



Consolidated Financial Statements
December 31, 2016 and 2015

**Keystone Community Services and
Subsidiary (Urban Business
Adventures)**

Keystone Community Services and Subsidiary

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Independent Auditor's Report

The Board of Directors
Keystone Community Services
St. Paul, Minnesota

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Keystone Community Services and Subsidiary (the Organization), which comprise the consolidated statements of financial position as of December 31, 2016 and 2015, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated 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 accordance with accounting principles generally accepted in the United States of America.

Eide Sallee LLP

Minneapolis, Minnesota
June 22, 2017

Keystone Community Services and Subsidiary
Consolidated Statements of Financial Position
December 31, 2016 and 2015

	2016	2015
Assets		
Current Assets		
Cash and cash equivalents	\$ 362,112	\$ 280,606
Receivables		
Fees for service contracts, net	495,005	352,617
Prepaid expenses	15,879	37,217
Total current assets	872,996	670,440
Investments	1,625,720	1,823,961
Property and Equipment, Net	842,739	901,723
Total assets	\$ 3,341,455	\$ 3,396,124
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 128,925	\$ 100,491
Accrued vacation and payroll tax	70,541	86,410
Accrued payroll and payroll tax	25,369	24,546
Total current liabilities	224,835	211,447
Noncurrent Liabilities		
Line of credit	180,000	29,172
Total liabilities	404,835	240,619
Net Assets		
Unrestricted	2,853,559	2,547,506
Temporarily restricted	83,061	607,999
Total net assets	2,936,620	3,155,505
Total liabilities and net assets	\$ 3,341,455	\$ 3,396,124

Keystone Community Services and Subsidiary
Consolidated Statement of Activities
Year Ended December 31, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support, Revenue, and Gains			
Contributions and grants	\$ 1,099,341	\$ 83,061	\$ 1,182,402
In-kind contributions	833,393	-	833,393
Greater Twin Cities United Way	766,226	-	766,226
Governmental contracts and grants	1,838,161	-	1,838,161
Express Bike sales			
Bike shop sales	280,816	-	280,816
Less cost of goods sold	<u>(92,646)</u>	<u>-</u>	<u>(92,646)</u>
Net shop sales	188,170	-	188,170
Program services fees	84,535	-	84,535
Food sales	560,807	-	560,807
Tours sales	233,228	-	233,228
Net investment return	139,757	-	139,757
Miscellaneous	24,698	-	24,698
Net assets released from restrictions	<u>607,999</u>	<u>(607,999)</u>	<u>-</u>
Total support, revenue, and gains	<u>6,376,315</u>	<u>(524,938)</u>	<u>5,851,377</u>
Expenses			
Program services expenses			
Youth services	820,474	-	820,474
Senior services	1,938,339	-	1,938,339
Basic needs	1,941,960	-	1,941,960
Express Bike	228,700	-	228,700
Total program services expenses	<u>4,929,473</u>	<u>-</u>	<u>4,929,473</u>
Supporting services expenses			
Management and general	932,430	-	932,430
Fundraising	208,359	-	208,359
Total supporting services expenses	<u>1,140,789</u>	<u>-</u>	<u>1,140,789</u>
Total expenses	<u>6,070,262</u>	<u>-</u>	<u>6,070,262</u>
Change in Net Assets from Operations	306,053	(524,938)	(218,885)
Change in Unrealized Gains (Losses) on Investments	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Assets	306,053	(524,938)	(218,885)
Net Assets, Beginning of Year	<u>2,547,506</u>	<u>607,999</u>	<u>3,155,505</u>
Net Assets, End of Year	<u>\$ 2,853,559</u>	<u>\$ 83,061</u>	<u>\$ 2,936,620</u>

Keystone Community Services and Subsidiary
Consolidated Statement of Activities
Year Ended December 31, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support, Revenue, and Gains			
Contributions and grants	\$ 563,640	\$ 691,792	\$ 1,255,432
In-kind contributions	550,068	-	550,068
Greater Twin Cities United Way	744,035	-	744,035
Governmental contracts and grants	1,525,576	-	1,525,576
Express Bike sales			
Bike shop sales	244,517	-	244,517
Less cost of goods sold	<u>(70,947)</u>	<u>-</u>	<u>(70,947)</u>
Net shop sales	173,570	-	173,570
Program services fees	58,374	-	58,374
Food sales	449,882	-	449,882
Tour sales	238,310	-	238,310
Net investment return	(24,406)	-	(24,406)
Miscellaneous	8,445	-	8,445
Net assets released from restrictions	<u>940,277</u>	<u>(940,277)</u>	<u>-</u>
Total support, revenue, and gains	<u>5,227,771</u>	<u>(248,485)</u>	<u>4,979,286</u>
Expenses			
Program services expenses			
Youth services	677,488	-	677,488
Senior services	1,643,469	-	1,643,469
Basic needs	1,743,969	-	1,743,969
Express Bike	234,956	-	234,956
Total program services expenses	<u>4,299,882</u>	<u>-</u>	<u>4,299,882</u>
Supporting services expenses			
Management and general	883,720	-	883,720
Fundraising	239,888	-	239,888
Total supporting services expenses	<u>1,123,608</u>	<u>-</u>	<u>1,123,608</u>
Total expenses	<u>5,423,490</u>	<u>-</u>	<u>5,423,490</u>
Change in Net Assets from Operations	(195,719)	(248,485)	(444,204)
Change in Unrealized Gains (Losses) on Investments	<u>(387)</u>	<u>-</u>	<u>(387)</u>
	(196,106)	(248,485)	(444,591)
Inherent Contribution Received in Acquisition Community center	<u>(80,500)</u>	<u>153,168</u>	<u>72,668</u>
Change in Net Assets	(276,606)	(95,317)	(371,923)
Net Assets, Beginning of Year	<u>2,824,112</u>	<u>703,316</u>	<u>3,527,428</u>
Net Assets, End of Year	<u>\$ 2,547,506</u>	<u>\$ 607,999</u>	<u>\$ 3,155,505</u>

