INDEPENDENT AUDITOR'S REPORT AND
CONSOLIDATED FINANCIAL STATEMENTS

HASTINGS FAMILY SERVICE

DECEMBER 31, 2015 AND 2014

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Hastings Family Service

We have audited the accompanying consolidated financial statements of Hastings Family Service (a nonprofit organization) and affiliates, which comprise the consolidated statements of financial position as of December 31, 2015 and 2014, and the related consolidated statements of activities, functional expenses 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 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 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 Hastings Family Service and affiliates as of December 31, 2015 and 2014, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 11 to the consolidated financial statements, management of Hastings Family Service, restated its 2014 consolidated financial statements to correct a misstatement. Our opinion is not modified with respect to this matter.

Respectfully submitted,

Lewis, Kisch & Associates, Ltd.

May 13, 2016

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2015 AND 2014

	2015	2014 (as restated)
ASSETS		
Current Assets		
Cash and Cash Equivalents	$ 459,370	$ 368,472
Cash and Cash Equivalents - Capital Campaign Cash	37,099	92,773
Accounts Receivable	9,537	19,135
Capital Campaign Pledges Receivable - Current Portion	20,272	61,906
Inventory - Clothing	51,193	77,269
Inventory - Food	44,301	47,030
Total Current Assets	621,772	666,585
Property and Equipment		
Land, Buildings and Equipment	1,342,497	1,299,838
Accumulated Depreciation	(149,910)	(114,600)
Property and Equipment, Net	1,192,587	1,185,238
Other Assets		
Capital Campaign Pledges Receivable	17,358	36,401
Beneficial Interest in Assets Held by Community Foundation	31,596	31,596
Total Assets	$ 1,863,313	$ 1,919,820
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts Payable	$ 12,286	$ 15,338
Accrued Payroll	17,897	13,992
Accrued Vacation	20,760	19,767
Current Portion of Long-Term Debt		80,000
Total Current Liabilities	50,943	129,097
Long-Term Debt		
Long-Term Debt	83,649	120,000
Total Liabilities	134,592	249,097
Net Assets		
Unrestricted Net Assets - Undesignated	1,503,688	1,441,578
Unrestricted Net Assets - Board Designated (Gobble Gait)	8,814	4,280
Unrestricted Net Assets - Board Designated (Capital Reserve Fund)	60,000	
Unrestricted Net Assets - Board Designated (Endowment)	11,628	11,628
Total Unrestricted Net Assets	1,584,130	1,457,486
Temporarily Restricted Net Assets - Capital Campaign	74,729	191,080
Temporarily Restricted Net Assets - Other Funds	49,894	2,189
Total Temporarily Restricted Net Assets	124,623	193,269
Permanently Restricted Net Assets	19,968	19,968
Total Net Assets	1,728,721	1,670,723
Total Liabilities and Net Assets	$ 1,863,313	$ 1,919,820

See accompanying notes to financial statements.

CONSOLIDATED STATEMENTS OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015				2014			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and Revenue								
Rivertown Treasures	$ 114,720			$ 114,720	$ 89,118			$ 89,118
Contributions	504,659	$ 36,639		541,298	514,433			514,433
Capital Campaign Contributions						$ 95,759		95,759
Government Grants	6,192	21,552		27,744	26,580			26,580
Other Income	1,600			1,600	2,334			2,334
Meals on Wheels	57,836			57,836	68,251			68,251
Just Friends Income	36,811			36,811	46,170			46,170
United Way Contribution	10,000			10,000	16,500			16,500
In-Kind Food Contributions	210,381			210,381	223,227			223,227
In-Kind Clothing Contributions	680,615			680,615	729,432			729,432
Gobble Gait Fundraiser (less $20,414 and $16,742 of direct expenses, respectively)	128,988			128,988	100,262			100,262
Interest and Dividend Income	1,038			1,038	891			891
Net Assets Released from Restrictions	126,837	(126,837)			161,382	(161,382)		
Total Support and Revenue	1,879,677	(68,646)		1,811,031	1,978,580	(65,623)		1,912,957
Expenses								
Program Services	1,421,530			1,421,530	1,464,525			1,464,525
Management and General	205,635			205,635	201,623			201,623
Fundraising	125,868			125,868	122,387			122,387
Total Expenses	1,753,033			1,753,033	1,788,535			1,788,535
Increase (Decrease) in Net Assets	126,644	(68,646)		57,998	190,045	(65,623)		124,422
Net Assets, Beginning of Year (as restated)	1,457,486	193,269	$ 19,968	1,670,723	1,267,441	258,892	$ 19,968	1,546,301
Net Assets, End of Year	$ 1,584,130	$ 124,623	$ 19,968	$ 1,728,721	$ 1,457,486	$ 193,269	$ 19,968	$ 1,670,723

