

YWCA OF MINNEAPOLIS
FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2022 AND 2021



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**YWCA OF MINNEAPOLIS
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INDEPENDENT AUDITORS' REPORT

Finance and Investment Committee
YWCA of Minneapolis
Minneapolis, Minnesota

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of YWCA of Minneapolis (a nonprofit organization), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of YWCA of Minneapolis as of June 30, 2022 and 2021, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of YWCA of Minneapolis and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about YWCA of Minneapolis's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness YWCA of Minneapolis's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about YWCA of Minneapolis's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.



CliftonLarsonAllen LLP

Minneapolis, Minnesota
June 13, 2023

YWCA OF MINNEAPOLIS
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2022 AND 2021

	2022	2021
ASSETS		
Cash	\$ 601,177	\$ 2,120,835
Other Receivables, Net	2,338,218	1,199,026
Contributions Receivable, Net	603,813	995,656
Inventory	22,625	22,196
Prepaid Expenses and Other Assets	275,609	275,775
Investments	15,725,994	20,115,956
Property and Equipment, net	24,844,808	26,319,345
Total Assets	\$ 44,412,244	\$ 51,048,789
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable	\$ 504,049	\$ 498,052
Accrued Payroll and Related Liabilities	834,653	798,868
Deferred Support and Revenue	195,230	170,865
Line of Credit	1,000,000	1,500,000
Long-Term Debt	1,216,667	1,416,667
Total Liabilities	3,750,599	4,384,452
NET ASSETS		
Without Donor Restrictions:		
Undesignated	(227,494)	852,212
Designated by the Board for Endowment Fund	6,094,081	7,902,526
Legacy Campaign Investments - Unrestricted	331,730	343,421
Invested in Property and Equipment, Net of Related Debt	23,628,141	24,902,678
Total Without Donor Restrictions	29,826,458	34,000,837
With Donor Restrictions:		
Perpetual in Nature	2,349,936	2,349,936
Purpose Restrictions	2,748,537	3,016,848
Unexpended Investment Return from Endowment Funds	5,550,102	7,110,194
Time-Restricted for Future Periods	186,612	186,522
Total With Donor Restrictions	10,835,187	12,663,500
Total Net Assets	40,661,645	46,664,337
Total Liabilities and Net Assets	\$ 44,412,244	\$ 51,048,789

See accompanying Notes to Financial Statements.

**YWCA OF MINNEAPOLIS
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022**

	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT AND REVENUE			
Public Support:			
Contributions	\$ 459,246	\$ 970,608	\$ 1,429,854
In-Kind Contributions	-	1,067,048	1,067,048
Employee Retention Credit	1,309,475	-	1,309,475
Special Events	322,457	179,837	502,294
United Way	-	529,500	529,500
Total Public Support	2,091,178	2,746,993	4,838,171
Revenue:			
Fees and Grants - Government	2,226,505	2,009,018	4,235,523
Program Service Fees and Membership Dues	6,257,795	-	6,257,795
Incidental Revenue	299,774	-	299,774
Investment Loss	(1,090,838)	(1,455,250)	(2,546,088)
Room Rental	105,616	-	105,616
Miscellaneous	88,289	-	88,289
Total Revenue	7,887,141	553,768	8,440,909
Net Assets Released from Program Restrictions	5,129,074	(5,129,074)	-
Total Public Support and Revenue	15,107,393	(1,828,313)	13,279,080
EXPENSES			
Health and Wellness	6,315,965	-	6,315,965
Early Childhood Education	7,158,783	-	7,158,783
Girls and Youth	1,199,560	-	1,199,560
Racial Justice and Public Policy	605,934	-	605,934
Management and General	2,900,566	-	2,900,566
Fundraising	1,100,964	-	1,100,964
Total Expenses	19,281,772	-	19,281,772
CHANGE IN NET ASSETS	(4,174,379)	(1,828,313)	(6,002,692)
Net Assets - Beginning of Year	34,000,837	12,663,500	46,664,337
NET ASSETS - END OF YEAR	\$ 29,826,458	\$ 10,835,187	\$ 40,661,645

See accompanying Notes to Financial Statements.

