

Financial Statements

The Cookie Cart
Minneapolis, Minnesota

For the Years Ended
December 31, 2016 and 2015

THE COOKIE CART
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DECEMBER 31, 2016 AND 2015

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
The Cookie Cart
Minneapolis, Minnesota

We have audited the accompanying financial statements of The Cookie Cart (the Organization), a Minnesota nonprofit corporation, which comprise the statements of financial position as of December 31, 2016 and 2015 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 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 of 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 December 31, 2016 and 2015, 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.

ABDO, EICK & MEYERS, LLP
Minneapolis, Minnesota
February 2, 2017

FINANCIAL STATEMENTS

THE COOKIE CART
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2016 AND 2015

	2016	2015
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,317,943	\$ 236,817
Accounts receivable	44,628	96,976
Promises to give, current	400,921	25,000
Inventory	39,528	32,954
Prepays	25,156	28,823
TOTAL CURRENT ASSETS	1,828,176	420,570
PROPERTY AND EQUIPMENT		
Land	50,000	50,000
Building and improvements	1,890,639	1,880,896
Construction in process	476,384	464,710
Bakery equipment	63,044	63,044
Furniture and fixtures	43,103	43,103
PROPERTY AND EQUIPMENT, COST	2,523,170	2,501,753
LESS ACCUMULATED DEPRECIATION	(448,577)	(381,203)
PROPERTY AND EQUIPMENT, NET	2,074,593	2,120,550
NONCURRENT ASSETS		
Beneficial interest in endowment assets held by others	100,000	-
Promises to give, noncurrent, net of pledge discount	168,367	-
TOTAL NONCURRENT ASSETS	268,367	-
TOTAL ASSETS	\$ 4,171,136	\$ 2,541,120
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 2,978	\$ -
Note payable, current portion	30,310	28,925
Accrued payroll and compensated absences	19,927	13,577
TOTAL CURRENT LIABILITIES	53,215	42,502
LONG-TERM LIABILITIES		
Note payable, noncurrent portion	684,336	713,444
TOTAL LIABILITIES	737,551	755,946
NET ASSETS		
Unrestricted		
Undesignated	2,153,544	1,681,174
Board designated	-	40,000
Temporarily restricted for		
Program development	15,747	64,000
Capacity campaign	1,164,294	-
Permanently restricted endowment	100,000	-
TOTAL NET ASSETS	3,433,585	1,785,174
TOTAL LIABILITIES AND NET ASSETS	\$ 4,171,136	\$ 2,541,120

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

THE COOKIE CART
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2016
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2015)

	2016			Total	2015
	Unrestricted	Temporarily Restricted	Permanently Restricted		
SUPPORT AND REVENUE					
SUPPORT					
Donations and contributions	\$ 195,762	\$ 1,831,919	\$ 100,000	\$ 2,127,681	\$ 264,869
Donated materials and services	194,976	27,546	-	222,522	174,028
Grants	373,911	50,812	-	424,723	555,250
Special events					
Revenue	233,344	-	-	233,344	196,258
Expense	(48,914)	-	-	(48,914)	(39,104)
Net special events	<u>184,430</u>	<u>-</u>	<u>-</u>	<u>184,430</u>	<u>157,154</u>
	<u>949,079</u>	<u>1,910,277</u>	<u>100,000</u>	<u>2,959,356</u>	<u>1,151,301</u>
REVENUE					
Sales of cookies	500,603	-	-	500,603	513,786
Interest	904	-	-	904	402
Rental and other	<u>18,038</u>	<u>-</u>	<u>-</u>	<u>18,038</u>	<u>13,000</u>
TOTAL REVENUE	<u>519,545</u>	<u>-</u>	<u>-</u>	<u>519,545</u>	<u>527,188</u>
RECLASSIFICATIONS					
Net assets released from restrictions					
Restriction satisfied by payments	<u>794,236</u>	<u>(794,236)</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL SUPPORT AND REVENUE	<u>2,262,860</u>	<u>1,116,041</u>	<u>100,000</u>	<u>3,478,901</u>	<u>1,678,489</u>
EXPENSES					
Program services					
Education/bakery	1,313,019	-	-	1,313,019	1,239,130
Support services					
Fundraising - General	171,817	-	-	171,817	193,972
Fundraising - Capacity Campaign	197,879	-	-	197,879	137,192
Administration	<u>147,775</u>	<u>-</u>	<u>-</u>	<u>147,775</u>	<u>119,530</u>
TOTAL EXPENSES	<u>1,830,490</u>	<u>-</u>	<u>-</u>	<u>1,830,490</u>	<u>1,689,824</u>
CHANGE IN NET ASSETS	432,370	1,116,041	100,000	1,648,411	(11,335)
NET ASSETS, JANUARY 1	<u>1,721,174</u>	<u>64,000</u>	<u>-</u>	<u>1,785,174</u>	<u>1,796,509</u>
NET ASSETS, DECEMBER 31	<u>\$ 2,153,544</u>	<u>\$ 1,180,041</u>	<u>\$ 100,000</u>	<u>\$ 3,433,585</u>	<u>\$ 1,785,174</u>

