

THE COOKIE CART
FINANCIAL STATEMENTS
YEARS ENDED
DECEMBER 31, 2010 AND 2009

THE COOKIE CART
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5201 Eden Avenue
Suite 250
Edina, MN 55436

INDEPENDENT AUDITOR'S REPORT

Board of Directors
The Cookie Cart
Minneapolis, Minnesota

We have audited the accompanying statements of financial position of the Cookie Cart (the Organization), a Minnesota nonprofit corporation, as of December 31, 2010 and 2009, and the related statements of activities, cash flows and functional expenses for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2010 and 2009, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

April 5, 2011
Minneapolis, Minnesota

ABDO, EICK & MEYERS, LLP
Certified Public Accountants

FINANCIAL STATEMENTS

THE COOKIE CART
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2010 AND 2009

	2010	2009
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 222,632	\$ 202,970
Investments	42,455	41,460
Accounts receivable, less allowance for doubtful accounts	29,624	25,978
Promises to give	11,730	4,000
Prepays	7,921	7,735
TOTAL CURRENT ASSETS	314,362	282,143
PROPERTY AND EQUIPMENT		
Land	50,000	50,000
Building and improvements	388,328	388,328
Bakery equipment	50,603	50,603
Furniture and fixtures	103,049	102,005
TOTAL PROPERTY AND EQUIPMENT	591,980	590,936
LESS ACCUMULATED DEPRECIATION	(353,761)	(325,224)
NET PROPERTY AND EQUIPMENT	238,219	265,712
TOTAL ASSETS	\$ 552,581	\$ 547,855
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 11,487	\$ 7,258
Deposits	1,292	1,292
Unearned revenue	2,166	-
Accrued payroll	17,330	11,375
Current portion of long-term debt	12,787	12,084
TOTAL CURRENT LIABILITIES	45,062	32,009
LONG-TERM LIABILITIES		
Note payable less current portion above	73,989	86,776
TOTAL LIABILITIES	119,051	118,785
NET ASSETS		
Temporarily restricted	-	11,000
Unrestricted	433,530	418,070
TOTAL NET ASSETS	433,530	429,070
TOTAL LIABILITIES AND NET ASSETS	\$ 552,581	\$ 547,855

See Independent Auditor's Report and Notes to Financial Statements.

THE COOKIE CART
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2010 AND 2009

	2010	2009
UNRESTRICTED REVENUE, SUPPORT AND RECLASSIFICATIONS		
UNRESTRICTED REVENUE		
Sales of cookies	\$ 225,900	\$ 207,947
Less cost of sales	(91,161)	(82,163)
TOTAL UNRESTRICTED REVENUE	134,739	125,784
SUPPORT		
Grants	283,150	264,756
Gifts	117,504	101,261
Donated materials and services	90,075	57,764
Event sponsorship	4,750	2,150
Interest	2,321	1,277
Rental and other	17,007	17,176
TOTAL SUPPORT	514,807	444,384
TOTAL UNRESTRICTED REVENUE AND SUPPORT	649,546	570,168
EXPENSES		
Program services		
Education/bakery	486,106	432,233
Support services		
Fundraising	58,291	53,667
Administration	89,689	67,285
TOTAL EXPENSES	634,086	553,185
INCREASE IN UNRESTRICTED NET ASSETS	15,460	16,983
TEMPORARILY RESTRICTED NET ASSETS		
Donations and contributions	-	11,000
Net assets released from restrictions	(11,000)	-
INCREASE (DECREASE) IN TEMPORARILY RESTRICTED NET ASSETS	(11,000)	11,000
INCREASE IN NET ASSETS	4,460	27,983
NET ASSETS, JANUARY 1	429,070	401,087
NET ASSETS, DECEMBER 31	\$ 433,530	\$ 429,070

See Independent Auditor's Report and Notes to Financial Statements.