Keystone Community Services and Subsidiary
Consolidated Statements of Cash Flows
Years Ended December 31, 2016 and 2015

	2016	2015
Cash Flows from Operating Activities		
Change in net assets	\$ (218,885)	\$ (371,923)
Adjustments to reconcile changes in net assets to net cash from (used for) operating activities		
Inherent contribution received in acquisition of West Seventh Community Center	-	(72,668)
Depreciation	70,283	70,535
Bad debt	831	7,395
Realized and unrealized (gains) losses on investments	(108,299)	23,015
Changes in operating assets and liabilities		
Promises to give	-	5,000
Fees for service contracts receivable	(143,219)	(21,417)
State receivable	-	960
Prepaid expenses	21,338	(22,193)
Accounts payable	28,434	(21,653)
Deferred revenue	-	(55,563)
Accrued vacation and payroll tax	(15,869)	(62,758)
Accrued payroll and payroll tax	823	20,278
	(364,563)	(500,992)
Net Cash used for Operating Activities		
Cash Flows from Investing Activities		
Cash received in acquisition of West Seventh Community Center	-	128,693
Purchases of property and equipment	(11,299)	(31,227)
Purchases of investments, including reinvested income	(44,979)	(18,303)
Proceeds from the sale of investments	351,519	24,883
	295,241	104,046
Net Cash from Investing Activities		
Net Cash from Financing Activities		
Net borrowings on line of credit	150,828	4,172
	81,506	(392,774)
Net Change in Cash and Cash Equivalents		
Cash and Cash Equivalents, Beginning of Year	280,606	673,380
	\$ 362,112	\$ 280,606
Cash and Cash Equivalents, End of Year		
Supplemental Disclosure of Cash Flow Information		
Cash paid during the year for interest	\$ 22,150	\$ 1,724

Keystone Community Services and Subsidiary
Consolidated Statements of Cash Flows
Years Ended December 31, 2016 and 2015

Supplemental Schedule of Cash Flow Information

On April 1, 2015, the Organization acquired West Seventh Community Center by assuming its assets and liabilities.

The assets and liabilities acquired were as follows:

Cash	\$	-	\$	128,693
Accounts receivable		-		21,059
Property and equipment		-		22,323
Accounts payable		-		(25,165)
Deferred revenue		-		(55,563)
Accrued expenses		-		(18,679)
		<hr/>		<hr/>
	\$	-	\$	72,668
		<hr/> <hr/>		<hr/> <hr/>

Note 1 - Principal Activity and Significant Accounting Policies

Organization

Keystone Community Services and its subsidiary, Urban Business Adventures (collectively, the Organization) are not-for-profit organizations. The mission of the Organization is to strengthen the capacity of individuals and families to improve their quality of life. The Organization services the St. Paul and Minneapolis metro area and suburbs. Urban Business Adventures (UBA) is a separate not-for-profit organization organized solely to offer young people the opportunities to develop the skills, knowledge, and attitudes necessary for a successful transition to adulthood. UBA is governed by a separate Board of Directors, all of which are appointed by the Organization's Board of Directors.

On April 1, 2015, the Organization acquired West Seventh Community Center, Inc. by assuming all of its outstanding assets and liabilities. The acquisition was made to continue the Organizations' growth strategy and diversify its offerings inside the nonprofit industry. The Organization did not transfer any consideration as part of the acquisition and recognized an unrestricted inherent contribution received of \$72,668 based on fair value in the statement of activities for the year ended December 31, 2015. The operating results of the acquired business are reflected in the Organizations' consolidated financial statements from the acquisition date forward.

Programs

The Organization merged with the West Seventh Community Center in April 2015. As a result of the merger, the Organization now offers active senior services at two multi-service centers (Merriam Park Community Center and West Seventh Community Center) and a history tour program. Youth services also expanded to include West Seventh Community Kids, a year-round afterschool and summer program for youth. The Organization also expanded its Basic Needs programming to support individuals and families living in the West Seventh Street community.

The Organization has the following programs:

Basic Needs – The Organization's programs help families and individuals address crises and build foundational stability. The Organization's three food shelves and the mobile food shelf program comprise Ramsey County's largest food shelf network. Screening for benefits, crisis assistance, referrals, ongoing case management, and coaching for participants are provided at all food shelf sites and the West Seventh Community Center. The Basic Needs program also provides community education workshops addressing budgeting, housing, employment, nutrition, parenting, and more.

Senior Services – The Organization's programs help seniors "age in place," to maintain health and participate in community life. The Organization provides a wide array of exercise, wellness, and social/recreational programs to help active seniors stay healthy, independent and socially connected. When seniors reach a point in life where they need more support, Keystone's neighborhood-based care managers work with seniors and their caregivers to conduct a thorough needs assessment and provide ongoing monitoring and coordination of needed in-home services, such as Meals on Wheels, Block Nurse services, homemaking services, transportation, and advocacy at doctor's appointments. As a result of the merger with West Seventh Community Center, the Organization also operates a History Tour program which provides educational tours for seniors.

With the acquisition of the West Seventh Community Center on April 1, 2015, the Organization continued the Tours program operated by West Seventh Community Center. This program provides tours for seniors between April and September. The program provides education, recreation, and companionship to enrich their lives. This program is approximately 7% and 13% of the Senior Services expenses for the years ended December 31, 2016 and 2015.