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

THE COOKIE CART
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2015

	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE			
SUPPORT			
Donations and contributions	\$ 193,183	\$ 71,686	\$ 264,869
Donated materials and services	174,028	-	174,028
Grants	485,250	70,000	555,250
Special events			
Revenue	196,258	-	196,258
Expense	(39,104)	-	(39,104)
Net special events	<u>157,154</u>	<u>-</u>	<u>157,154</u>
 TOTAL SUPPORT	 <u>1,009,615</u>	 <u>141,686</u>	 <u>1,151,301</u>
 REVENUE			
Sales of cookies	513,786	-	513,786
Interest	402	-	402
Rental and other	13,000	-	13,000
 TOTAL REVENUE	 <u>527,188</u>	 <u>-</u>	 <u>527,188</u>
 RECLASSIFICATIONS			
Net assets released from restrictions			
Restriction satisfied by payments	<u>199,285</u>	<u>(199,285)</u>	<u>-</u>
 TOTAL SUPPORT REVENUE	 <u>1,736,088</u>	 <u>(57,599)</u>	 <u>1,678,489</u>
 EXPENSES			
Program services			
Education/bakery	1,239,130	-	1,239,130
Support services			
Fundraising - General	193,972	-	193,972
Fundraising - Capacity Campaign	137,192	-	137,192
INC Administration	<u>119,530</u>	<u>-</u>	<u>119,530</u>
 TOTAL EXPENSES	 <u>1,689,824</u>	 <u>-</u>	 <u>1,689,824</u>
 CHANGE IN NET ASSETS	 46,264	 (57,599)	 (11,335)
 NET ASSETS, JANUARY 1	 <u>1,674,910</u>	 <u>121,599</u>	 <u>1,796,509</u>
 NET ASSETS, DECEMBER 31	 <u>\$ 1,721,174</u>	 <u>\$ 64,000</u>	 <u>\$ 1,785,174</u>

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

THE COOKIE CART
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

EXPENSES	2016				
	Program Services	Support Services			Total Expenses
	Education/ Bakery	Fundraising		Administration	
		General	Capital Campaign		
Salaries and benefits	\$ 708,093	\$ 159,825	\$ 81,286	\$ 118,398	\$ 1,067,602
Product costs	220,393	-	-	-	220,393
Printing and office supplies	8,664	10,474	-	998	20,136
Insurance	26,687	-	-	-	26,687
Dues and subscriptions	-	-	-	3,399	3,399
Utilities	25,332	-	-	2,815	28,147
Advertising	9,137	-	-	-	9,137
Professional services	29,108	-	-	16,621	45,729
Training	7,235	-	-	-	7,235
Fundraising	-	1,518	-	-	1,518
St. Paul site costs	20,000	-	95,839	-	115,839
Program evaluation	12,711	-	-	-	12,711
Youth computer lab	46,354	-	-	-	46,354
Miscellaneous	55,509	-	-	2,052	57,561
Interest	12,382	-	20,754	-	33,136
Repairs and maintenance	67,532	-	-	-	67,532
Depreciation	63,882	-	-	3,492	67,374
TOTAL EXPENSES	<u>\$ 1,313,019</u>	<u>\$ 171,817</u>	<u>\$ 197,879</u>	<u>\$ 147,775</u>	<u>\$ 1,830,490</u>

