Financial Statements
September 30, 2019 and 2018

360 Communities

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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, 2019 and 2018, 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, 2019 and 2018, 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.

Change in Accounting Policy
As discussed in Note 1 to the financial statements, the Organization has adopted the provisions of Financial Statements Accounting Standards Board Accounting Standards Update No. 2016-14, *Presentation of Financial Statements for Not-for-Profit Entities*. Accordingly, the September 30, 2018, financial statements have been adjusted to adopt this standard. Our opinion is not modified with respect to this matter.

Adjustments to Prior Period Financial Statements
As discussed in Note 10 to the financial statements, a certain error resulting in overstatement of amounts previously reported for net assets with donor restrictions and understatement of net assets without donor restrictions as of September 30, 2018, was discovered by management of the Organization during the current year. Accordingly, amounts reported for net assets with donor restrictions and without donor restrictions have been restated in the 2018 financial statements now presented, and an adjustment has been made to net assets as of September 30, 2018, to correct the error. Our opinion is not modified with respect to this matter.

Other Reporting Required by *Government Auditing Standards*
In accordance with *Government Auditing Standards*, we have also issued a report dated April 10, 2020, on our consideration of the Organization's 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's internal control over financial reporting and compliance.

Eide Bailly LLP

Minneapolis, Minnesota
April 10, 2020

	2019	2018 (As Restated)
Assets		
Cash and cash equivalents	$ 34,228	$ 359,255
Restricted cash	10,808	-
Investments	659,222	725,657
Government grants and contracts receivable	504,275	223,137
Promises to give and other receivables, net	47,499	48,254
Prepaid expenses	158,016	131,643
Property and equipment, net	384,527	376,895
Endowment		
Cash	234,492	228,283
Certificates of deposit	31,913	31,627
Promises to give, net	29,396	35,891
Total assets	$ 2,094,376	$ 2,160,642
Liabilities and Net Assets		
Liabilities		
Accounts payable	$ 146,758	$ 51,769
Accrued liabilities	168,676	255,255
Deferred revenue	167,188	349,292
Capital lease obligations	31,632	26,339
Note payable	228,200	-
Total liabilities	742,454	682,655
Net Assets		
Without donor restrictions	810,513	818,045
With donor restrictions	541,409	659,942
Total net assets	1,351,922	1,477,987
Total liabilities and net assets	$ 2,094,376	$ 2,160,642

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
United Way	$ -	$ 70,000	$ 70,000
Government grants	3,006,022	-	3,006,022
Contributions	1,280,817	564,475	1,845,292
Special event revenue	304,405	-	304,405
Less costs of direct benefits to donors	(108,159)	-	(108,159)
Special event revenue, net	196,246	-	196,246
Net investment return	25,106	239	25,345
Miscellaneous	837	-	837
Net assets released from restriction pursuant to endowment spending-rate	239	(239)	-
Net assets released from restrictions	753,008	(753,008)	-
Total support and revenue	5,262,275	(118,533)	5,143,742
Expenses and Losses			
Program services	4,235,468	-	4,235,468
Management and general	725,332	-	725,332
Fundraising	309,007	-	309,007
Total expenses by function	5,269,807	-	5,269,807
Change in Net Assets	(7,532)	(118,533)	(126,065)
Net Assets, Beginning of Year (As Restated)	818,045	659,942	1,477,987
Net Assets, End of Year	$ 810,513	$ 541,409	$ 1,351,922

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
United Way	$ -	$ 67,500	$ 67,500
Government grants	3,272,261	5,464	3,277,725
Contributions	979,538	589,688	1,569,226
Special event revenue	352,172	-	352,172
Less costs of direct benefits to donors	(96,467)	-	(96,467)
Special event revenue, net	255,705	-	255,705
Net investment return	14,718	8,243	22,961
Miscellaneous	590	-	590
Net assets released from restriction pursuant to endowment spending rate	8,243	(8,243)	-
Net assets released from restrictions	849,147	(849,147)	-
Total support and revenue	5,380,202	(186,495)	5,193,707
Expenses and Losses			
Program services	4,245,580	-	4,245,580
Management and general	516,598	-	516,598
Fundraising	290,365	-	290,365
Total expenses by function	5,052,543	-	5,052,543
Change in Net Assets	327,659	(186,495)	141,164
Net Assets, Beginning of Year	490,386	846,437	1,336,823
Net Assets, End of Year	$ 818,045	$ 659,942	$ 1,477,987

