

COOKIE CART
FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2011 AND 2010

COOKIE CART
TABLE OF CONTENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	<u>Page No.</u>
INDEPENDENT AUDITOR'S REPORT	2
FINANCIAL STATEMENTS	
Statements of Financial Position	4
Statements of Activities	5
Statements of Cash Flows	6
Statements of Functional Expenses	7
Notes to the Financial Statements	8



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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Cookie Cart
Minneapolis, Minnesota

We have audited the accompanying statements of financial position of Cookie Cart (the Organization), a Minnesota nonprofit corporation, as of December 31, 2011 and 2010, 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, 2011 and 2010, 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.

March 5, 2012
Minneapolis, Minnesota

ABDO, EICK & MEYERS, LLP
Certified Public Accountants

FINANCIAL STATEMENTS

COOKIE CART
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2011 AND 2010

	2011	2010
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 292,997	\$ 222,632
Investments	43,474	42,455
Accounts receivable, less allowance for doubtful accounts	31,594	29,624
Promises to give	18,144	11,730
Prepays	6,668	7,921
TOTAL CURRENT ASSETS	392,877	314,362
PROPERTY AND EQUIPMENT		
Land	50,000	50,000
Building and improvements	387,987	388,328
Bakery equipment	50,603	50,603
Furniture and fixtures	104,494	103,049
TOTAL PROPERTY AND EQUIPMENT	593,084	591,980
LESS ACCUMULATED DEPRECIATION	(379,172)	(353,761)
NET PROPERTY AND EQUIPMENT	213,912	238,219
TOTAL ASSETS	\$ 606,789	\$ 552,581
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 21,435	\$ 11,487
Deposits	1,292	1,292
Unearned revenue	1,277	2,166
Accrued payroll	18,673	17,330
Current portion of long-term debt	33,983	40,032
TOTAL CURRENT LIABILITIES	76,660	72,307
LONG-TERM LIABILITIES		
Note payable less current portion above	40,007	46,744
TOTAL LIABILITIES	116,667	119,051
NET ASSETS		
Temporarily restricted for:		
Program development	7,500	-
Capacity campaign	27,977	-
Unrestricted non - designated	422,335	433,530
Unrestricted board designated	32,310	-
TOTAL NET ASSETS	490,122	433,530
TOTAL LIABILITIES AND NET ASSETS	\$ 606,789	\$ 552,581

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

COOKIE CART
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	2011	2010
UNRESTRICTED REVENUE, SUPPORT AND RECLASSIFICATIONS		
UNRESTRICTED REVENUE		
Sales of cookies	\$ 254,389	\$ 225,900
Less cost of sales	(91,963)	(91,161)
TOTAL UNRESTRICTED REVENUE	162,426	134,739
SUPPORT		
Grants	291,550	283,150
Gifts	147,198	117,504
Donated materials and services	84,209	90,075
Event sponsorship	6,154	4,750
Interest	1,708	2,321
Rental and other	17,992	17,007
TOTAL SUPPORT	548,811	514,807
RECLASSIFICATIONS		
Net assets released from restrictions		
Restriction satisfied by payments	96,260	-
TOTAL UNRESTRICTED REVENUE	807,497	649,546
EXPENSES		
Program services		
Education/bakery	499,528	486,106
Support services		
Fundraising	202,367	58,291
Administration	84,487	89,689
TOTAL EXPENSES	786,382	634,086
INCREASE IN UNRESTRICTED NET ASSETS	21,115	15,460
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS		
TEMPORARILY RESTRICTED NET ASSETS		
Donations and contributions	131,737	-
Net assets released from restrictions	(96,260)	(11,000)
INCREASE (DECREASE) IN TEMPORARILY RESTRICTED NET ASSETS	35,477	(11,000)
INCREASE IN NET ASSETS	56,592	4,460
NET ASSETS, JANUARY 1	433,530	429,070
NET ASSETS, DECEMBER 31	\$ 490,122	\$ 433,530