EXPENSES	2015				
	Program Services	Support Services			Total Expenses
	Education/ Bakery	Fundraising		Administration	
		General	Capital Campaign		
Salaries and benefits	\$ 659,054	\$ 183,088	\$ 64,579	\$ 81,713	\$ 988,434
Product costs	250,501	-	-	-	250,501
Printing and office supplies	10,204	8,103	-	372	18,679
Insurance	23,585	-	-	-	23,585
Dues and subscriptions	-	-	-	2,195	2,195
Utilities	30,926	-	-	3,436	34,362
Advertising	10,088	-	-	-	10,088
Professional services	35,195	-	-	14,091	49,286
Training	9,686	-	-	-	9,686
Fundraising	-	2,781	-	-	2,781
St. Paul site costs	-	-	57,121	-	57,121
Program evaluation	11,162	-	-	-	11,162
Youth computer lab	14,443	-	-	-	14,443
Miscellaneous	30,979	-	-	14,231	45,210
Interest	11,714	-	15,492	-	27,206
Repairs and maintenance	77,701	-	-	-	77,701
Depreciation	63,892	-	-	3,492	67,384
TOTAL EXPENSES	<u>\$ 1,239,130</u>	<u>\$ 193,972</u>	<u>\$ 137,192</u>	<u>\$ 119,530</u>	<u>\$ 1,689,824</u>

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

THE COOKIE CART
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 1,648,411	\$ (11,335)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	67,374	67,384
Change in beneficial interest in endowment assets held by others	(100,000)	-
(Increase) decrease in assets		
Accounts receivable	52,348	43,709
Promises to give	(544,288)	23,000
Inventory	(6,574)	(4,416)
Prepays	3,667	(24,198)
Increase (decrease) in liabilities		
Accounts payable	2,978	(4,758)
Accrued payroll and compensated absences	6,350	(31,305)
Unearned revenue	-	(5,000)
	<u>1,130,266</u>	<u>53,081</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES		
CASH FLOWS FROM INVESTING ACTIVITIES		
Construction in process	(11,674)	(464,710)
Purchase of property and equipment	(9,743)	-
	<u>(21,417)</u>	<u>(464,710)</u>
NET CASH USED BY INVESTING ACTIVITIES		
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal paid on notes payable	(27,723)	(20,131)
Proceeds from notes payable	-	262,500
	<u>(27,723)</u>	<u>242,369</u>
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES		
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,081,126	(169,260)
CASH AND CASH EQUIVALENTS, JANUARY 1	<u>236,817</u>	<u>406,077</u>
CASH AND CASH EQUIVALENTS, DECEMBER 31	<u>\$ 1,317,943</u>	<u>\$ 236,817</u>
SUPPLEMENTAL DISCLOSURE OF NON-CASH FLOW INFORMATION		
Donated materials and services	<u>\$ 222,522</u>	<u>\$ 174,028</u>
Interest paid	<u>\$ 33,136</u>	<u>\$ 27,206</u>

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

THE COOKIE CART
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

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 and St. Paul, Minnesota. Cookie Cart's mission is to provide teens with lasting and meaningful work, life and leadership skills through experience and training in an urban nonprofit bakery. Combining hands-on work experience, classroom work readiness training, formal customer service education, skills certification and financial literacy classes, Cookie Cart helps teens develop the foundational tools they need to be successful in education and career.