See accompanying notes to financial statements.

CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES

YEARS ENDED DECEMBER 31, 2015 AND 2014

2015

Expenses	Program Services	Management and General	Fundraising	Total
Clothing Donated	$ 541,219			$ 541,219
Clothing Inventory Sold	114,720			114,720
Salaries and Wages	216,190	$ 91,459	$ 102,076	409,725
Payroll Taxes	16,406	6,941	7,746	31,093
Employee Benefits	15,645	6,619	7,387	29,651
Professional Fees		39,519		39,519
Advertising			3,049	3,049
Depreciation	21,186	14,124		35,310
Emergency Assistance	84,068			84,068
Food Shelf	276,296			276,296
Insurance	7,379	4,919		12,298
Just Friends Expenses	21,873			21,873
Meals on Wheels Expenses	42,647			42,647
Occupancy	27,375	18,250		45,625
Office Expenses	17,800	22,250	4,450	44,500
Other Expenses	2,763	789	395	3,947
Other Program Expenses	14,434			14,434
Telephone	1,529	765	765	3,059
Total Expenses	$ 1,421,530	$ 205,635	$ 125,868	$ 1,753,033

2014

Expenses	Program Services	Management and General	Fundraising	Total
Clothing Donated	$ 575,641			$ 575,641
Clothing Inventory Sold	89,118			89,118
Salaries and Wages	212,430	$ 81,373	$ 92,469	386,272
Payroll Taxes	17,178	6,580	7,478	31,236
Employee Benefits	16,204	6,207	7,054	29,465
Professional Fees		41,548		41,548
Advertising			10,013	10,013
Depreciation	22,080	14,721		36,801
Emergency Assistance	66,967			66,967
Food Shelf	289,932			289,932
Insurance	7,249	4,832		12,081
Just Friends Expenses	48,792			48,792
Meals on Wheels Expenses	51,079			51,079
Occupancy	34,681	23,120		57,801
Office Expenses	17,605	22,006	4,401	44,012
Other Expenses	1,849	528	264	2,641
Other Program Expenses	12,303			12,303
Telephone	1,417	708	708	2,833
Total Expenses	$ 1,464,525	$ 201,623	$ 122,387	$ 1,788,535

See accompanying notes to financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015	2014
Cash Flows from (used in) Operating Activities		
Increase in Net Assets	$ 57,998	$ 124,422
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided by Operations:		
Depreciation	35,310	36,801
In-Kind Contributions Received	(890,996)	(952,659)
In-Kind Contributions Disbursed	919,801	914,398
Decrease (Increase) in Current Assets:		
Accounts Receivable	9,598	18,935
Capital Campaign Pledges Receivable	60,677	74,949
Prepaid Expenses		3,191
Increase (Decrease) in Current Liabilities:		
Accounts Payable	(3,052)	(267)
Accrued Payroll	3,905	1,247
Accrued Vacation	993	1,476
Net Cash Flows from Operating Activities	194,234	222,493
Cash Flows from (used in) Investing Activities		
Purchases of Property and Equipment	(42,659)	(2,127)
Net Cash Flows used in Investing Activities	(42,659)	(2,127)
Cash Flows from (used in) Financing Activities		
Payments on Long-Term Debt	(116,351)	(160,000)
Net Cash Flows used in Financing Activities	(116,351)	(160,000)
Net Increase in Cash and Cash Equivalents	35,224	60,366
Cash and Cash Equivalents, Beginning of Year	461,245	400,879
Cash and Cash Equivalents, End of Year	$ 496,469	$ 461,245
Supplemental Disclosures		
Interest Paid	$ 14,408	$ 21,515

See accompanying notes to financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

1. Nature of the Organization

Hastings Family Service is a not-for-profit organization whose purpose is to assist individuals in need in the Hastings, Minnesota, area.