	Program Services				Supporting Services		
	Violence Prevention Intervention	Community Resources	School Success	Total Program Services	Management and General	Fundraising	Total
Expenses							
Salaries	$ 1,177,372	$ 281,031	$ 903,452	$ 2,361,855	$ 294,652	$ 201,822	$ 2,858,329
Employee benefits	159,225	52,752	139,313	351,290	66,676	28,836	446,802
Payroll taxes	90,069	21,499	65,289	176,857	22,541	15,439	214,837
Professional services	40,058	21,462	35,642	97,162	171,870	18,953	287,985
Supplies	9,376	10,090	1,241	20,707	6,562	2,028	29,297
Telephone	26,347	11,892	5,944	44,183	14,981	3,426	62,590
Postage	837	1,188	88	2,113	5,581	3,177	10,871
Occupancy	50,482	109,645	18,692	178,819	52,144	14,288	245,251
Equipment and furnishings	63,606	14,526	2,128	80,260	14,386	311	94,957
Printing	2,535	6,649	764	9,948	14,821	11,270	36,039
Program materials	24,428	1,487	-	25,915	3,759	921	30,595
Transportation	23,862	2,895	14,780	41,537	4,084	3,266	48,887
Meetings and events	13,346	4,951	2,958	21,255	17,019	112,524	150,798
Special assistance	80,324	259,607	1,813	341,744	-	-	341,744
Shelter care supplies	19,473	-	-	19,473	-	-	19,473
Insurance	7,696	1,469	-	9,165	11,360	-	20,525
Miscellaneous	8,670	6,849	595	16,114	2,661	547	19,322
Interest	779	484	64	1,327	712	358	2,397
In-kind	132,922	259,604	-	392,526	-	-	392,526
Total expenses before depreciation and amortization	1,931,407	1,068,080	1,192,763	4,192,250	703,809	417,166	5,313,225
Depreciation and Amortization	37,618	5,600	-	43,218	21,523	-	64,741
Total expenses by function	1,969,025	1,073,680	1,192,763	4,235,468	725,332	417,166	5,377,966
Less Expenses Included with Revenues on the Statement of Activities							
Cost of direct benefit to donors	-	-	-	-	-	108,159	108,159
Total Expenses Included in the Expense Section on the Statement of Activities	$ 1,969,025	$ 1,073,680	$ 1,192,763	$ 4,235,468	$ 725,332	$ 309,007	$ 5,269,807

	Program Services				Supporting Services		
	Violence Prevention Intervention	Community Resources	School Success	Total Program Services	Management and General	Fundraising	Total
Expenses							
Salaries	$ 1,165,348	$ 227,225	$ 1,126,905	$ 2,519,478	$ 253,579	$ 189,724	$ 2,962,781
Employee benefits	119,364	25,518	121,617	266,499	29,954	22,421	318,874
Payroll taxes	99,675	19,365	98,466	217,506	18,859	16,146	252,511
Professional services	48,943	20,700	34,352	103,995	48,640	15,086	167,721
Supplies	2,743	6,983	5,577	15,303	3,840	1,186	20,329
Telephone	35,453	12,988	9,298	57,739	22,292	2,816	82,847
Postage	509	539	495	1,543	3,778	2,703	8,024
Occupancy	51,823	89,499	36,033	177,355	38,174	15,977	231,506
Equipment and furnishings	40,141	21,903	9,008	71,052	14,374	2,370	87,796
Printing	652	965	956	2,573	16,841	7,730	27,144
Program materials	1,459	2,349	-	3,808	2,640	3,772	10,220
Transportation	20,690	3,279	24,810	48,779	2,894	2,775	54,448
Meetings and events	9,798	4,804	6,294	20,896	13,816	103,410	138,122
Special assistance	44,347	239,359	1,914	285,620	-	-	285,620
Shelter care supplies	18,377	-	-	18,377	-	-	18,377
Insurance	12,223	980	651	13,854	25,084	-	38,938
Miscellaneous	4,623	6,458	1,301	12,382	1,771	301	14,454
Interest	902	570	84	1,556	802	415	2,773
In-kind	132,922	220,608	-	353,530	-	-	353,530
Total expenses before depreciation and amortization	1,809,992	904,092	1,477,761	4,191,845	497,338	386,832	5,076,015
Depreciation and Amortization	47,210	6,525	-	53,735	20,842	-	74,577
Total expenses by function	1,857,202	910,617	1,477,761	4,245,580	518,180	386,832	5,150,592
Less Expenses Included with Revenues on the Statement of Activities							
Investment and custodial fees	-	-	-	-	1,582	-	1,582
Cost of direct benefit to donors	-	-	-	-	-	96,467	96,467
Total Expenses Included in the Expense Section on the Statement of Activities	$ 1,857,202	$ 910,617	$ 1,477,761	$ 4,245,580	$ 516,598	$ 290,365	$ 5,052,543