The successful "earn as you learn" programming at Cookie Cart is based on a logic model constructed on principles of positive youth development and most recent research on career pathways. Young people who participate gain or strengthen skills in five key outcome areas: connectedness to new communities; strengthened future goal orientation; improved interpersonal skills; enhanced critical thinking skills; and increased employment readiness skills. In 2016, Cookie Cart's programming in N. Minneapolis served 263 teens ages 15-18. A majority qualified for free or reduced lunch and over 95 percent are from communities of color.

Cookie Cart's strategic goal is to increase the number of youth who participate in employment and training programming. The first stage of that goal was achieved in 2014 with the renovation of our building in North Minneapolis. That resulted in double the number of youth participants. Phase two started in 2015 with the purchase of a vacant grocery store in Saint Paul's Eastside Payne-Phalen neighborhood. In 2018 after renovations to classroom space, commercial bakery, offices and a store front café, 100 teens will begin employment and training programming. Both of these initiatives ensure that teens in low-income neighborhoods will have the opportunity to gain the skills to be successful on their career pathways.

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.

Permanently Restricted - Permanently restricted net assets are those resources subject to donor imposed restrictions that they be maintained permanently by 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.

THE COOKIE CART
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

E. Cash and Cash Equivalents

All highly liquid investments with a maturity of three months or less are considered to be cash equivalents. The Organization maintains cash balances with banks insured by the Federal Deposit Insurance Corporation (FDIC). These deposits may, from time to time, exceed the balances insured by the FDIC. At December 31, 2016 and 2015, there are no significant concentrations of credit risk arising from cash deposits in excess of federally insured limits.

F. Accounts Receivable

Accounts receivable are reported at the amount the Organization expects to collect on balances outstanding at period end. The Organization uses the allowance method to account for uncollectible receivables. This method provides allowances for doubtful receivables based on historical experience and management's evaluation of estimated losses that will be incurred in the collection of receivables. No allowance for uncollectible accounts deemed necessary by management for the years ended December 31, 2016 and 2015.

G. Pledges Receivable (Promises to Give)

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. All 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.

H. 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>
Office equipment	3 - 5
Building and improvements	20-39.5
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 THE FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

I. 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 FASB ASC 958-605 “Not-for-Profit Entities – Revenue Recognition.” The Organization recognized \$222,523 and \$174,028 of contributed inventory and services during 2016 and 2015, respectively, as detailed below:

Item	Value	
	2016	2015
Ingredients and event items	\$ 79,915	\$ 50,768
Step-up wages	50,883	44,318
Legal services	31,240	69,175
Computer services	22,651	3,729
Other	37,834	6,038
Total	\$ 222,523	\$ 174,028

J. Statement of Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis on page 6. Accordingly, certain costs have been allocated based on management estimates.

K. Advertising

The Organization follows the policy of charging the costs of advertising to expense as incurred. Advertising expenses were \$9,137 and \$10,088 for the years ended December 31, 2016 and 2015, respectively.

L. Shipping and Handling Costs

Shipping and handling costs are included in product costs.

M. Subsequent Events

In preparing the financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through February 2, 2017 the date the financial statements were available to be issued.

Note 2: PLEDGES RECEIVABLE

The balance of pledges receivable are due as follows:

	2016	2015
Less than one year	\$ 400,921	\$ 25,000
One to five years	180,667	-
Total pledges receivable	581,588	25,000
Less discount to present value	(12,300)	-
Net pledges receivable	\$ 569,288	\$ 25,000

THE COOKIE CART
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

Note 3: INVENTORY

The Organization changed its accounting method for tracking product costs and started recording inventory in 2014 to better match actual product costs with sales. Inventory consists of cookie ingredients and packaging supplies, valued at actual costs. Donated items are valued at fair market value on the date of donation. Total inventory for December 31, 2016 and 2015 was \$39,528 and \$32,954, respectively.