Hastings Family Service has established the following program services to benefit the residents of Hastings, Minnesota:

Food Shelf - To assist those in the community with food needs.

Rivertown Treasures - Makes available clothing and household items at no cost to those in need. Items are also available for sale at low cost to the public.

Meals on Wheels - To provide meals to individuals that are home bound.

Emergency Services - Programs to provide assistance with household utilities, rent, or mortgage assistance.

Just Friends - Program to provide transportation and visits.

Project Share - Program to provide food, clothing, and toys during the holiday seasons.

2. Summary of Significant Accounting Policies

Principles of Consolidation - The consolidated financial statements include the accounts of Hastings Family Service and its wholly owned and controlled affiliates (collectively, the “Organization”): Gobble Gait, LLC and Hastings Music Festival, LLC. All inter-entity transactions and balances have been eliminated. The primary purpose of these affiliates is to operate fundraising events for the benefit of the Organization.

Gobble Gait, LLC, hosts a Thanksgiving Day walk/run event, whose proceeds and related expenses are included in the Organization’s consolidated financial statements. The Organization’s consolidated financial statements include $8,814 and $4,280 of net assets that are board designated as Gobble Gait funds as of December 31, 2015 and 2014, respectively.

Hastings Music Festival, LLC, hosts an annual one-day event for which the proceeds and related expenses are included in the Organization’s consolidated financial statements. There were no events in 2015 and 2014.The Organization’s consolidated financial statements include $0 of net assets that are board designated as Hastings Music Festival funds as of December 31, 2015 and 2014, respectively.

Basis of Presentation - The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America applicable to not-for-profit organizations. Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and the changes therein are classified and reported as follows:

Unrestricted Net Assets – Unrestricted net assets are not subject to donor-imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors.

Temporarily Restricted Net Assets – Temporarily restricted net assets are subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. When a restriction is met, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently Restricted Net Assets – Permanently restricted net assets are subject to donor-imposed stipulations that they be maintained permanently by the Organization.

Revenues and Expenses - Support and revenue are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Contributions are measured at their fair value and reported as increases in net assets.

Cash and Cash Equivalents - For purposes of the consolidated statement of cash flows, the Organization considers all cash, money market funds, and other highly liquid investments with maturities of three months or less to be cash equivalents. At times, the balances may exceed federally insured limits.

2. Summary of Significant Accounting Policies (Continued)

Financial instruments, which potentially subject the Organization to credit risk, consist primarily of cash and cash equivalents. The Organization's cash and cash equivalents have been placed with major financial institutions. At times, such amounts may exceed Federal Deposit Insurance Corporation ("FDIC") limits. The Organization closely monitors these balances and has not experienced credit losses.

Capital Campaign Cash - Capital campaign cash represents cash designated for use by the capital campaign fund.

Accounts Receivable - Accounts receivable represent amounts due for program services rendered and unconditional commitments from donors, which are all receivable in less than one year. No interest is accrued on accounts receivable. The Organization periodically reviews individual accounts, and as of December 31, 2015 and 2014, no allowance for uncollectible accounts was considered necessary.

Capital Campaign Pledges Receivable - Pledges receivable represent unconditional commitments from donors that are recorded at the pledged amount. The Organization periodically reviews individual accounts, and as of December 31, 2015 and 2014, no allowance for uncollectible accounts was considered necessary.

Inventory - Inventory consists of donated clothing and food items, which have primarily been received by the Organization as in-kind contributions. Inventory is valued at the lower of cost or fair value (cost is determined as fair value at the date of gift).

Property and Equipment - Property and equipment are recorded at cost or, if donated, at fair market value at the date of donation. Items of $1,000 or less are expensed in the year purchased. Depreciation is computed using the straight-line method and is charged to expense over the estimated useful lives of the assets, which range from three years for computer equipment to thirty-nine years for building and building improvements. Costs of maintenance, repairs, and minor replacements are expensed as incurred.