	2019	2018
Cash Flows from Operating Activities		
Change in net assets	$ (126,065)	$ 141,164
Adjustments to reconcile change in net assets to net cash from (used for) operating activities		
Depreciation and amortization	64,741	74,577
Interest expense from capital lease	2,396	2,773
Realized and unrealized gain on investments	(1,449)	(1,084)
Loss on sale of property	2,870	-
Contributions and grants received, restricted for long-term use	-	(2,103)
Changes in operating assets and liabilities		
Government grants and contracts receivable	(281,138)	93,203
Promises to give and other receivables	755	23,312
Prepaid expenses	(26,373)	(17,010)
Accounts payable	94,989	1,262
Accrued liabilities	(86,579)	(22,396)
Deferred revenue	(182,104)	(11,454)
Net Cash from Operating Activities	(537,957)	282,244
Cash Flows from Investing Activities		
Purchases of property and equipment	(80,984)	(26,534)
Purchases of operating investments	(107,865)	(153,226)
Proceeds from sales of operating investments	192,524	16,639
Change in restricted cash	(10,808)	-
Addition to endowment	-	(8,290)
Net Cash from Investing Activities	(7,133)	(171,411)
Cash Flows from Financing Activities		
Collections of contributions restricted to endowment	6,495	8,290
Proceeds from issuance of note payable	228,200	-
Payments of capital lease obligations	(14,632)	(16,335)
Net Cash from Financing Activities	220,063	(8,045)
Net Change in Cash and Cash Equivalents	(325,027)	102,788
Cash and Cash Equivalents, Beginning of Year	359,255	256,467
Cash and Cash Equivalents, End of Year	$ 34,228	$ 359,255

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-stability. Working in partnership with volunteers, schools, congregations, service organizations, and businesses, the Organization provides holistic support to people with these integrated 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 offer home visiting to at-risk families to facilitate healthy pregnancies, promote strong parenting skills, and optimize child development. Next, providing childcare resources and services enables us to promote quality child care programs that prepare children for school. Once there, our skilled staff equip at-risk students and families with stabilizing resources and family learning plans to ensure each student has the best opportunity for academic success.

- **Community Resources** – A network of five food shelves and two family resource centers provides food support and other emergency services and resources for people in need as well as support individuals and families along their path to sustainable success.

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. Restricted cash reported on the statement of financial position and certificates of deposit and cash 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 return 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 consists 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, 2019 and 2018.

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 five 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.

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, 2019 and 2018.

Net Assets

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

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor (or certain grantor) restrictions. Some donor imposed (or grantor) restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Organization reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends, or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

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 $132,922 and $149,748 for the years ended September 30, 2019 and September 30, 2018, respectively. 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 $259,604 and $203,782 for the years ended September 30, 2019 and 2018, 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.

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. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy and depreciation and amortization, which are allocated on a square footage basis, as well as salaries, employee benefits, payroll taxes, telephone, printing, and insurance, which are allocated on the basis of estimates of time and effort.

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.