Note 4: RETIREMENT PLAN

The Organization offers its employees a SIMPLE IRA retirement plan. All employees are eligible, and contributions are made via payroll deduction. Matching contributions are made at the discretion of the board of directors up to 3 percent of the employee's compensation. Matching contributions by the Organization were \$14,347 and \$14,540 as of December 31, 2016 and 2015, respectively.

Note 5: PURCHASE OF PROPERTY

In June of 2015, The Cookie Cart purchased a building in the Payne-Phalen neighborhood of St. Paul for \$387,500. Part of the purchase price was paid in cash and the balance was financed with new loan for \$262,500. Construction in process at December 31, 2016 and 2015 is valued at \$476,384 and \$464,710, respectively, including architect fees and other expenses. A \$3.2 million capital campaign is underway to convert the vacant grocery store into a Cookie Cart that will employ East Side teens starting in 2018.

Note 6: BENEFICIAL INTEREST IN ENDOWMENT ASSETS HELD BY OTHERS

The beneficial interest in endowment assets held by others consists of endowment funds held for the Organization by another public charity for the purpose of providing support for The Cookie Cart. The funds are invested in various equity, fixed income, private capital and real estate asset funds. The value of these funds at December 31, 2016 and 2015 were \$100,000 and \$0, respectively.

Note 7: 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 Organization estimates that it has no tax liability for uncertain tax positions and that this estimate will not change significantly in the next 12 months.

As of December 31, 2016 and 2015 there were no income tax related accrued interest or penalties recognized in either the statement of financial position or the statement of activities.

The Organization files informational returns in the U.S. federal jurisdiction, and in the Minnesota state jurisdiction. U.S. federal and Minnesota returns prior to fiscal year 201320132013 are closed. No returns are currently under examination in any tax jurisdiction.

THE COOKIE CART
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

Note 8: LONG-TERM DEBT

At December 31, 2016 and 2015, long-term debt was as follows:

	2016	2015
Mortgage note payable to a bank, due in monthly payments of \$3,174.66 including interest at FHLB plus 2.65% (4.54%). The payment schedule reflects a 20 year amortization; all unpaid principal and interest is payable in full on April 1, 2020. The note is collateralized by property and equipment.	\$ 469,230	\$ 485,617
Mortgage note payable to a bank, due in monthly payments of \$2,069.34 including interest at 4.88%. The payment schedule reflects a 30 year amortization; all unpaid principal and accrued interest is payable in full on June 1, 2020. The note is secured by assets of the organization.	245,416	256,752
Total long-term debt	714,646	742,369
Less amounts due within one year	(30,310)	(28,925)
Long-term portion	\$ 684,336	\$ 713,444

Approximately scheduled future principal payments due under the agreement are as follows:

Year	Amount
2017	30,310
2018	31,762
2019	33,283
2020	34,878
2021	36,549
Thereafter	547,864
Total	\$ 714,646

Note 9: TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at December 31, 2016 and 2015 are as follows:

	2016	2015
Capacity campaign - St. Paul site	\$ 1,164,294	\$ -
Program development - St. Paul	14,812	20,000
Program development - Minneapolis	935	44,000
Total	\$ 1,180,041	\$ 64,000

THE COOKIE CART
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

Note 10: BOARD DESIGNATED NET ASSETS

Board designated net assets at December 31, 2016 and 2015 are as follows:

	2016	2015
Operations 2016	\$ -	\$ 40,000

Note 11: ENDOWMENTS

The Organization has established permanent endowment funds from contributions made by donors for this purpose. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor imposed restrictions.

Interpretation of relevant law

The Board of Directors of the Organization has interpreted the Minnesota Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument.

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the Organization and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Organization
- (7) The investment policies of the Organization

Endowment composition and changes in endowment net assets

Endowment net asset composition as of December 31, 2016 and 2015:

	Amount
Permanently Restricted	
Balance December 31, 2015	\$ -
Contributions	100,000
Balance December 31, 2016	\$ 100,000