YOUTH SERVICE BUREAU, INC.

Financial Statements
December 31, 2016 with Comparative Totals for 2015

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foley kalseim
and company, ltd.
certified public accountants
and consultants

Independent Auditor's Report

The Board of Directors
Youth Service Bureau, Inc.
Stillwater, Minnesota

We have audited the accompanying financial statements of Youth Service Bureau, Inc. (a nonprofit organization) which comprise the statement of financial position as of December 31, 2016 and the related statement of activities, functional expenses, and cash flows for the year 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Youth Service Bureau, Inc., as of December 31, 2016, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Youth Service Bureau, Inc.'s 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 21, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Foley Kalseim & Company Ltd.

Lake Elmo, MN
July 18, 2017

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YOUTH SERVICE BUREAU, INC.
Statements of Financial Position
December 31, 2016 and 2015

ASSETS

	2016	2015
CURRENT ASSETS		
Cash and cash equivalents	$ 616,479	$ 353,778
Cash - UST Fund	15,951	15,259
Investments	317,081	295,776
Client fees receivable, net of allowance	42,195	37,234
Grants receivable	50,272	25,396
Prepaid expenses	8,669	6,803
Total current assets	1,050,647	734,246
PROPERTY AND EQUIPMENT		
Buildings and improvements	622,232	622,232
Furniture and equipment	47,901	38,036
	670,133	660,268
Less accumulated depreciation	(628,375)	(616,276)
Total property and equipment	41,758	43,992
OTHER ASSETS		
Security deposit	2,250	2,250
Beneficial interest in assets held at St. Paul Foundation	15,206	14,576
Total other assets	17,456	16,826
Total assets	$ 1,109,861	$ 795,064

LIABILITIES AND NET ASSETS

	2016	2015
CURRENT LIABILITIES		
Accounts payable	$ 9,093	$ 5,279
Accrued salaries, benefits and payroll taxes	23,206	25,958
Accrued vacation	22,784	15,238
Total current liabilities	55,083	46,475
NET ASSETS		
Unrestricted net assets	694,572	734,013
Temporarily restricted net assets	345,000	-
Permanently restricted net assets	15,206	14,576
Total net assets	1,054,778	748,589
Total liabilities and net assets	$ 1,109,861	$ 795,064

See accompanying notes to financial statements.

YOUTH SERVICE BUREAU, INC.
Statements of Activities and Change in Net Assets
For the Year Ended December 31, 2016 with Comparative Totals for 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2016	Total 2015
GRANTS, SUPPORT AND REVENUE					
Client fees	$ 386,510	$ -	$ -	$ 386,510	$ 252,378
Public support					
State of Minnesota	75,292	-	-	75,292	82,029
Washington County	225,877	-	-	225,877	251,169
School - based contracts	59,647	-	-	59,647	46,000
Municipalities	71,250	-	-	71,250	78,725
United Way	108,122	-	-	108,122	75,160
Private contributions	142,952	357,967	500	501,419	177,975
In-kind contributions	3,900	-	-	3,900	3,446
Total public support	687,040	357,967	500	1,045,507	714,504
Other revenue and (expenses)					
Rental income, net	8,253	-	-	8,253	8,806
Investment income, net of fees	46,005	-	747	46,752	418
St. Paul Foundation disbursement	-	-	(617)	(617)	(568)
Special events expense	(1,178)	-	-	(1,178)	(6,962)
Other revenue	1,218	-	-	1,218	999
Total other revenue and (expenses)	54,298	-	130	54,428	18,282
Total grants, support and revenue	1,127,848	357,967	630	1,486,445	985,164
EXPENSES					
Program expenses	918,989	12,967	-	931,956	852,492
Management and general	142,460	-	-	142,460	105,352
Fundraising	105,840	-	-	105,840	57,830
Total expenses	1,167,289	12,967	-	1,180,256	1,015,674
Change in net assets	(39,441)	345,000	630	306,189	(30,510)
NET ASSETS					
Beginning of year	734,013	-	14,576	748,589	779,099
End of year	$ 694,572	$ 345,000	$ 15,206	$ 1,054,778	$ 748,589

See accompanying notes to financial statements.

YOUTH SERVICE BUREAU, INC.