Beneficial Interest in Assets Held by Community Foundation - The Organization established an endowment fund, known as the Hastings Family Service NFP Endowment Fund (the "Fund") under a community foundation. The Organization granted variance power to the community foundation, which allows the community foundation to modify any condition or restriction on its distributions for any specified charitable purpose. The Fund is held and invested by the community foundation for the Organization's benefit, and is reported at fair value in the consolidated statements of financial position.

Accrued Vacation - Accrued vacation represents employee earned and unused vacation time. The Organization allows employees to carry over unused vacation time into the next year.

Contributions - Contributions, which may include unconditional promises to give ("pledges"), are recognized as revenues in the period received. Contributions are measured at their fair value and reported as increases in net assets. The Organization reports gifts of cash and other assets as restricted contributions when they are received with donor stipulations that limit the use of the donated assets. When the intent of the donor is that the assets are to remain in perpetuity and the Organization does not have the right to expend the original principal, the assets are reported as permanently restricted. Contributions with donor-imposed restrictions that are met in the same year as received are reported as unrestricted. Net assets are also released from donor restrictions when time restrictions are satisfied.

In-Kind Services - In-kind services are recognized at fair value if the services meet the recognition criteria prescribed by generally accepted accounting principles, which include a) requiring specialized skills; b) provided by someone with those skills; and c) would have to be purchased if they were not donated. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization to fulfill its purpose. The Organization receives the support of approximately 400 volunteers per year.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

2. Summary of Significant Accounting Policies (Continued)

In-Kind Contributions - The Organization receives in-kind contributions of donated food, clothing, and other items that are used for program purposes. In-kind contributions revenue is recognized when the Organization has sufficient discretion over the use and disposition of the items to recognize a contribution in conformity with accounting principles generally accepted in the United States of America. In-kind contributions received through donations are valued and recorded as revenue at their fair value at the time the contribution is received. When the Organization distributes in-kind contributions as part of its own programs, it reports an expense, which is reported in the functional classification for the program in which the in-kind contributions were used. Undistributed in-kind contributions at year end are reported as inventory. Donations of property and equipment are recorded as contributions at their estimated fair value at the date of donation.

Sales Tax - The Organization collects and remits sales tax. The Organization's accounting policy is to include the tax collected and remitted in revenues and expenses.

Income Taxes - The Organization is exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code and is not considered a private foundation. Management has evaluated for uncertain tax positions and has determined there are no uncertain tax positions as of December 31, 2015 and 2014. Tax returns for the past three years remain open for examination by tax jurisdictions.

Advertising - The Organization expenses advertising as incurred.

Functional Allocation of Expenses - The costs of providing the Organization's various programs and supporting services have been summarized on a functional basis, based on estimates developed by management.

Use of Estimates - The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates. Such estimates include inventory valuation, fair value of in-kind contributions, functional expense allocation, and depreciation.

Reclassification - Certain reclassifications have been made to the 2014 consolidated financial statements to conform to the 2015 presentation. These reclassifications had no impact on change in net assets or net asset balances.

Subsequent Events - Subsequent events are events or transactions that occur after the consolidated statement of financial position date but before consolidated financial statements are issued. The Organization recognizes in the consolidated financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the consolidated statement of financial position, including the estimates inherent in the process of preparing the consolidated financial statements. The Organization's consolidated financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the consolidated statement of financial position but arose after the consolidated statement of financial position date and before the consolidated financial statements were available to be issued.

The Organization has performed an evaluation of subsequent events through May 13, 2016 which is the date the consolidated financial statements were available to be issued.