**YWCA OF MINNEAPOLIS
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021**

	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT AND REVENUE			
Public Support:			
Contributions	\$ 1,001,700	\$ 1,569,160	\$ 2,570,860
In-Kind Contributions	-	1,026,965	1,026,965
Paycheck Protection Program Forgivable Loan	1,038,502	-	1,038,502
Employee Retention Credit	2,447,891	-	2,447,891
Special Events	41,223	171,643	212,866
United Way	24,513	529,500	554,013
Total Public Support	4,553,829	3,297,268	7,851,097
Revenue:			
Fees and Grants - Government	2,064,259	1,476,362	3,540,621
Program Service Fees and Membership Dues	5,217,309	-	5,217,309
Incidental Revenue	179,493	-	179,493
Investment Return	1,744,480	1,975,006	3,719,486
Room Rental	71,065	-	71,065
Miscellaneous	83,500	-	83,500
Total Revenue	9,360,106	3,451,368	12,811,474
Net Assets Released from Program Restrictions	4,954,463	(4,954,463)	-
Total Public Support and Revenue	18,868,398	1,794,173	20,662,571
EXPENSES			
Health and Wellness	5,858,706	-	5,858,706
Early Childhood Education	6,418,144	-	6,418,144
Girls and Youth	1,220,262	-	1,220,262
Racial Justice and Public Policy	586,595	-	586,595
Management and General	2,809,768	-	2,809,768
Fundraising	1,283,629	-	1,283,629
Total Expenses	18,177,104	-	18,177,104
CHANGE IN NET ASSETS	691,294	1,794,173	2,485,467
Net Assets - Beginning of Year	33,309,543	10,869,327	44,178,870
NET ASSETS - END OF YEAR	\$ 34,000,837	\$ 12,663,500	\$ 46,664,337

See accompanying Notes to Financial Statements.

**YWCA OF MINNEAPOLIS
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2022**

	Program Services					Supporting Services			
	Health and Wellness	Early Childhood Education	Girls and Youth	Racial Justice and Public Policy	Total	Management and General	Fundraising	Total	Total
Salaries	\$ 2,477,517	\$ 3,746,098	\$ 716,518	\$ 405,007	\$ 7,345,140	\$ 1,348,217	\$ 568,228	\$ 1,916,445	\$ 9,261,585
Employee Benefits	360,176	567,167	99,943	48,642	1,075,928	148,804	89,479	238,283	1,314,211
Payroll Taxes and Workers' Compensation	244,881	396,355	72,660	40,406	754,302	137,552	62,402	199,954	954,256
Total Salaries and Workers' Compensation	3,082,574	4,709,620	889,121	494,055	9,175,370	1,634,573	720,109	2,354,682	11,530,052
Professional Fees and Contract Service Payments	245,417	92,602	40,713	34,944	413,676	358,088	71,072	429,160	842,836
Supplies	238,675	430,571	111,245	9,894	790,385	26,507	20,802	47,309	837,694
Telephone	22,775	13,847	5,629	889	43,140	11,194	1,793	12,987	56,127
Postage	10,063	983	105	15	11,166	1,959	8,031	9,990	21,156
Occupancy	1,164,922	1,343,387	57,903	12,577	2,578,789	170,239	7,126	177,365	2,756,154
Outside Printing and Advertising	273,512	130,323	7,242	26,002	437,079	12,635	72,852	85,487	522,566
Transportation	1,314	610	15,312	297	17,533	5,128	1,233	6,361	23,894
Conferences, Conventions, and Meetings	5,846	13,846	3,520	339	23,551	12,148	9,400	21,548	45,099
Payments to YWCA USA	-	-	-	-	-	40,000	-	40,000	40,000
Interest Expense	56,791	-	-	-	56,791	51,745	-	51,745	108,536
Special Events Expenses	-	-	-	-	-	-	114,028	114,028	114,028
Bad Debt Expense	-	-	-	-	-	132,600	-	132,600	132,600
Licenses and Permits	11,842	4,030	776	366	17,014	1,305	2,770	4,075	21,089
Miscellaneous	178,781	122,957	29,072	10,021	340,831	178,830	51,608	230,438	571,269
Total Expenses Before Depreciation and Amortization	5,292,512	6,862,776	1,160,638	589,399	13,905,325	2,636,951	1,080,824	3,717,775	17,623,100
Depreciation and Amortization	1,023,453	296,007	38,922	16,535	1,374,917	263,615	20,140	283,755	1,658,672
Total Expenses	\$ 6,315,965	\$ 7,158,783	\$ 1,199,560	\$ 605,934	\$ 15,280,242	\$ 2,900,566	\$ 1,100,964	\$ 4,001,530	\$ 19,281,772