Statements of Functional Expenses

For the Year Ended December 31, 2016 with Comparative Totals for 2015

	Program Services	Supporting Services: Management and General	Supporting Services: Fundraising	Supporting Services: Total Supporting Services	Total 2016	Total 2015
Salaries and payroll taxes	$ 577,847	$ 81,082	$ 67,111	$ 148,193	$ 726,040	$ 672,270
Benefits	46,246	9,087	4,072	13,159	59,405	64,977
Total salaries and related	624,093	90,169	71,183	161,352	785,445	737,247
Subsidized care and insurance adjustments	173,839	-	-	-	173,839	104,157
Advertising	-	-	-	-	-	1,435
Bank charges and fees	-	2,286	-	2,286	2,286	3,256
Computer services and supplies	3,626	9,332	-	9,332	12,958	7,051
Dues and subscriptions	1,545	1,101	-	1,101	2,646	4,322
Educational programs	8,245	-	-	-	8,245	6,967
Insurance	8,206	2,883	-	2,883	11,089	10,242
Lawn care and snow removal	1,200	-	-	-	1,200	1,200
Meeting expense	410	926	-	926	1,336	630
Minnesota care tax	4,578	-	-	-	4,578	2,572
Miscellaneous	205	1,889	-	1,889	2,094	1,401
Postage and delivery	1,895	149	313	462	2,357	2,979
Printing and reproduction	2,237	3,700	60	3,760	5,997	3,619
Professional fees	3,735	24,515	30,031	54,546	58,281	18,380
Rent	43,946	3,577	3,577	7,154	51,100	56,725
Repairs and maintenance	16,906	766	-	766	17,672	9,489
Staff development	1,299	-	-	-	1,299	3,198
Supplies	2,411	266	-	266	2,677	2,893
Telephone	13,461	-	-	-	13,461	13,907
Travel	6,963	901	676	1,577	8,540	8,644
Utilities	6,573	-	-	-	6,573	6,292
Total expenses before depreciation	925,373	142,460	105,840	248,300	1,173,673	1,006,606
Depreciation	6,583	-	-	-	6,583	9,068
Total expenses	$ 931,956	$ 142,460	$ 105,840	$ 248,300	$ 1,180,256	$ 1,015,674

See accompanying notes to financial statements.

YOUTH SERVICE BUREAU, INC.
Statements of Cash Flows
For the Years Ended December 31, 2016 and 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 306,189	$ (30,510)
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation	12,099	15,751
Bad debts	-	(10,000)
Realized and unrealized (gains) and losses	(27,270)	26,251
Changes in operating assets and liabilities:		
Grants receivable	(24,876)	61
Client fee receivables	(4,961)	54,325
Prepaid expenses	(1,865)	2,813
Accounts payable	3,814	(4,631)
Accrued salaries, benefits and taxes	(2,753)	(14,672)
Accrued vacation	7,546	(2,030)
Net cash flows from operating activities	267,923	37,358
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale of investments, net of purchases	5,965	3,937
Purchase of property and equipment	(9,865)	(1,780)
Beneficial interest in assets held at St. Paul Foundation activity, net	(630)	388
Net cash flows from investing activities	(4,530)	2,545
Net change in cash and cash equivalents	263,393	39,903
CASH AND CASH EQUIVALENTS		
Beginning of year	369,037	329,134
End of year	$ 632,430	$ 369,037

See accompanying notes to financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization: The Youth Service Bureau, Inc. (the Organization) is a community supported, nonprofit agency offering professional counseling services and diversion services to young people and their families. The mission is to provide early intervention alternatives for youth and families to realize their strengths, find solutions and create positive futures. Major sources of revenue are from state, county and local government units, client fees, private donations and local United Ways. The Organization charges a sliding fee scale to clients based on their ability to pay.

Description of Programs: The following programs are offered at service sites located in Stillwater, Woodbury, and Cottage Grove, Minnesota.

Mental Health Services - Individual, family and group counseling services intended to provide youth, ages 7-18, and their families with affordable, accessible and effective care.

Diversion Services - A number of programs designed to provide an early intervention and diversion alternative to juvenile court for youth involved in delinquent behavior. Programs include victim offender mediation services, community work service and behavior specific education interventions that address theft, assault and chemical use.

School Based Services – A program to help students stay in school and perform well academically. The Organization partners with schools to provide chemical health education and intervention, and healthy living.

Income Tax Status: The Organization is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and similar state income tax laws. The Organization is a nonprivate corporation and contributions to the Organization qualify as a charitable tax deduction by the contributor.

Basis of Accounting: The Organization uses the accrual basis of accounting whereby revenue and support are recognized when earned and expenses are recognized when incurred.

Contributions: Contributions, including unconditional promises to give are recognized in the period received. All contributions are available for unrestricted use unless specifically restricted by the donor. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a 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.