Youth Services – The Organization’s programs for children and youth help develop social, academic and employment skills to prepare them to be successful in school and in the community. The Organization offers year-round afterschool programming for low-income youth at two sites. Community Kids at West Seventh Community Center enrolls youth in grades K-10. The Hmong Youth and Family Program at McDonough Community Center enrolls youth in grades K-12. The Organization’s top quality afterschool programs deliver evidence-based tutoring in reading, math and social-emotional skills, youth-directed activities, connections to caring adults, and parent support. The Youth Express program helps low-income young people succeed in their first job and opens the door to earning potential and post-secondary education and employment. Youth Express provides work readiness training to youth and paid apprenticeships for youth at its youth-directed enterprise, Express Bike Shop (run by UBA) and at other Keystone program sites.

Principles of Consolidation

The consolidated financial statements include the accounts of Keystone Community Services (Keystone) and Urban Business Adventures (UBA) because Keystone has both control and an economic interest in UBA. All significant intercompany balances and transactions have been eliminated in consolidation. Unless otherwise noted, these consolidated entities are hereinafter referred to as the Organization.

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. Cash and highly liquid financial instruments restricted to capital expenditures, permanent endowment, or other long-term purposes of the Organizations are excluded from this definition.

Receivables and Credit Policies

Fee for service receivables consist primarily of noninterest-bearing amounts due for services performed. Management determines the allowance for uncollectable fee for service receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Fee for service receivables are written off when deemed uncollectable. At December 31, 2016 and 2015, the allowance was \$8,000.

Promises to Give

The Organization records 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. Management determines the allowance for uncollectable promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectable. At December 31, 2016 and 2015, the allowance was \$0.

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. Investment return (loss) is reported in the statement of activities and consists of interest and dividend income, and realized and unrealized capital gains and losses, less investment management fees.

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 is provided over the estimated useful life of each depreciable asset and is computed using the straight-line method over the estimated useful lives of the assets ranging from 3 to 30 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 resulting gain or loss is included in the statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expenses currently.

The Organization reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the years ended December 31, 2016 and 2015.

Net Assets

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

Unrestricted Net Assets – Net assets available for use in general operations.

Temporarily Restricted Net Assets – Net assets subject to donor restrictions that may or will be met by expenditures or actions of the Organization and/or the passage of time.

The Organization reports contributions restricted by donors as increases in unrestricted net assets 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 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 and reported in the statements of activities as net assets released from restrictions.

Permanently Restricted Net Assets – Net assets whose use is limited by donor-imposed restrictions that neither expire by the passage of time nor can be fulfilled or otherwise removed by action of the Organization. The restrictions stipulate that resources be maintained permanently but permit the Organization to expend the income generated in accordance with the provisions of the agreements. At December 31, 2016 and 2015, the Organization did not have any permanently restricted net assets.

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 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. Contributed goods are recorded at fair value at the date of donation. The Organization records donated professional services at the respective fair values of the services received.

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.

Income Taxes

Keystone Community Services and Urban Business Adventures are organized as Minnesota nonprofit corporations and have been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as organizations described in Section 501(c)(3), qualify for the charitable contribution deduction under Section 170(b)(1)(A)(vi), and have been determined not to be private foundations under Section 509(a)(1). Each entity is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the entities are subject to income tax on net income that is derived from business activities that are unrelated to their exempt purposes. Each entity 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.

Each entity 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 entities 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 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 from governmental agencies, and foundations supportive of the Organization's mission. As of December 31, 2016 and 2015, approximately 78% and 73%, respectively, of the Organization's receivables represent amounts due from two and three entities, respectively. Investments are made by diversified investment managers whose performance is monitored by management and the Audit/Finance Committee of 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.

Subsequent Events

Subsequent events were evaluated through June 22, 2017, the date the consolidated financial statements were available to be issued.

Note 2 - Fair Value Measurements and Disclosure

Certain assets and liabilities are reported at fair value in the consolidated financial statements. 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. A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization can access 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, the Organization develops inputs using the best information available in the circumstances.

Keystone Community Services and Subsidiary

Notes to Consolidated Financial Statements

December 31, 2016 and 2015

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to the Organization's assessment of the quality, risk or liquidity profile of the asset or liability.

A significant portion of the Organization's investment assets are classified within Level 1 because they are comprised of open-end mutual funds with readily determinable fair values based on daily redemption values. The Organization invests in certificates of deposit traded in the financial markets. Those certificates of deposit and U.S. Government obligations are valued by the custodians of the securities using pricing models based on credit quality, time to maturity, stated interest rates and market-rate assumptions, and are classified within Level 2.

The following tables present assets measured at fair value on a recurring basis at December 31, 2016 and 2015:

	Fair Value Measurements at Report Date Using			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
December 31, 2016				
Common stock				
Diversified emerging markets	\$ 36,675	\$ 36,675	\$ -	\$ -
Foreign large blend	62,849	62,849	-	-
Large core	331,799	331,799	-	-
Large growth	112,744	112,744	-	-
Large value	165,335	165,335	-	-
Mid value	24,149	24,149	-	-
Mid cap blend	77,846	77,846	-	-
Small blend	76,864	76,864	-	-
	<u>888,261</u>	<u>888,261</u>	<u>-</u>	<u>-</u>
Money market funds	143,855	143,855	-	-
Certificates of deposit	351,325	-	351,325	-
Corporate bonds and notes	238,912	-	238,912	-
Government securities	3,367	-	3,367	-
	<u>\$ 1,625,720</u>	<u>\$ 1,032,116</u>	<u>\$ 593,604</u>	<u>\$ -</u>

Keystone Community Services and Subsidiary
Notes to Consolidated Financial Statements
December 31, 2016 and 2015