Change in Accounting Policy

As of October 1, 2018, the Organization adopted the provisions of Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements for Not-For-Profit Entities*. The provisions of the ASU replace the existing three classes of net assets with two new classes (net assets without donor restrictions and net assets with donor restrictions) and enhance the disclosure requirements for the Organization's donor restricted endowment funds and underwater endowments. The ASU introduces new disclosure requirements to provide information about what is included or excluded from the Organization's intermediate measure of operations as well as disclosures to improve a financial statement user's ability to assess the Organization's liquidity and exposure to risk. The ASU also introduces new reporting requirements to present expenses by both function and natural classification in a single location and to present investment returns on the statements of activities net of external and direct internal investment expenses. The amendments have been applied on a retrospective basis.

Note 2 - Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the date of the statement of financial position, comprise the following:

	2019	2018
Cash and cash equivalents	$ 34,228	$ 359,255
Government grants and contracts receivable	504,275	223,137
Promises to give and other receivables, net	47,499	48,254
Investments	659,222	725,657
	$ 1,245,224	$ 1,356,303

The Organization strives to maintain liquid financial assets sufficient to cover 70-90 days of general expenditures. Financial assets in excess of daily cash requirements are invested in certificates of deposit and investment accounts.

Note 3 - 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 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date.
>
> Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. 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 – Unobservable inputs for the asset or liability. In these situations, inputs are developed using the best information available in the circumstances.

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 comprise of mutual funds, bank certificates of deposit, and marketable securities with readily determinable fair values based on daily redemption values. Investment assets are classified within Level 2 because they are comprised of bonds which are valued by independent quotation bureaus that use computerized valuation formulas to calculate current values.

The following tables present assets and liabilities measured at fair value on a recurring basis at September 30, 2019 and 2018:

September 30, 2019	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments				
Mutual funds - equities	$ 162,532	$ 162,532	$ -	$ -
Mutual funds - fixed income	153,183	153,183	-	-
Bonds	266,152	-	266,152	-
Money market cash (at cost)	62,249	-	-	-
Bank certificates of deposit	15,106	15,106	-	-
	$ 659,222	$ 330,821	$ 266,152	$ -
Endowment investments				
Bank certificates of deposit	$ 31,913	$ 31,913	$ -	$ -
September 30, 2018				
Investments				
Mutual funds - equities	$ 241,120	$ 241,120	$ -	$ -
Bonds	267,134	-	267,134	-
Money market cash (at cost)	2,705	-	-	-
Bank certificates of deposit	214,698	214,698	-	-
	$ 725,657	$ 455,818	$ 267,134	$ -
Endowment investments				
Bank certificates of deposit	$ 31,627	$ 31,627	$ -	$ -

Note 4 - Promises to Give and Other Receivables

Promises to give and other receivables consisted of the following:

	2019	2018
Endowment, future year	$ 34,150	$ 42,440
Less unamortized discount	(4,754)	(6,549)
	29,396	35,891
Other receivables	47,499	48,254
	$ 76,895	$ 84,145
Amounts due in		
Less than one year	$ 55,738	$ 56,544
One to five years	25,911	34,150
	81,649	90,694
Less unamortized discount (5.05%)	(4,754)	(6,549)
	$ 76,895	$ 84,145

The Organization receives funding from various organizations and agencies. The Organization received $2,029,206 and $1,994,835 from the State of Minnesota to fund various programs, generally under annual contracts, for the years ended September 30, 2019 and 2018, respectively. Of this amount, $1,792,428 and $1,760,054 was for services provided at the B. Robert Lewis Houses for the years ended September 30, 2019 and 2018, respectively. Additionally, $1,181,325 and $1,151,051 of the funds received from the State of Minnesota during the years ended September 30, 2019 and 2018, respectively, represent funds passed through from the Federal government. Accounts receivable at September 30, 2019 and 2018, included $439,883 and $200,327, respectively, from the State of Minnesota.