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

- Unrestricted – Those resources over which the Board of Directors has discretionary control.
- Temporarily Restricted with respect to time or purpose – Those resources subject to a donor-imposed restriction which will be satisfied by actions of the Organization or the passage of time.
- Permanently Restricted – Those resources subject to a donor-imposed restriction that they be maintained permanently.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Receivables: Accounts receivable are stated at net realizable value. Bad debts are provided on the reserve method based on historical experience and management's evaluation of outstanding receivables at the end of each year. When all collection efforts have been exhausted, the accounts are written off against the related allowance. No interest is charged on past due accounts. At December 31, 2016 and 2015, an allowance of $15,000, has been provided.

Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Property, Equipment and Depreciation: The Organization capitalizes all expenditures in excess of $1,000 for property and equipment at cost. Contributed property and equipment is recorded at fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use, or contributions of cash that must be used to acquire property and equipment, are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restriction when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Depreciation is computed as follows:

	Life	Method
Buildings	20 Years	Straight Line
Improvements	5 to 20 Years	Straight Line
Furniture & Equipment	5 Years	Straight Line

Depreciation expense for the years ended December 31, 2016 and 2015 amounted to $12,099 and $15,751 respectively. A portion of this depreciation expense was net with rental income.

When assets are retired, or otherwise disposed of, the cost and related accumulated depreciation is removed from the accounts and any resulting gain or loss is reflected in income for the period.

The cost of maintenance and repairs is expensed as incurred.

Subsequent Events
In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through July 18, 2017, the date the financial statements were issued.

Functional Allocation of Expenses: The costs of providing programs and services have been summarized on a functional basis. Accordingly, certain costs have been allocated between program and the supporting services benefited.

Cash and Cash Equivalents: For the purpose of the statement of cash flows, cash and cash equivalents consist of money market accounts and any highly liquid debt instruments purchased with an initial maturity of three months or less.

The Organization places its temporary cash investments with several financial institutions. At times, such investments may be in excess of the Federal Deposit Insurance Corporation (FDIC) insurance limit. Uninsured balances were $315,295 and $78,143 at December 31, 2016 and 2015, respectively. No losses have been recognized by the Organization.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Donated Services, Materials and Equipment: Contributions of donated non-cash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

During the years ended December 31, 2016 and 2015 donated services to the Organization included the following:

	2016	2015
Donated Maintenance	$ 3,000	$ 3,000
Bank Fees	313	354
Miscellaneous	587	92
Totals	$ 3,900	$ 3,446

Government Grants and Contracts: Government grants and contract funds are recorded as revenue when earned. Revenue is earned when eligible expenditures, as defined in each grant or contract, are made. Funds received but not yet earned are shown as refundable advances. Expenditures under government contracts are subject to review by the granting authority. To the extent, if any, that such a review reduces expenditures allowable under these contracts, the Organization will record such disallowance at the time the final assessment is made.

Accrued Compensated Absences: Accrued compensated absences consist of accrued vacation time. Vacation time accrues to employees based on their term of employment. Vacation time pay is recorded as an expense and liability in the period earned. Employees may carry over up to a maximum of 80 hours of accrued vacation time from the previous year.

Comparative Financial Statements: The financial statements include certain prior year summarized comparative information in total but neither by net asset class nor by functionalized expenses. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2015, from which summarized information was derived.

Long-Lived Assets: Long-lived assets to be held and used are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. Determination of recoverability is based on an estimate of undiscounted future cash flows resulting from the use of the asset and its eventual disposition. Measurement of an impairment loss for long-lived assets that management expects to hold and use is based on the fair value of the asset. Long-lived assets to be disposed of are reported at the lower of carrying account or fair value less costs to sell. The Organization has determined that no impairment existed at December 31, 2016 and 2015.

Advertising Costs: The Organization uses advertising to promote its programs among the audiences it serves. Advertising costs are expensed as incurred. Advertising expense for the years ended December 31, 2016 and 2015 was $-0- and $1,435, respectively.

Investments: The Organization's investments consist of mutual funds which are recorded at market value.

Reclassifications: Prior period financial statement amounts have been reclassified to conform to current period presentation.

2. INVESTMENTS

The Organization's investments at December 31, 2016 and 2015 consist of marketable securities stated at fair value as summarized below:

	2016	2015
Mutual Funds	$ 317,081	$ 295,776

The following schedule summarizes the investment return and its classification in the statement of activities for the years ended December 31, 2016 and 2015.