See accompanying Notes to Financial Statements.

**YWCA OF MINNEAPOLIS
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2021**

	Program Services					Supporting Services			
	Health and Wellness	Early Childhood Education	Girls and Youth	Racial Justice and Public Policy	Total	Management and General	Fundraising	Total	Total
Salaries	\$ 2,353,119	\$ 3,407,741	\$ 777,544	\$ 385,664	\$ 6,924,068	\$ 1,379,085	\$ 814,586	\$ 2,193,671	\$ 9,117,739
Employee Benefits	277,727	431,689	81,103	30,908	821,427	127,644	87,080	214,724	1,036,151
Payroll Taxes and Workers' Compensation	208,281	272,214	76,089	37,906	594,490	130,288	75,708	205,996	800,486
Total Salaries and Workers' Compensation	2,839,127	4,111,644	934,736	454,478	8,339,985	1,637,017	977,374	2,614,391	10,954,376
Professional Fees and Contract Service Payments	134,870	67,331	8,540	44,041	254,782	438,886	134,984	573,870	828,652
Supplies	254,499	388,712	151,338	11,257	805,806	69,120	54,807	123,927	929,733
Telephone	25,430	17,795	5,922	1,470	50,617	12,023	2,398	14,421	65,038
Postage	5,839	2,097	464	94	8,494	1,313	7,542	8,855	17,349
Occupancy	1,086,497	1,321,423	57,041	12,601	2,477,562	128,359	11,816	140,175	2,617,737
Outside Printing and Advertising	216,923	131,839	3,562	29,671	381,995	9,428	55,900	65,328	447,323
Transportation	336	451	999	45	1,831	2,685	1,013	3,698	5,529
Conferences, Conventions, and Meetings	5,503	13,752	2,671	4,153	26,079	6,491	4,825	11,316	37,395
Payments to YWCA USA	-	-	-	-	-	40,000	-	40,000	40,000
Interest Expense	65,011	-	-	-	65,011	48,075	-	48,075	113,086
Special Events Expenses	-	-	-	-	-	-	-	-	-
Licenses and Permits	16,341	8,032	3,245	904	28,522	463	63	526	29,048
Bad Debt Expense	-	-	-	-	-	72,325	-	72,325	72,325
Miscellaneous	60,891	58,643	12,497	11,253	143,284	79,330	12,667	91,997	235,281
Total Expenses Before Depreciation and Amortization	4,711,267	6,121,719	1,181,015	569,967	12,583,968	2,545,515	1,263,389	3,808,904	16,392,872
Depreciation and Amortization	1,147,439	296,425	39,247	16,628	1,499,739	264,253	20,240	284,493	1,784,232
Total Expenses	<u>\$ 5,858,706</u>	<u>\$ 6,418,144</u>	<u>\$ 1,220,262</u>	<u>\$ 586,595</u>	<u>\$ 14,083,707</u>	<u>\$ 2,809,768</u>	<u>\$ 1,283,629</u>	<u>\$ 4,093,397</u>	<u>\$ 18,177,104</u>

See accompanying Notes to Financial Statements.