3. Capital Campaign Pledges Receivable

In 2011, the Organization began a capital campaign to provide funding for a building purchase and subsequent remodeling. Capital campaign contributions and pledges received are considered temporarily restricted funds until they are spent on building costs or loan payments. Capital campaign pledges receivable as of December 31, 2015, are expected to be collected as follows:

Less Than One Year	$ 20,272
One To Five Years	17,358
Total Capital Campaign Pledges Receivable	$ 37,630

4. Property and Equipment

Property and equipment is summarized as follows:

	2015	2014
Land	$ 302,400	$ 302,400
Building	423,919	423,919
Building Improvements	542,610	502,156
Computer Equipment	3,221	3,221
Other Equipment	70,347	68,142
Total Property and Equipment	1,342,497	1,299,838
Less: Accumulated Depreciation	(149,910)	(114,600)
Total Property and Equipment, Net	$ 1,192,587	$ 1,185,238

5. Fair Value Measurements

Accounting standards define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Accounting standards also establish a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of input that may be used to measure fair value:

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in active markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The fair value of the Organization's beneficial interest in assets held by the community foundation is based on the fair value of fund investments as reported by the community foundation. These are considered to be Level 3 measurements.

6. Long-Term Debt

In October 2012, the Organization secured a mortgage loan for $520,000 due on demand, but if no demand is made then principal payments of $80,000 are due annually, with the remaining balance due October 23, 2018. Accrued interest at a rate of 6.5% is due on demand, but if no demand is made then interest is due annually beginning in October 2013. As of December 31, 2015, the estimated maturities on the loan payable are as follows:

Year Ending December 31,	
2016	$
2017	80,000
2018	3,649
Total Long-Term Debt	$ 83,649

7. Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes at December 31:

	2015	2014
Capital Campaign	$ 74,729	$ 191,080
Meals on Wheels	20,576	
Homeless and Senior Support	10,000	
Moving Forward	8,207	
Medical and Dental	6,289	
Housing Funds	4,110	2,189
Other	712	
Total Temporarily Restricted Net Assets	$ 124,623	$ 193,269

8. Endowment

The Organization's endowment consists of donor-restricted funds established to support the overall operations of the Organization and certain unrestricted net assets designated for endowment by the Board of Directors. Net assets associated with this endowment are classified and reported based on the existence or absence of donor-imposed restrictions.

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 fund 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 or distributions to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation or distribution is added to the fund. The remaining portion of the donor-restricted net assets that is not classified as permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

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

From time to time, the fair value of assets associated with the donor-restricted endowment fund may fall below the level that the donor or UPMIFA requires the Organization to retain as funds of perpetual duration. When donor endowment deficits exist, they are classified as a reduction of unrestricted net assets. There were no such deficiencies as of December 31, 2015 and 2014.

8. Endowment (Continued)

Endowment net asset composition by type of fund are as follows:

December 31, 2015 and 2014	Unrestricted	Permanently Restricted	Total
Board-Designated Endowment	$ 11,628		$ 11,628
Donor-Restricted Endowment		$ 19,968	19,968
	$ 11,628	$ 19,968	$ 31,596

Investment Objectives and Strategies

The Organization has adopted an investment policy to provide guidelines for investing endowment assets. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to achieve long-term total returns through a combination of capital appreciation and income.

To achieve these objectives, the Organization has established an endowment fund under a community foundation.

Spending Policy

The Organization's spending policy is determined by the community foundation's spending policy.

9. Retirement Plan

The Organization has a 403(b) retirement plan for employees that have completed one year of service. The Organization's retirement contributions were $11,652 and $10,775 for the years ended December 31, 2015 and 2014, respectively.

10. Beneficial Interest in Assets Held by Others

Hastings Family Service is the income beneficiary of a designated fund of The Saint Paul Foundation. The fund was created independently by donors and is administered by The Saint Paul Foundation. The Saint Paul Foundation has explicit variance power over this fund, therefore Hastings Family Service has not recorded a beneficial interest in these assets, nor has it recorded any potential future distributions from the assets. The designated fund had a fair market value of $33,450 and $35,258 at December 31, 2015 and 2014, respectively. The Organization received income distributions from this designated fund of $1,362 and $1,361 for the years ended December 31, 2015 and 2014, respectively.

11. Restatement

Subsequent to the original issuance of the Hastings Family Service December 31, 2014 consolidated financial statements, management identified a misstatement. The Organization has a beneficial interest in assets held by a community foundation, which had not previously been recognized in the Organization's consolidated financial statements. The Organization's beginning net assets for the year ended December 31, 2014 and the Organization's consolidated statement of financial position at December 31, 2014 have been restated to include the Organization's beneficial interest in assets held by a community foundation of $31,596.