Note 5 - Property and Equipment

Property and equipment consist of the following at September 30, 2019 and 2018:

	2019	2018
Land	$ 94,950	$ 94,950
Buildings	510,738	510,738
Leasehold and building improvements	663,406	619,727
Equipment and furniture	486,100	477,495
	1,755,194	1,702,910
Less accumulated depreciation and amortization	1,370,667	1,326,015
	$ 384,527	$ 376,895

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 of contribution revenue and occupancy expense for each of the years ended September 30, 2019 and 2018, 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 October 2018, the Organization entered into a capital lease for a copier requiring annual payments of $6,106 through October 2023. The Organization had an initial capital lease obligation for this lease of $26,000. In September 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 $2,396 and $2,773 for the years ended September 30, 2019 and 2018, respectively. The total of the Organization's capital lease obligations was $31,632 and $26,339 at September 30, 2019 and 2018, respectively.

The Organization leases additional office space under an agreement which requires monthly rent of $6,492 through January 2020. On August 24, 2018, the Third Lease Amendment and Relocation Agreement was signed and became effective during 2019. 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 through the August 2028.

Total rental expense under operating leases was $121,923 and $124,647 for the years ended September 30, 2019 and 2018, respectively.

Property and equipment included the following amounts for the capital leases at September 30:

	2019	2018
Equipment and furniture	$ 171,024	$ 173,724
Less accumulated amortization	136,359	146,339
	$ 34,665	$ 27,385

At September 30, 2019, 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
2020	$ 14,591	$ 76,392
2021	6,106	78,683
2022	6,106	81,044
2023	6,106	83,475
2024	2,200	42,674
Thereafter	-	407,437
Total lease commitments	35,109	$ 769,705
Less amount representing interest	3,477	
Present value of minimum lease payments	$ 31,632	

Note 7 - Notes Payable

Notes Payable

Notes payable consist of the following at September30, 2019 and 2018:

	2019	2018
Note payable, due in monthly installments of $2,360, plus interest of 4.36%, through September 2024, secured by property and cash collateral account.	$ 228,200	$ -

Future maturities of notes payable are as follows:

Years Ending September 30,	
2020	$ 18,262
2021	19,430
2022	20,307
2023	21,223
2024	148,978
	$ 228,200

At September 30, 2018, the Organization participated in a multi-employer defined benefit pension plan in which 16 other agencies also participated. Of the approximate 1,051 participating employees, 5.71% were 360 Communities' employees. Effective December 31, 2014, the plan froze benefit accruals and, as a result, employees did not earn additional defined benefits for future services. During 2019, 360 Communities and the other agencies came together to terminate the pension plan and pay out employees in full. Greater Twin Cities United Way assisted in obtaining a note payable for the Organization and all agencies in order to fund the termination of the pension plan. The Organization will file a final IRS Form 5500 and expects a favorable determination letter from the IRS in April 2020.

Note 8 - 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 (the 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, 2019 and 2018, there were no such donor stipulations. As a result of this interpretation, the Organization retains in perpetuity (a) original value of initial and subsequent gift amounts (including promises to give net of discount and allowance for doubtful accounts, including promises to give at fair value) donated to the Endowment and (b) any accumulations to the Endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure in a manner consistent with the standard of prudence prescribed by UPMIFA. The following factors are considered in making a determination to appropriate or accumulated donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the organization and donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the organization
- The investment policies of the organization

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.

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Organization has interpreted the UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. There were no endowment funds underwater as of September 30, 2019 and 2018.

As of September 30, 2019 and 2018, the Organization had the following endowment net asset composition by type of fund:

September 30, 2019	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	$ -	$ 295,801	$ 295,801
September 30, 2018			
Donor-restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	$ -	$ 295,801	$ 295,801

Changes in endowment net assets for the year ending September 30, 2019, are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ -	$ 295,801	$ 295,801
Investment return, net	-	239	239
Appropriations for expenditure	-	(239)	(239)
Endowment net assets, end of year	$ -	$ 295,801	$ 295,801

Changes in endowment net assets for the year ending September 30, 2018, are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ -	$ 293,698	$ 293,698
Investment return, net	-	8,243	8,243
Contributions	-	2,103	2,103
Appropriations for expenditure	-	(8,243)	(8,243)
Endowment net assets, end of year	$ -	$ 295,801	$ 295,801

Note 9 - Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purpose or periods.