	Total	Fair Value Measurements at Report Date Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
December 31, 2015				
Common stock				
Diversified emerging markets	\$ 31,565	\$ 31,565	\$ -	\$ -
Foreign large blend	61,139	61,139	-	-
Large core	264,622	264,622	-	-
Large growth	111,626	111,626	-	-
Large value	145,550	145,550	-	-
Mid core	5,645	5,645	-	-
Mid value	9,764	9,764	-	-
Mid cap blend	63,510	63,510	-	-
Small blend	61,941	61,941	-	-
	<u>755,362</u>	<u>755,362</u>	<u>-</u>	<u>-</u>
Money market funds	231,304	231,304	-	-
Certificates of deposit	553,476	-	553,476	-
Corporate bonds and notes	233,702	-	233,702	-
Government securities	50,117	50,117	-	-
	<u>50,117</u>	<u>50,117</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,823,961</u>	<u>\$ 1,036,783</u>	<u>\$ 787,178</u>	<u>\$ -</u>

Note 3 - Net Investment Return

Net investment return income consists of the following for the years ended December 31, 2016 and 2015:

	2016	2015
Interest and dividends	\$ 31,458	\$ 40,181
Net realized and unrealized gains (loss)	108,299	(64,200)
	<u>\$ 139,757</u>	<u>\$ (24,019)</u>

Note 4 - Property and Equipment

A summary of property and equipment at December 31, 2016 and 2015, follows:

	2016	2015
Equipment	\$ 607,401	\$ 596,102
Land and buildings	580,000	580,000
Leasehold improvements	738,515	738,515
Total cost	1,925,916	1,914,617
Less accumulated depreciation	(1,083,177)	(1,012,894)
Net property and equipment	\$ 842,739	\$ 901,723

Note 5 - Line of Credit

Keystone Community Services has a \$200,000 revolving line of credit with Associated Bank through February 18, 2019. The credit is secured by all assets of the Organization. Borrowings under the line bear interest at the bank's prime rate plus 1.00%, or a floor of 4.50%. There was an outstanding balance of \$150,000 and \$0 at December 31, 2016 and 2015.

UBA has a line of credit arrangement under which it may borrow up to \$250,000 through August 15, 2017, secured by all assets of the Organization. The line of credit carries a variable interest rate based on the bank index rate, with a minimum rate of 5.00%. There was \$30,000 and \$29,172 borrowed on the line of credit at December 31, 2016 and 2015, respectively.

Note 6 - Leases

The Organization leases a vehicle and office equipment under various operating leases, expiring at various dates through 2019.

Future minimum lease payments are as follows:

Years Ending December 31,	Amount
2017	\$ 56,789
2018	36,127
2019	2,775
	\$ 95,691

Total lease expense for the years ended December 31, 2016 and 2015, was \$104,063 and \$98,560, respectively.

Note 7 - Facilities

The building used by the Organization for its community and administrative service programs is located at 2000 St. Anthony Avenue, St. Paul, Minnesota. The facility was transferred to the City of St. Paul, reserving to the Organization the free and exclusive occupancy, management, control, use and maintenance, in perpetuity, at a cost of \$1. The building had an approximate cost of \$522,000 at the time of transfer.

Note 8 - Distributions from Endowment

The Organization receives annual distributions from two endowments. One endowment is managed by The St. Paul Foundation and the other endowment is managed by the Minnesota Community Foundation. The St. Paul Foundation had a balance of \$205,433 and \$202,207 at December 31, 2016 and 2015, respectively, and distributed earnings of \$8,565 and \$8,233 for the years ended December 31, 2016 and 2015, respectively. The Minnesota Community Foundation had a balance of \$37,372 and \$36,737 at December 31, 2016 and 2015, respectively, and distributed earnings of \$1,556 and \$1,496 for the years ended December 31, 2016 and 2015, respectively. The Oneida Education Center Fund had a balance of \$87,947 at December 31, 2016, and distributed earnings of \$3,660 for the year ended December 31, 2016. The St. Paul Foundation, the Minnesota Community Foundation, and Oneida Education Center Fund have distributed earnings from the endowments to the Organization every year since the endowments were created. The amount to be distributed from a fund is 5.5% of the fund's average market value over the last 16 calendar quarters but not less than 4.5% of the fund's current market value nor more than 6.25% of the current market value, less administrative fees. A spending policy factor is used to convert current market value into 16-quarter average market value.

Note 9 - Restricted Net Assets

Temporarily restricted net assets at December 31, 2016 and 2015, consist of the following:

	2016	2015
Youth program	\$ 1,500	\$ 32,500
Family success fund	-	63,497
Seniors	12,750	20,481
Food shelf and basic needs	65,811	473,686
Crisis monies	-	2,835
Teen tutoring employment	-	15,000
Timing - operational	3,000	-
	\$ 83,061	\$ 607,999

Keystone Community Services and Subsidiary
Notes to Consolidated Financial Statements
December 31, 2016 and 2015

Net assets were released from restrictions as follows during the years ended December 31, 2016 and 2015:

	2016	2015
Youth program	\$ 32,500	\$ 108,550
Hmong Youth Program	-	67,150
Family success fund	63,497	25,000
Crisis monies	2,835	1,844
Teen tutoring employment	15,000	19,700
Merger	-	42,000
Seniors	20,481	77,571
Food shelf and basic needs	473,686	412,294
Time restricted for West Seventh Community Center activities	-	158,168
Timing - operational	-	28,000
	\$ 607,999	\$ 940,277

Note 10 - Donated Services (Unaudited)

Management estimates donated services for volunteering in many organization programs at approximately \$877,933 and \$789,271 in 2016 and 2015, respectively. These donated services are not recognized in the financial statements as they do not meet criteria prescribed by generally accepted accounting principles.