**YWCA OF MINNEAPOLIS
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2022 AND 2021**

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (6,002,692)	\$ 2,485,467
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities:		
Depreciation and Amortization	1,658,672	1,784,232
Net Realized and Unrealized Losses (Gains) on Investments	3,923,031	(3,611,918)
Bad Debt Expense	132,600	72,325
Changes in Operating Assets and Liabilities:		
Other Receivables, Net	(1,139,192)	(760,539)
Contributions Receivable, Net	259,243	272,072
Inventory	(429)	(118)
Prepaid Expenses and Other Assets	166	13,706
Accounts Payable	(9,167)	(63,503)
Accrued Payroll and Related Liabilities	35,785	(163,387)
Deferred Support and Revenue	24,365	11,322
Refundable Advance of Paycheck Protection Program Forgivable Loan	-	(1,038,502)
Net Cash Used by Operating Activities	(1,117,618)	(998,843)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property and Equipment	(168,971)	(220,050)
Proceeds from Sale of Investments	1,905,000	309,890
Purchase of Investments	(1,438,069)	(500,000)
Net Cash Provided (Used) by Investing Activities	297,960	(410,160)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments of Long-Term Debt	(200,000)	(203,162)
Payments on Line of Credit	(500,000)	-
Net Cash Used by Financing Activities	(700,000)	(203,162)
NET CHANGE IN CASH	(1,519,658)	(1,612,165)
Cash - Beginning of Year	2,120,835	3,733,000
CASH - END OF YEAR	\$ 601,177	\$ 2,120,835
 SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash Paid During the Year for:		
Interest	\$ 108,536	\$ 113,086
Noncash Contribution of Free Rent and Supplies	\$ 1,067,048	\$ 1,026,965
Purchases of Property and Equipment in Accounts Payable	\$ 15,164	\$ -

See accompanying Notes to Financial Statements.

YWCA OF MINNEAPOLIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The YWCA of Minneapolis (YWCA) is dedicated to eliminating racism, empowering women and girls, and promoting peace, justice, freedom, and dignity for all. Since our founding in 1891, the YWCA has been a pioneering, proven leader, opening doors for women, people of color, and low-income families, and opening minds throughout our community to the potential that exists in all of us. Today, the YWCA lives its 130+ year tradition of social justice through innovative programs and passionate advocacy in education, racial justice and wellness - equipping people to create brighter futures for themselves, their families and their community.

The YWCA operates in the Twin Cities Metropolitan area, with a focus on urban Minneapolis:

- The YWCA owns and operates three buildings in Minneapolis in the neighborhoods of Downtown, Uptown, and Midtown; these buildings provide program and office space and three fitness centers.
- The YWCA's Early Childhood Education program operates five Children's Centers: in Minneapolis in the neighborhoods of Downtown, Midtown, and Phillips; and in Saint Paul in the neighborhoods of Downtown and Frogtown.
- The YWCA's Girls and Youth Programs operate in 14+ Minneapolis public schools and at the Midtown and Downtown locations.
- Racial Justice Programs are primarily based in Minneapolis with a national reach. Public Policy programs are primarily based in Minneapolis with a statewide reach.

Health and Wellness

The health and wellness of our community is improved through welcoming, supportive and inclusive programming at three urban fitness centers staffed by certified personal trainers, experienced fitness instructors, industry-leading aquatics coaches, and endurance sports specialists. These professionals annually help 12,000+ members of all ages and abilities find the best workout program to achieve their fitness goals. In addition, 1,050+ community members participated in classes and clinics on CPR, first aid, lifeguard certifications, swimming instruction, personal training, endurance sports, and other specialty topics to enhance their personal well-being. Sliding fee memberships provide access to individuals and families from low income households.

