	2017	2016
Program restrictions released		
Partners for Success	$ 138,613	$ 171,778
Community Resources	453,874	456,143
Early Childhood Services	4,481	10,915
B. Robert Lewis Houses	150,460	68,024
	$ 747,428	$ 706,860

At September 30, 2017 and 2016, the Organization had permanently restricted endowment net assets of $293,698 and $291,300, 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 $65,789 and $77,961, respectively, for the years ended September 30, 2017 and 2016.

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.

	2017	2016
	Twin Cities Nonprofit Partners Pension Plan	Twin Cities Nonprofit Partners Pension Plan
EIN/Plan Number	41-1973442/333	41-1973442/333
Plan year end	12/31/2017	12/31/2016
Pension Protection Act % funded	110%	110%
Contributions by 360 Communities	$ 77,961	$ 77,961
Contributions as a % of total combined	4.87%	4.87%
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 elected not to accrue for a 2017 discretionary profit sharing contribution to be paid in fiscal year 2018.