Note 11 - In-Kind Contributions

In-kind contributions consist of food donated by individuals, schools, civic groups, businesses, and churches. The food is used for the Organization's food shelves. The food is valued based on pounds received and an estimate of cost per pound. A total of 494,868 and 359,101 pounds of food were donated for the years ended December 31, 2016 and 2015, respectively. A pound of food is valued at an estimate of \$1.70. There is a 10% spoilage factor for food donated that is not usable.

Note 12 - Fees for Services

Fees for services received from governmental contracts and grants are as follows for the years ended December 31, 2016 and 2015:

	2016	2015
State of Minnesota and other third-party payors		
Senior services/case management	\$ 690,425	\$ 548,305
Ramsey County Human Services		
Case management - Senior Waivered Services	66,650	100,420
St. Paul Foundation		
Basic needs	51,697	42,267
Suburban Ramsey Family Collaborative		
Case management - CSW	224,571	248,069
Living Well	93,374	48,942
City of Saint Paul		
Community Development Block Grants	42,297	10,260
UBA	-	10,750
Medica		
Case management - Senior Waivered Services	669,147	516,563
	\$ 1,838,161	\$ 1,525,576

Note 13 - Pension Plan

The Organization participates in a multiemployer defined benefit pension plan in which 16 other agencies also participate. Of the approximate 1,400 participants, 6.4% are the Organization's employees. Effective December 31, 2004, the plan froze benefit accruals and, as a result, employees do not earn additional defined benefits for future services. As required by accounting principles generally accepted in the United States of America for this plan, an employer shall recognize as net pension cost the required contribution for the period and shall recognize as a liability any contribution due and unpaid. The funding is determined by the actuary and is allocated based on employee compensation among the participating agencies. The objective in funding the plan is to accumulate sufficient funds to provide for benefits and to achieve full funding to allow for termination of the plan. Because the plan's unfunded projected termination liability exceeds the fair market value of plan assets, continued annual contributions will be required in order to achieve full funding. If any participating agency defaults on their annual contributions, the remaining agencies assume the liability and contributions of the agency in default. Plan assets are invested based on a long-term investment strategy and held approximately 30% in fixed income securities and 70% in equity accounts. The Organization made contributions of \$100,630 and \$110,742 in the years ended December 31, 2016 and 2015, respectively, which is recognized as pension cost.

The following table presents information concerning its participation in the multiemployer defined benefit pension plan:

	2016	2015
Legal name	Twin Cities Nonprofit Partners Pension Plan	Twin Cities Nonprofit Partners Pension Plan
EIN/Plan number	41-1973442/333	41-1973442/333
Plan year end	12/31/2016	12/31/2015
Pension Protection Act percent funded	110%	110%
Contributions by Keystone Community Services	100,630	110,742
Contributions as percent of total contributed	6%	7%
Rehabilitaion Plan Status	na	na

Note 14 - Employee Benefits

The Organization sponsors a 403(b) plan for eligible employees. All employees are eligible to contribute to the plan, but in order for the employee to be eligible for the Organization match they must be at least 21 years of age and have one year of service with at least 1,000 hours completed work during one plan year. The Organization provides an employer match of 50% of employee contributions up to 4% of the employee's annual salary.

The Organization provides a contribution to the 403(b) thrift plans of vested employees as of December 31, 2004, with 10 or more years of service. This is in addition to the employer match of 50% for employee contributions of up to 4% of the employee's annual salary. The Organization contributes 3% of an employee's wages for employees with 10 to 14 years of service, 4% of an employee's wages for employees with 15 to 19 years of service and 8% of an employee's wages for employees with over 20 years of service. Pension expense and 403(b) match for the Organization in 2016 and 2015, was \$42,484 and \$36,968, respectively.

Note 15 - Contingencies

The continuation of funding from federal and other sources is contingent upon availability of funds and project performance. The funds are awarded based either upon receipt and approval of a program application or upon completion of a performance review. In addition, expenditures made under federal grants are subject to review and audit by the grantor agencies. Management believes that any liability for reimbursement, which may arise as a result of these audits and performance reviews, is not material.



Supplementary Information
December 31, 2016 and 2015

Keystone Community Services and Subsidiary (Urban Business Adventures)

Independent Auditor's Report on Supplementary Information

The Board of Directors
Keystone Community Services and Subsidiary
St. Paul, Minnesota

We have audited the consolidated financial statements of Keystone Community Services and Subsidiary (the Organization) as of and for the years ended December 31, 2016 and 2015, and our report thereon dated June 22, 2017, which expressed an unmodified opinion on those consolidated financial statements, appears on page 1. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The supplemental schedules on pages 21 to 30 are presented for the purpose of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in our audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.



Minneapolis, Minnesota
June 22, 2017

Keystone Community Services and Subsidiary
Consolidating Statement of Financial Position
December 31, 2016

	Keystone Community Services	Urban Business Adventures	Eliminations	Consolidated
Assets				
Current Assets				
Cash and cash equivalents	\$ 359,282	\$ 2,830	\$ -	\$ 362,112
Receivables				
Fees for service contracts, net	495,005	-	-	495,005
Prepaid expenses	15,879	-	-	15,879
Total current assets	870,166	2,830	-	872,996
Investments	1,625,720	-	-	1,625,720
Property and Equipment, Net	357,202	485,537	-	842,739
Total assets	\$ 2,853,088	\$ 488,367	\$ -	\$ 3,341,455
Liabilities and Net Assets				
Current Liabilities				
Accounts payable	\$ 128,168	\$ 757	\$ -	\$ 128,925
Accrued vacation and payroll tax	70,541	-	-	70,541
Accrued payroll and payroll tax	25,369	-	-	25,369
Total current liabilities	224,078	757	-	224,835
Noncurrent Liabilities				
Line of credit	150,000	30,000	-	180,000
Total liabilities	374,078	30,757	-	404,835
Net Assets				
Unrestricted	2,395,667	457,892	-	2,853,559
Temporarily restricted	83,061	-	-	83,061
Total net assets	2,478,728	457,892	-	2,936,620
Total liabilities and net assets	\$ 2,852,806	\$ 488,649	\$ -	\$ 3,341,455