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

COOKIE CART
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ 56,592	\$ 4,460
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Lose on disposal of assets	1,006	-
Depreciation	26,180	28,537
(Increase) decrease in assets:		
Accounts receivable	(1,970)	(3,646)
Promises to give	(6,414)	(7,730)
Prepays	1,253	(186)
Increase (decrease) in liabilities:		
Accounts payable	9,948	4,229
Unearned revenue	(889)	2,166
Accrued payroll	1,343	5,955
	<u>87,049</u>	<u>33,785</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES		
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(1,019)	(995)
Purchase of property and equipment	(2,879)	(1,044)
	<u>(3,898)</u>	<u>(2,039)</u>
NET CASH USED BY INVESTING ACTIVITIES		
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal paid on notes payable	(12,786)	(12,084)
	<u>(12,786)</u>	<u>(12,084)</u>
INCREASE IN CASH AND CASH EQUIVALENTS	70,365	19,662
CASH AND CASH EQUIVALENTS, JANUARY 1	<u>222,632</u>	<u>202,970</u>
CASH AND CASH EQUIVALENTS, DECEMBER 31	<u>\$ 292,997</u>	<u>\$ 222,632</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for interest	<u>\$ 4,600</u>	<u>\$ 4,908</u>
Donated materials and services	<u>\$ 84,209</u>	<u>\$ 90,075</u>

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

COOKIE CART
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

EXPENSES	2011			
	Program Services	Support Services		Total Expenses
	Education/ Bakery	Fundraising	Administration	
Salaries and benefits	\$ 346,236	\$ 119,695	\$ 50,195	\$ 516,126
Printing and supplies	25,129	7,565	743	33,437
Insurance	6,484	-	341	6,825
Dues and subscriptions	-	-	882	882
Utilities	38,084	-	9,992	48,076
Advertising	3,767	2,105	-	5,872
Professional services	8,587	66,249	12,925	87,761
Training	15,726	-	-	15,726
Fundraising	-	6,753	-	6,753
Miscellaneous	21,247	-	2,191	23,438
Interest	-	-	4,600	4,600
Repairs and maintenance	10,706	-	-	10,706
Depreciation	23,562	-	2,618	26,180
TOTAL EXPENSES	\$ 499,528	\$ 202,367	\$ 84,487	\$ 786,382

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

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

COOKIE CART
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

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. Beginning in 2011, the Organization initiated fundraising through a capacity campaign which is intended to support the long-term capital needs of the Organization.

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.

COOKIE CART
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

G. Accounts receivable

Accounts receivable are reported net of an allowance for doubtful accounts of \$378 for the years ended December 31, 2011 and 2010. The accounts receivable balance is comprised mainly of amounts due from corporate cookie sales.

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. Property and equipment are defined by the Organization as assets with an initial, individual cost of more than \$1,000 (amount not rounded) and an estimated useful life in excess of one year 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.

COOKIE CART
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010

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 \$84,209 and \$90,075 of contributed inventory and services during 2011 and 2010, respectively, as detailed below:

Item	Value	
	2011	2010
Ingredients	\$ 40,748	\$ 45,475
Computer services	13,746	13,476
Graphic design	1,500	2,600
Legal services	5,805	2,403
Step-up wages	22,410	24,973
Other	-	1,148
	\$ 84,209	\$ 90,075
Total	\$ 84,209	\$ 90,075

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 \$5,872 and \$12,990 for the years ended December 31, 2011 and 2010, respectively.

M. Subsequent events

In preparing the financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through March 5, 2012, the date the financial statements were available to be issued.

Note 2: INVESTMENTS

Investments are stated at market and are summarized as follows:

	2011	2010
Certificate of Deposit	\$ 43,474	\$ 42,455
	\$ 43,474	\$ 42,455

COOKIE CART
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010

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, 2011 is \$73,990. 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 \$4,600 and \$4,908 for the years ended December 31, 2011 and 2010, respectively.

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

Year	Notes Payable
2012	\$ 33,983
2013	7,084
2014	7,448
2015	7,839
2016	8,254
2017 - 2018	9,382
Total	\$ 73,990

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.