Creating accessible opportunities for health and wellness has been a cornerstone of the YWCA since its founding. In light of the on-going impact of the global COVID-19 pandemic, the YWCA adjusted its classes and programs to both on-site and virtual formats so that members could support their well-being during stressful times at a location of their choosing. Adaptations were again made with our Women's Triathlon. Though normally held in-person every August for more than 1,400 women and girls, over 450 individuals registered for the inaugural Race Against Racism 5k run/walk event in August 2021, an in-person, socially-distanced race to raise awareness of racism as a public health crisis and promote racial justice and health equity.

**YWCA OF MINNEAPOLIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Early Childhood Education

High-quality nationally accredited early childhood education is provided by the YWCA to families across the Twin Cities community. During the year ended June 30, 2022, five YWCA Children's Centers served 657 children, ages 6 weeks to 12 years old, from 465 families. Four of the Centers are community-based with a focus on serving diverse children living in low-income households. Knowing school readiness begins at birth, experienced professional classroom teachers partner with families to prepare children to excel in school and life. YWCA curriculum is culturally celebratory, incorporating anti-bias values and conflict resolution skills that equip children for success. Learning opportunities are incorporated into every part of the day promoting social and emotional development, language and literacy development, creativity and the arts, cognitive development, physical and motor skills. Teachers regularly assess all children to ensure age appropriate development and school readiness using national, research-based assessment tools.

Early Childhood Education Workforce Development Program

This program provides access to comprehensive training and support for participants to complete a Child Development Associate (CDA) – a foundational post-secondary credential for pursuing a career in early childhood education. This training opportunity provides a professional career pathway for successful participants, all of whom live in low-income households with 70% or more identifying as people of color. Most enrollees will be working to enter or re-enter the workforce and many are single mothers. During the year ended June 30, 2022, 117 individuals enrolled in the program, 86 people completed the program successfully, and 63 people obtained a CDA in Early Childhood Education.

Girls and Youth

Girls and Youth programs equip youth with the skills and experience to nurture their confidence, relationships and power to be leaders in their lives and communities. Seven culturally-responsive, out-of-school time Girls and Youth programs use research-based curriculum focused on increasing academic success, teaching positive decision-making skills, developing leadership skills, supporting social and emotional development and strengthening physical health. Professionally trained youth workers become trusted adults in the lives of the 700+ young people served by these programs.

Through an affiliation with the national Girls Inc. organization, Girls Inc.® at YWCA delivers life-changing programs inspiring girls to be strong, smart, and bold. A curriculum designed to meet the developmental needs of girls integrates academic success in STEM (science, technology, engineering and mathematics), financial literacy, leadership development, and healthy decision-making. This multifaceted approach creates an enriching and fun community that supports girl-led learning, great friendships, and personal growth.

YWCA OF MINNEAPOLIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Racial Justice

For more than a decade the YWCA Minneapolis has led the community in eliminating racism by creating space for meaningful and open dialogue about racism and privilege. The Racial Justice program brings together courageous community leaders and members to engage in meaningful conversations to improve race relations where they work and live. Throughout the year ended June 30, 2022, 2,200+ individuals engaged in YWCA-led public forums, community dialogues, workshops and trainings and were empowered to act toward building equitable and inclusive workplaces and communities.

In October 2021, approximately 700 people attended virtually the 19th annual It's Time to Talk: Forums on Race™. Inspired by the keynote presentation, attendees engaged in professionally facilitated dialogues about equity and inclusion at their table, leaving the event empowered to take action. Throughout the year ended June 30, 2022, 150+ people attended the It's time to Act!™ forum series, which empowered participants to engage in deeper conversations around race, equity, faith, and social justice issues. Through Inc.lude™ Equity and Inclusion consulting services, over 40 clients engaged in diversity, equity and inclusion efforts that included 350+ individuals.