Keystone Community Services and Subsidiary
Consolidating Statement of Financial Position
December 31, 2015

	Keystone Community Services	Urban Business Adventures	Eliminations	Consolidated
Assets				
Current Assets				
Cash and cash equivalents	\$ 278,484	\$ 2,122	\$ -	\$ 280,606
Due from related party	19,215	-	(19,215)	-
Receivables				
Fees for service contracts, net	352,617	-	-	352,617
Prepaid expenses	37,217	-	-	37,217
Total current assets	687,533	2,122	(19,215)	670,440
Investments	1,823,961	-	-	1,823,961
Property and Equipment, Net	387,899	513,824	-	901,723
Total assets	\$ 2,899,393	\$ 515,946	\$ (19,215)	\$ 3,396,124
Liabilities and Net Assets				
Current Liabilities				
Accounts payable	\$ 99,578	\$ 913	\$ -	\$ 100,491
Accrued vacation and payroll tax	86,410	-	-	86,410
Accrued payroll and payroll tax	24,546	-	-	24,546
Due to related party	-	19,215	(19,215)	-
Total current liabilities	210,534	20,128	(19,215)	211,447
Noncurrent Liabilities				
Line of credit	-	29,172	-	29,172
Total liabilities	210,534	49,300	(19,215)	240,619
Net Assets				
Unrestricted	2,080,860	466,646	-	2,547,506
Temporarily restricted	607,999	-	-	607,999
Total net assets	2,688,859	466,646	-	3,155,505
Total liabilities and net assets	\$ 2,899,393	\$ 515,946	\$ (19,215)	\$ 3,396,124

Keystone Community Services and Subsidiary
Consolidating Statement of Activities
Year Ended December 31, 2016

	Keystone Community Services			Urban Business Adventures			Eliminations	Consolidated
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total		
Support, Revenue, and Gains								
Contributions and grants	\$ 1,079,903	\$ 83,061	\$ 1,162,964	\$ 19,438	\$ -	\$ 19,438	\$ -	\$ 1,182,402
In-kind contributions	833,393	-	833,393	-	-	-	-	833,393
Greater Twin Cities								
United Way	766,226	-	766,226	-	-	-	-	766,226
Governmental contracts and grants	1,838,161	-	1,838,161	-	-	-	-	1,838,161
Express Bike sales								
Bike sales	-	-	-	280,816	-	280,816	-	280,816
Less cost of goods sold	-	-	-	(92,646)	-	(92,646)	-	(92,646)
Net shop sales	-	-	-	188,170	-	188,170	-	188,170
Program services fees	84,535	-	84,535	-	-	-	-	84,535
Food sales	560,807	-	560,807	-	-	-	-	560,807
Tours sales	233,228	-	233,228	-	-	-	-	233,228
Net investment return	139,757	-	139,757	-	-	-	-	139,757
Miscellaneous	24,698	-	24,698	19,215	-	19,215	(19,215)	24,698
Net assets released from restrictions	607,999	(607,999)	-	-	-	-	-	-
Total support, revenue, and gains	<u>6,168,707</u>	<u>(524,938)</u>	<u>5,643,769</u>	<u>226,823</u>	<u>-</u>	<u>226,823</u>	<u>(19,215)</u>	<u>5,851,377</u>
Expenses								
Program services expenses								
Youth services	839,689	-	839,689	-	-	-	(19,215)	820,474
Senior services	1,938,339	-	1,938,339	-	-	-	-	1,938,339
Basic needs	1,941,960	-	1,941,960	-	-	-	-	1,941,960
Express Bike	-	-	-	228,700	-	228,700	-	228,700
Total program services expenses	<u>4,719,988</u>	<u>-</u>	<u>4,719,988</u>	<u>228,700</u>	<u>-</u>	<u>228,700</u>	<u>(19,215)</u>	<u>4,929,473</u>
Supporting services expenses								
Management and general	927,265	-	927,265	5,165	-	5,165	-	932,430
Fundraising	206,647	-	206,647	1,712	-	1,712	-	208,359
Total supporting services expenses	<u>1,133,912</u>	<u>-</u>	<u>1,133,912</u>	<u>6,877</u>	<u>-</u>	<u>6,877</u>	<u>-</u>	<u>1,140,789</u>
Total expenses	<u>5,853,900</u>	<u>-</u>	<u>5,853,900</u>	<u>235,577</u>	<u>-</u>	<u>235,577</u>	<u>(19,215)</u>	<u>6,070,262</u>

Keystone Community Services and Subsidiary
Consolidating Statement of Activities
Year Ended December 31, 2016

	Keystone Community Services			Urban Business Adventures			Eliminations	Consolidated
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total		
Change in Net Assets	\$ 314,807	\$ (524,938)	\$ (210,131)	\$ (8,754)	\$ -	\$ (8,754)	\$ -	\$ (218,885)
Net Assets, Beginning of Year	2,080,860	607,999	2,688,859	466,646	-	466,646	-	3,155,505
Net Assets, End of Year	<u>\$ 2,395,667</u>	<u>\$ 83,061</u>	<u>\$ 2,478,728</u>	<u>\$ 457,892</u>	<u>\$ -</u>	<u>\$ 457,892</u>	<u>\$ -</u>	<u>\$ 2,936,620</u>

Keystone Community Services and Subsidiary
Consolidating Statement of Activities
Year Ended December 31, 2015