	2016	2015
Interest, Dividends, Cap Gains	$ 21,246	$ 27,922
Beneficial Interest in Assets Held at St Paul Fdn activity, Net of Fees	747	(320)
Unrealized Gains (Losses)	22,781	(29,365)
Realized Gains (Losses)	4,489	3,115
Less Fees	(2,511)	(934)
Totals	$ 46,752	$ 418

3. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets of $345,000 and $-0- as of December 31, 2016 and 2015, respectively, consisted of funds received to date for the Expansion Project and Parent Education Program, less the amounts expensed for the specific program. As a result, temporarily restricted net assets increased by $345,000 in 2016.

4. LEASE COMMITMENTS

The Organization leases approximately 1,800 square feet of office space located at 7876 Hudson Road, Woodbury, Minnesota under an operating lease. The current lease requires monthly payments of $2,250 through November 30, 2019. This lease calls for an annual 3% increase for years 2017-2019.

The Organization leases approximately 1,928 square feet of office space located in the Washington County Historic Courthouse, Stillwater, Minnesota under 2 separate operating leases. The current leases require a combined monthly payment of $2,008 through December 31, 2016. The Organization renewed the leases for the period January 1, 2017 through December 31, 2017, with a combined monthly payment of $2,008.

Total rent expense on these leases for the years ended December 31, 2016 and 2015 was $51,100 and $56,725, respectively. Future minimum lease payments under these leases as of December 31, 2016 are:

Year Ending December 31,	Amount
2017	51,100
2018	27,810
2019	26,257
	$ 105,167

5. RETIREMENT PLAN

On January 1, 2008 the Organization adopted a 403(b) thrift plan (the plan) covering all employees. Employees are eligible for employer matching contributions after completing one year of service. The Organization matches employee contributions up to 4% of their gross pay. Employer contributions are subject to a vesting schedule. Matching expense under the plan for the years ended December 31, 2016 and 2015 was $11,842 and $19,690, respectively.

6. TRANSFERS OF ASSETS TO A RECIPIENT ORGANIZATION THAT RAISES OR HOLDS CONTRIBUTIONS FOR OTHERS

In November 2001, the Organization transferred assets to the Youth Service Bureau Fund (the Fund), which is held by the St. Paul Foundation (the Foundation). The property in the Fund was contributed to the Foundation to be held under terms of an agreement. The agreement provides that payments from the Fund to the Organization can be made at the discretion of the Foundation at such times and in such amounts and for such charitable purposes as the Foundation deems appropriate. All funds administered by the Foundation are subject to the bylaws of the Foundation which includes the power to vary some of the terms of the agreement, if in the judgment of the Foundation's Board of Directors the restrictions and conditions in the agreement become unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community. The authority to modify restrictions is sometimes referred to as the "variance power" and is the legal requirement imposed on all community foundations. As a result of the variance power, all component funds are considered to be parts of a single public charity, in this case the St. Paul Foundation.

In accordance with standards, if a community foundation accepts a contribution from an organization and agrees to transfer those assets, the return on investment of those assets, or both back to the Organization, those contributions to a community foundation must be presented as an asset of the donor organization (Beneficial Interest in Assets Held at St. Paul Foundation) on the statement of financial position. However, it is important to note that this treatment is for financial statement presentation purposes only and the legal ownership of the assets remains with the St. Paul Foundation. The Organization reports distributions received as investment income and changes in the value of the Fund are reported as gains or losses in the statement of activities. Changes in the Fund for the year ended December 31, 2016 are as follows:

Balance at December 31, 2015	$ 14,576
Share of appreciation of fund	630
Balance at December 31, 2016	$ 15,206

7. CONCENTRATIONS

For the years ended December 31, 2016 and 2015, the Organization received approximately 25% and 42%, respectively, of their total revenue from state, county and local governmental units. In addition, the Organization received almost 8% of their total revenue from local United Ways, for the years ended December 31, 2016 and 2015. A significant reduction in this funding could materially affect the activities of the Organization.

8. OPERATING LEASE COMMITMENTS

The Organization leased to two tenants under operating leases for office space located at 7065 West Point Douglas Road, Cottage Grove, Minnesota during 2016. The terms of those leases call for base monthly payments of $954 through November 30, 2016 and monthly payments of $477 through August 31, 2017. In addition, the leases call for common area maintenance fees and prorated property tax reimbursements. Rental income is reported net of related expenses and depreciation of $5,516 and $6,683 for the years ended December 31, 2016 and 2015, respectively.

The following is a schedule by years of future minimum rentals under the leases at December 31, 2016:

Year Ending December 31,	Amount
2017	27,218
2018	23,709
2019	23,088
	$ 74,015

9. FAIR VALUE OF FINANCIAL INSTRUMENTS

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1 Fair Value Measurements
Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 Fair Value Measurements
Inputs to the valuation methodology include; 1) quoted prices for similar assets or liabilities in active markets; 2) quoted prices for identical or similar assets or liabilities in inactive markets; 3) inputs other than quoted prices that are observable for the asset or liability; and 4) inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specific (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Fair Value Measurement
Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2016 and 2015.