THE COOKIE CART
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2010 AND 2009

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ 4,460	\$ 27,983
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	28,537	31,010
(Increase) decrease in assets:		
Accounts receivable	(3,646)	(3,188)
Promises to give	(7,730)	23,500
Prepays	(186)	(2,917)
Increase (decrease) in liabilities:		
Accounts payable	4,229	(8,746)
Unearned revenue	2,166	-
Accrued payroll	5,955	(3,547)
	<u>33,785</u>	<u>64,095</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES		
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(995)	(72,181)
Sales of investments	-	201,776
Purchase of property and equipment	(1,044)	(12,267)
	<u>(2,039)</u>	<u>117,328</u>
NET CASH (USED) PROVIDED BY INVESTING ACTIVITIES		
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal paid on notes payable	(12,084)	(58,845)
Proceeds of notes payable	-	41,460
	<u>(12,084)</u>	<u>(17,385)</u>
NET CASH USED BY FINANCING ACTIVITIES		
INCREASE IN CASH AND CASH EQUIVALENTS	19,662	164,038
CASH AND CASH EQUIVALENTS, JANUARY 1	<u>202,970</u>	<u>38,932</u>
CASH AND CASH EQUIVALENTS, DECEMBER 31	<u>\$ 222,632</u>	<u>\$ 202,970</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for interest	<u>\$ 4,908</u>	<u>\$ 6,831</u>
Donated Equipment	<u>\$ -</u>	<u>\$ 2,000</u>
Donated materials and services	<u>\$ 90,075</u>	<u>\$ 57,764</u>

See Independent Auditor's Report and Notes to Financial Statements.

THE COOKIE CART
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED DECEMBER 31, 2010 AND 2009

EXPENSES	2010			
	Program Services	Support Services		Total Expenses
	Education/ Bakery	Fundraising	Administration	
Salaries and benefits	\$ 340,584	\$ 50,743	\$ 60,894	\$ 452,221
Printing and supplies	12,118	992	445	13,555
Insurance	6,336	-	334	6,670
Dues and subscriptions	-	-	1,164	1,164
Utilities	41,591	-	4,621	46,212
Advertising	9,833	3,157	-	12,990
Professional services	1,366	-	9,168	10,534
Training	4,305	-	-	4,305
Fundraising	-	3,399	-	3,399
Miscellaneous	25,890	-	5,301	31,191
Interest	-	-	4,908	4,908
Repairs and maintenance	18,400	-	-	18,400
Depreciation	25,683	-	2,854	28,537
TOTAL EXPENSES	\$ 486,106	\$ 58,291	\$ 89,689	\$ 634,086

EXPENSES	2009			
	Program Services	Support Services		Total Expenses
	Education/ Bakery	Fundraising	Administration	
Salaries and benefits	\$ 310,770	\$ 47,760	\$ 38,208	\$ 396,738
Printing and supplies	11,571	607	446	12,624
Insurance	6,477	-	341	6,818
Dues and subscriptions	-	-	1,069	1,069
Utilities	34,294	-	3,810	38,104
Advertising	5,322	2,226	-	7,548
Professional services	3,337	-	8,808	12,145
Training	6,368	-	-	6,368
Fundraising	-	3,074	-	3,074
Miscellaneous	16,655	-	4,671	21,326
Interest	-	-	6,831	6,831
Repairs and maintenance	9,530	-	-	9,530
Depreciation	27,909	-	3,101	31,010
TOTAL EXPENSES	\$ 432,233	\$ 53,667	\$ 67,285	\$ 553,185

See Independent Auditor's Report and Notes to Financial Statements.

THE COOKIE CART
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

The Cookie Cart (the Organization) is a nonprofit community corporation that provides employment skills for youth in North Minneapolis, Minnesota. The mission of the Organization states: "Centered in a Community non-profit bakery, Cookie Cart builds better lives for youth by providing lasting and meaningful work, life, and leadership skills."

The Organization's core program is the Bakery program offering youth employment and learning opportunities through the experience of working in a small business setting (the bakery). Auxiliary programs provide assistance with career planning and transition to traditional employment.

B. Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities.

C. Basis of Presentation

Contributions received are recorded as an increase in unrestricted and temporarily restricted support, depending on the existence and nature of donor restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted - Resources over which the Board of Directors has discretionary control. Designated amounts represent revenue, which the Board of Directors has set aside for a particular purpose.

Temporarily Restricted - Resources subject to donor imposed restrictions, which will be satisfied by actions of the Organization or passage of time. Restricted contributions received in the same year in which the restrictions are met are recorded as an increase to restricted support at the time of receipt and as net assets released from restrictions.

D. Use of 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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue and expense during the reporting period. Actual results could differ from those estimates.

E. Cash and Cash Equivalents

All highly liquid investments with a maturity of three months or less are considered to be cash equivalents.