	2019	2018 (As Restated)
Subject to expenditure for specified purpose		
Partners for Success	$ 78,062	$ 97,278
Community Resources	112,173	177,344
Food Shelf	45,340	26,584
B. Robert Lewis Houses	10,033	62,935
	245,608	364,141
Endowments		
Perpetual in nature, earnings from which are subject to endowment spending policy appropriation		
Available for general use	295,801	295,801
	$ 541,409	$ 659,942

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended September 30, 2019 and 2018:

	2019	2018 (As Restated)
Satisfaction of purpose restrictions		
Partners for Success	$ 89,334	$ 135,644
Community Resources	384,129	383,246
Food Shelf	145,764	148,385
Early Childhood Services	-	10,300
B. Robert Lewis Houses	133,781	156,572
Management projects	-	15,000
	753,008	849,147
Restricted-purpose spending-rate distributions and appropriation		
General use	239	8,243
	$ 753,247	$ 857,390

Note 10 - Adoption of ASU 2016-14 and Correction of an Error

The Organization adopted the provisions of FASB Accounting Standards Update 2016-14, *Presentation of Financial Statements of Not-For-Profit Entities*, as of October 1, 2018. As part of the adoption, changes were made to the presentation of the financial statements and the classification of net assets.

During 2019, the Organization identified a misstatement within the 2018 financial statements resulting in an overstatement of previously reported net assets with donor restrictions and an understatement of net assets without donor restrictions of $75,000 as of September 30, 2018. Accordingly, amounts reported for net assets with donor restrictions and with donor restrictions have been restated in the 2018 financial statements now presented to correct the error.

The following financial statement line items for the year ended September 30, 2018, were adjusted as a result of the adoption and correction of an error:

Statement of Financial Position	As Previously Reported	Adoption of ASU 2016-14 and Restatement	As Adjusted and Restated
Net assets			
Unrestricted	$ 743,045	$ (743,045)	$ -
Temporarily restricted	439,141	(439,141)	-
Permanently restricted	295,801	(295,801)	-
Without donor restrictions	-	818,045	818,045
With donor restrictions	-	659,942	659,942

The effect on the Organization's statement of activities for the year ended September 30, 2018 is as follows:

Statement of Activities	As Previously Reported	Adoption of ASU 2016-14 and Restatement	As Adjusted and Restated
Support and revenue			
Contributions			
Unrestricted	$ 904,538	$ (904,538)	$ -
Temporarily restricted	662,585	(662,585)	-
Permanently restricted	2,103	(2,103)	-
Without donor restrictions	-	979,538	979,538
With donor restrictions	-	589,688	589,688
Total support and revenue			
Unrestricted	5,305,202	(5,305,202)	-
Temporarily restricted	(113,598)	113,598	-
Permanently restricted	2,103	(2,103)	-
Without donor restrictions	-	5,380,202	5,380,202
With donor restrictions	-	(186,495)	(186,495)
Change in net assets			
Unrestricted	252,659	(252,659)	-
Temporarily restricted	(113,598)	113,598	-
Permanently restricted	2,103	(2,103)	-
Without donor restrictions	-	327,659	327,659
With donor restrictions	-	(186,495)	(186,495)
Net assets, beginning of year			
Temporarily restricted	552,739	(552,739)	-
Permanently restricted	293,698	(293,698)	-
With donor restrictions	-	846,437	846,437
Net assets, end of year			
Unrestricted	743,045	(743,045)	-
Temporarily restricted	439,141	(439,141)	-
Permanently restricted	295,801	(295,801)	-
Without donor restrictions	-	818,045	818,045
With donor restrictions	-	659,942	659,942

Note 11 - Subsequent Events

The Organization has evaluated subsequent events through April 10, 2020, the date the financial statements were available to be issued.

General Operations

Subsequent to year-end, the Organization has been impacted by the effects of the world-wide coronavirus pandemic. The Organization is closely monitoring its operations, liquidity, and capital resources and is actively working to minimize the current and future impact of this unprecedented situation. As of the date of issuance of these financial statements, the full impact to the Organization’s financial position is not known.

Investments

Subsequent to year-end, the United States and global markets experienced significant declines in value resulting from uncertainty caused by the world-wide coronavirus pandemic. The Organization is closely monitoring its investment portfolio and its liquidity and is actively working to minimize the impact of these declines. The Organization’s financial statements do not include adjustments to fair value that have resulted from these declines.