	Keystone Community Services			Urban Business Adventures			Eliminations	Consolidated
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total		
Support, Revenue, and Gains								
Contributions and grants	\$ 551,005	\$ 691,792	\$ 1,242,797	\$ 12,635	\$ -	\$ 12,635	\$ -	\$ 1,255,432
In-kind contributions	550,068	-	550,068	-	-	-	-	550,068
Greater Twin Cities United Way	744,035	-	744,035	-	-	-	-	744,035
Governmental contracts and grants	1,514,826	-	1,514,826	10,750	-	10,750	-	1,525,576
Express Bike sales								
Bike sales	-	-	-	244,517	-	244,517	-	244,517
Less cost of goods sold	-	-	-	(70,947)	-	(70,947)	-	(70,947)
Net shop sales	-	-	-	173,570	-	173,570	-	173,570
Program services fees	58,374	-	58,374	-	-	-	-	58,374
Food sales	449,882	-	449,882	-	-	-	-	449,882
Tour sales	238,310	-	238,310	-	-	-	-	238,310
Net investment return	(24,019)	-	(24,019)	-	-	-	-	(24,019)
Miscellaneous	7,671	-	7,671	-	-	-	-	7,671
Net assets released from restrictions	940,277	(940,277)	-	-	-	-	-	-
Total support, revenue, and gains	5,030,429	(248,485)	4,781,944	196,955	-	196,955	-	4,978,899
Expenses								
Program services expenses								
Youth services	677,488	-	677,488	-	-	-	-	677,488
Senior services	1,643,469	-	1,643,469	-	-	-	-	1,643,469
Basic needs	1,743,969	-	1,743,969	-	-	-	-	1,743,969
Express Bike	-	-	-	234,956	-	234,956	-	234,956
Total program services expenses	4,064,926	-	4,064,926	234,956	-	234,956	-	4,299,882
Supporting services expenses								
Management and general	879,987	-	879,987	3,733	-	3,733	-	883,720
Fundraising	238,642	-	238,642	1,246	-	1,246	-	239,888
Total supporting services expenses	1,118,629	-	1,118,629	4,979	-	4,979	-	1,123,608
Total expenses	5,183,555	-	5,183,555	239,935	-	239,935	-	5,423,490

Keystone Community Services and Subsidiary
Consolidating Statement of Activities
Year Ended December 31, 2015

	Keystone Community Services			Urban Business Adventures			Eliminations	Consolidated
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total		
Change in Net Assets from Operations	\$ (153,126)	\$ (248,485)	\$ (401,611)	\$ (42,980)	\$ -	\$ (42,980)	\$ -	\$ (444,591)
Inherent Contribution Received in Acquisition of West Seventh Community Center	(80,500)	153,168	72,668	-	-	-	-	72,668
Change in Net Assets	(233,626)	(95,317)	(328,943)	(42,980)	-	(42,980)	-	(371,923)
Net Assets, Beginning of Year	2,314,486	703,316	3,017,802	509,626	-	509,626	-	3,527,428
Net Assets, End of Year	\$ 2,080,860	\$ 607,999	\$ 2,688,859	\$ 466,646	\$ -	\$ 466,646	\$ -	\$ 3,155,505

Keystone Community Services and Subsidiary
Unconsolidated Keystone Community Services Statement of Functional Expenses
Year Ended December 31, 2016

	Program Services				Supporting Services			Total Expenses
	Youth Services	Basic Needs	Senior Services	Total	Management and General	Fundraising	Total	
Salaries	\$ 537,640	\$ 539,757	\$ 1,084,901	\$ 2,162,298	\$ 426,353	\$ 88,893	\$ 515,246	\$ 2,677,544
Employee Health, Retirement Benefits and Disability Insurance	70,384	94,146	154,420	318,950	48,020	16,337	64,357	383,307
Payroll Taxes and Workers' Compensation Insurance	51,969	54,227	104,975	211,171	39,384	9,389	48,773	259,944
Professional Fees and Contract Service	29,820	16,673	73,850	120,343	176,427	45,569	221,996	342,339
Supplies	22,111	15,107	35,301	72,519	21,649	20,855	42,504	115,023
Food Costs	31,304	159,691	186,829	377,824	4,050	894	4,944	382,768
In-Kind Food Costs	-	757,148	-	757,148	76,245	-	76,245	833,393
Telephone	3,158	10,320	13,315	26,793	6,202	1,207	7,409	34,202
Postage and Shipping	535	807	4,391	5,733	3,086	4,148	7,234	12,967
Occupancy	27,098	128,378	75,627	231,103	33,646	1,011	34,657	265,760
Equipment Rentals and Maintenance	3,370	35,190	5,007	43,567	14,624	33	14,657	58,224
Staff/Volunteer Recruitment	825	2,206	984	4,015	200	10	210	4,225
Outside Printing, Art Work, etc.	1,967	311	7,399	9,677	32,953	10,481	43,434	53,111
Local Transportation	21,229	22,849	29,402	73,480	5,080	268	5,348	78,828
Conferences, Meetings	4,838	1,815	2,589	9,242	14,416	4,181	18,597	27,839
Tours	-	-	130,035	130,035	-	-	-	130,035
Client Assistance	3,817	87,397	475	91,689	-	-	-	91,689
Organization Dues	3,207	1,735	2,265	7,207	7,180	275	7,455	14,662
Miscellaneous	19,278	1,604	10,195	31,077	11,871	3,096	14,967	46,044
Depreciation	7,139	12,599	16,379	36,117	5,879	-	5,879	41,996
Total expenses	\$ 839,689	\$ 1,941,960	\$ 1,938,339	\$ 4,719,988	\$ 927,265	\$ 206,647	\$ 1,133,912	\$ 5,853,900