F. Investments

Investments are carried at fair value. Fair value is determined by using quoted market prices, if available, or by discounting estimated future cash flows at a current interest rate. Net realized and unrealized gains and losses and investment revenue from dividends and interest are reflected in the statement of activities as changes in unrestricted net assets, unless restrictions have been imposed by the donor.

THE COOKIE CART
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

G. Accounts Receivable

Accounts receivable are reported net of an allowance for doubtful accounts of \$686 and \$2,698 for the years ended December 31, 2010 and 2009, respectively.

H. Promises to Give

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

I. Property and Equipment

Property and equipment are recorded at cost and are depreciated using the straight-line method based on estimated useful lives as follows:

<u>Assets</u>	<u>Useful Lives in Years</u>
Building and improvements	20
Bakery equipment	10
Furniture and fixtures	5 - 20

Upon retirement or other disposition, the cost and related accumulated depreciation of disposed assets are removed from the accounts and any resultant gain or loss is recognized in changes in unrestricted net assets.

Repairs and maintenance are charged to expense as incurred. Renewals and improvements, which extend the useful life of assets, are capitalized and depreciated over future periods.

Contributed property and equipment is recorded at fair value at the date of donation. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support.

THE COOKIE CART
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

J. Donated Materials, Services and Property and Equipment

The Organization receives donated inventory, services, and property and equipment. These items are recognized in the financial statements under the provisions of FAS No. 116 "Accounting for Contributions Received and Contributions Made". The Organization recognized \$90,075 and \$57,764 of contributed inventory and services during 2010 and 2009, respectively, as detailed below:

Item	Value	
	2010	2009
Ingredients	\$ 45,475	\$ 38,352
Computer services	13,476	13,212
Graphic design	2,600	2,600
Legal services	2,403	1,600
Step-up wages	24,973	-
Equipment	-	2,000
Other	1,148	-
	\$ 90,075	\$ 57,764

K. Statement of Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis on page 7. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

L. Advertising

The Organization follows the policy of charging the costs of advertising to expense as incurred. Advertising expenses were \$12,990 and \$7,150 for the years ended December 31, 2010 and 2009, respectively.

M. Subsequent Events

In preparing the financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through April 5, 2011, the date the financial statements were available to be issued.

Note 2: INVESTMENTS

Investments are stated at market and are summarized as follows:

	2010	2009
Certificate of Deposit	\$ 42,455	\$ 41,460

THE COOKIE CART
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

Note 3: LONG-TERM DEBT

On January 10, 2005, the Organization entered into a \$100,000 note payable with Nonprofits Assistance Fund to finance ongoing operations with interest at 8.5 percent. The note was refinanced August 14, 2009 by Bremer Bank for \$41,460. The note carries an interest rate of 6.5 percent and has a 6 year amortization with a balloon payment of \$23,468 due August 14, 2012. In 2008, the Organization entered into two additional note agreements with Nonprofits Assistance Fund for \$35,000 per note for building renovations. The notes will be repaid over a 10 year period at an annual interest rate of 8 and 2 percent. The outstanding balance of the three notes at December 31, 2010 is \$86,776. The notes are secured by the land and building owned by the Organization. The Bremer bank note is also secured by a CD deposited at the bank. Interest expense for the notes was \$4,908 and \$6,831 for the years ended December 31, 2010 and 2009, respectively.

Annual requirements to maturity for all long-term debt are as follows:

Year	Notes Payable
2011	\$ 12,787
2012	33,983
2013	7,084
2014	7,448
2015	7,839
2016 - 2018	17,635
Total	\$ 86,776

Note 4: INCOME TAXES

The Organization is exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code. The Organization also qualifies as a tax-exempt corporation under applicable Minnesota statutes.

THE COOKIE CART
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

Note 5: TEMPORARILY RESTRICTED NET ASSETS

Net assets were released from donor restrictions by incoming expenses satisfying the purpose specified by donors as follows:

Donor	December 31,	
	2010	2009
Wells Fargo	\$ 9,000	\$ -
Cargill	2,000	-
Total	\$ 11,000	\$ -

Net assets were decreased by temporarily restricted contributions specified by donors as follows:

Donor	December 31,	
	2010	2009
Wells Fargo	\$ -	\$ 9,000
Cargill	-	2,000
Total	\$ -	\$ 11,000