Mutual and Index Funds: Values at the daily closing prices as reported by the fund. Mutual and index funds held by the Organization are open-end funds that are registered with the Securities Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual and index funds held by the Organization are deemed to be actively traded.

9. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

Beneficial Interest in Assets Held at St. Paul Foundation: Valued as a practical expedient, at the fair value of the Organization's share of the Foundation's investment pool as of the measurement date. The Foundation values securities and other financial instruments on a fair value basis of accounting. The estimated fair values of certain investments of the Foundation, which includes private placements and other securities for which prices are not readily available, are determined by the management of the Foundation and may not reflect amounts that could be realized upon immediate sale, nor amounts that ultimately may be realized. Accordingly, the estimated fair values may differ significantly from the values that would have been used had a ready market existed for these investments. The Foundation's investments are composed of domestic equities, foreign stocks, bonds, and alternative investments including hedge funds, real estate and private equity funds. The beneficial interest of assets held at the St. Paul Foundation is not redeemable by the Organization as described in note 6.

Fair values of assets measured on a recurring basis at December 31, 2016 and 2015 as follows:

	Fair Value Measurements at Reporting Using		
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Unobservable Inputs (Level 3)
December 31, 2016			
Mutual Funds			
Index Funds - St. Croix Valley Foundation	$ 63,530	$ 63,530	$ -
Equity Funds	253,551	253,551	-
	$ 317,081	$ 317,081	$ -
Beneficial Interest in Assets Held at St. Paul Foundation	$ 15,206	$ -	$ 15,206
December 31, 2015			
Mutual Funds			
Index Funds – St. Croix Valley Foundation	$ 60,520	$ 60,520	$ -
Equity Funds	235,256	235,256	-
	$ 295,776	$ 295,776	$ -
Beneficial Interest in Assets Held at St. Paul Foundation	$ 14,576	$ -	$ 14,576

Financial instruments classified as Level 3 in the fair value hierarchy represent the Organization's investments in financial instruments in which management has used at least one significant unobservable input in the valuation model. The following table represents a reconciliation of the activities in Level 3 financial instruments:

Balance at December 31, 2014	$ 14,964
Share of depreciation of fund	(388)
Balance at December 31, 2015	$ 14,576
Share of appreciation fund	630
Balance at December 31, 2016	$ 15,206

9. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

The components of the net gain on investments, including Level 3 investments, as reported in the accompanying consolidated statements of activities are as follow for the years ended December 31, 2016 and 2015:

	2016	2016
Interest and dividends	211	196
Investment gain (loss)	846	(209)
Grants paid	(617)	(568)
Contributions	500	500
Administrative and investment expenses	(310)	(307)
Share of appreciation (depreciation) of fund	$ 630	$ (388)

10. INCOME TAXES

The Organization has evaluated for uncertain tax positions and management has expressed there are no uncertain tax positions as of December 31, 2016. Tax returns for the past three years remain open for examination by tax jurisdictions.

11. ST. CROIX VALLEY FOUNDATION

The Organization established a long-term fund with the St. Croix Valley Foundation (SCVF) in 2001. The fair market value of the fund is included in the Organization's investments. During 2007, SCVF initiated a matching grant program called Partners for the Future in which the Organization was awarded $25,000. The initial matching funds, plus additional gifts from SCVF donors, are an asset of the SCVF and not the Organization's, and as a result are not reported in the Organization's financial statements. The Organization is entitled to the annual spendable amount which is 5% of the average past sixteen quarters' fund balance. The annual spendable amount can be used by the Organization or transferred to the long-term fund established at the SCVF and as a result would increase the Organization's investments. As of December 31, 2016 and 2015, the spendable amount from the SCVF matching grant is $2,464 and $2,448, respectively.

12. GRANTS RECEIVABLE

Grants receivable as of December 31, 2016 are expected to be realized in one year or less and consist of the following:

State of Minnesota	$ 12,500
United Way	37,772
Total	$ 50,272

13. UNEMPLOYMENT FUND

The Organization has an unemployment fund with an unemployment management company. The Organization has determined that the contributions to the fund are a cash asset of the Organization. Any unemployment claims are paid from this fund. During 2016 and 2015, there were no claims paid from this fund. At December 31, 2016 and 2015 the balance in this fund was $15,951 and $15,259, respectively.