Keystone Community Services and Subsidiary
Unconsolidated Keystone Community Services Statement of Functional Expenses
Year Ended December 31, 2015

	Program Services				Supporting Services			Total Expenses
	Youth Services	Basic Needs	Senior Services	Total	Management and General	Fundraising	Total	
Salaries	\$ 435,719	\$ 563,059	\$ 967,090	\$ 1,965,868	\$ 406,880	\$ 72,225	\$ 479,105	\$ 2,444,973
Employee Health, Retirement Benefits and Disability Insurance	65,798	93,324	127,518	286,640	95,379	12,441	107,820	394,460
Payroll Taxes and Workers' Compensation Insurance	38,815	52,275	84,883	175,973	37,592	6,552	44,144	220,117
Professional Fees and Contract Service	36,608	29,846	35,263	101,717	176,285	97,502	273,787	375,504
Supplies	29,842	24,138	37,562	91,542	26,680	4,274	30,954	122,496
Food Costs	15,385	124,531	94,649	234,565	1,320	12,439	13,759	248,324
In-Kind Food Costs	-	549,424	-	549,424	-	-	-	549,424
Telephone	4,861	19,800	14,232	38,893	19,662	844	20,506	59,399
Postage and Shipping	1,018	939	3,496	5,453	-	7,927	7,927	13,380
Occupancy	12,032	120,677	44,012	176,721	65,518	2,635	68,153	244,874
Equipment Rentals and Maintenance	2,616	33,633	6,728	42,977	-	168	168	43,145
Staff/Volunteer Recruitment	485	1,361	1,996	3,842	952	785	1,737	5,579
Outside Printing, Art Work, etc.	5,921	6,167	7,528	19,616	25,824	18,392	44,216	63,832
Local Transportation	18,002	19,088	23,971	61,061	3,134	1,179	4,313	65,374
Conferences, Meetings	2,488	1,498	3,238	7,224	6,472	1,070	7,542	14,766
Client Assistance	-	-	166,326	166,326	-	-	-	166,326
Organization Dues	452	90,084	-	90,536	-	-	-	90,536
Depreciation	525	1,814	1,641	3,980	7,048	99	7,147	11,127
Investment Manager Fees	-	98	7,458	7,556	3,161	110	3,271	10,827
Bad Debt	6,921	12,213	15,878	35,012	4,080	-	4,080	39,092
Total expenses	\$ 677,488	\$ 1,743,969	\$ 1,643,469	\$ 4,064,926	\$ 879,987	\$ 238,642	\$ 1,118,629	\$ 5,183,555

Keystone Community Services and Subsidiary
Unconsolidated UBA Statement of Functional Expenses
Year Ended December 31, 2016

	Express Bike	Supporting Services			Total Expenses
		Management and General	Fundraising	Total	
Salaries	\$ 121,609	\$ 1,996	\$ 637	\$ 2,633	\$ 124,242
Employee Health, Retirement Benefits and Disability Insurance	9,400	100	57	157	9,557
Payroll Taxes and Workers' Compensation Insurance	4,061	65	22	87	4,148
Professional Fees and Contract Service Payments	3,867	62	21	83	3,950
Supplies	96,959	1,551	514	2,065	99,024
Youth Apprenticeships	29,098	466	154	620	29,718
Interest Expense	1,278	20	7	27	1,305
Telephone	1,522	24	8	32	1,554
Postage and Shipping	194	3	1	4	198
Occupancy	12,868	206	68	274	13,142
Equipment Rentals and Maintenance	6,220	100	33	133	6,353
Outside Printing, Art Work, etc.	641	14	5	19	660
Bank, Credit Card Fees	5,687	91	30	121	5,808
Conferences, Conventions, Meetings and Major Trips	269	6	2	8	277
Depreciation	27,673	461	153	614	28,287
Total Expenses by Function	321,346	5,165	1,712	6,877	328,223
Less Expenses Included with Revenues on the Statement of Activities					
Shop cost of goods sold	(92,646)	-	-	-	(92,646)
Total expenses included in the expense section on the statement of activities	\$ 228,700	\$ 5,165	\$ 1,712	\$ 6,877	\$ 235,577

Keystone Community Services and Subsidiary
Unconsolidated UBA Statement of Functional Expenses
Year Ended December 31, 2015

	Express Bike	Supporting Services			Total Expenses
		Management and General	Fundraising	Total	
Salaries	\$ 110,742	\$ 1,773	\$ 591	\$ 2,364	\$ 113,106
Employee Health, Retirement Benefits and Disability Insurance	12,179	195	65	260	12,439
Payroll Taxes and Workers' Compensation Insurance	11,335	182	61	243	11,578
Professional Fees and Contract Service Payments	5,994	96	32	128	6,122
Supplies	73,286	37	12	49	73,335
Food Costs	29,157	466	163	629	29,786
Telephone	1,451	23	-	23	1,474
Postage and Shipping	153	2	1	3	156
Occupancy	988	16	5	21	1,009
Equipment Rentals and Maintenance	156	2	1	3	159
	16,263	260	87	347	16,610
Outside Printing, Art Work, etc.	4,714	76	25	101	4,815
Local Transportation	4,250	68	23	91	4,341
Conferences, Conventions, Meetings and Major Trips	4,629	74	25	99	4,728
	1,816	2	1	3	1,819
Depreciation	28,790	461	154	615	29,405
Total Expenses by Function	305,903	3,733	1,246	4,979	310,882
Less Expenses Included with Revenues on the Statement of Activities					
Shop cost of goods sold	(70,947)	-	-	-	(70,947)
Total expenses included in the expense section on the statement of activities	\$ 234,956	\$ 3,733	\$ 1,246	\$ 4,979	\$ 239,935