Public Policy

The YWCA believes everyone has a role to play in shaping public policy. During the year ended June 30, 2022, ground-breaking, culturally competent advocacy strategies mobilized more than 2,200+ people to become informed, register to vote, and act to create change in their community. YWCA's current legislative priority is to improve equitable access to high-quality early childhood education and afterschool girls and youth programs for all Minnesota children. Throughout the year, YWCA advocates for this agenda educating and organizing program participants, members, employees, and the public to act. YWCA advocacy work brings the voices and stories of the people most impacted by policy – parents, students and teachers of young children – into the state Capitol and in front of Minnesota policy-makers with tremendous impact.

Basis of Presentation

The accounting policies of the YWCA conform to generally accepted accounting principles (GAAP).

Reclassification

The YWCA has reclassified certain revenue and expense amounts in prior-period financial statements to conform to the current period presentation. This reclassification did not affect unrestricted or restricted net assets.

YWCA OF MINNEAPOLIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

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 and the reported amounts of revenues and expenses during the reporting periods. Accordingly, actual results could differ from these estimates.

Net Assets

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

Net Assets Without Donor Restrictions – Net assets that are not subject to donor- or certain grantor-imposed restrictions and are available for use in general operations. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment.

Net Assets With Donor Restrictions – Net assets subject to donor- or certain grantor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as restricted revenue when received and released from restrictions when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

YWCA reports contributions restricted by donors as increases in net assets without donor restrictions 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 net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as Net Assets Released from Program Restrictions.

Cash and Concentration of Credit Risk

For purposes of the statements of cash flows, cash and cash equivalents consists of cash on hand and cash maintained in checking accounts with original maturities of three months or less, and excludes cash equivalents held in brokerage accounts reported as investments.

The YWCA maintains its cash and cash equivalents in financial institutions, which at times may exceed federally insured limits.

**YWCA OF MINNEAPOLIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Contributions Receivable and Revenues

Contributions receivable are promises to give from various donors and funders that are considered unconditional. Contributions receivable are presented net of an allowance for doubtful accounts. Contributions that are expected to be collected within one year are recorded at their net realizable value. Contributions that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discounts on those contributions receivables are computed using the YWCA's borrowing rate on the note payable applicable to the years in which the promises are received.

Contributions receivable are considered past due when the pledge payment period has passed. An allowance for uncollectible contributions receivable is recorded based upon management's judgment including such factors as prior collection history, type of contribution, and nature of fundraising activity. Once the likelihood of collecting the pledge receivable is determined to be remote, management writes off the specific account balance and relieves any related allowance. Actual results could vary from the estimate. The allowance for doubtful accounts was \$14,625 as of June 30, 2022. As of June 30, 2021, management determined that an allowance was not necessary.

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value at the date of receipt.

Investments

Investments are recorded at fair value, as described in Note 3. Realized and unrealized gains and losses are recorded in the change in net assets without donor restrictions in the statement of activities unless the donor has restricted earnings. Investments are exposed to various risks such as interest rate, market and credit risks. Accordingly, it is at least reasonably possible that changes in the value of investments may occur in the near term, which could be material.

The YWCA utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. The YWCA determines fair value based on assumptions that market participants would use in pricing an asset or liability in the principal or most advantageous market. When considering market participant assumptions in fair value measurements, the fair value hierarchy as described in Note 3 distinguishes between observable and unobservable inputs.

YWCA OF MINNEAPOLIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Property and Equipment

Property and equipment is recorded at cost if purchased or fair value if donated, less accumulated depreciation. The YWCA capitalizes all major renewals or replacements that substantially extend the useful life of an asset and are in excess of \$5,000; the fair value of donated fixed assets is similarly capitalized. Depreciation expense is computed using the straight-line method based on estimated useful lives of 30 to 50 years for buildings, 3 to 20 years for furnishings and equipment, and 5 years for vehicles. The carrying amount of assets sold, retired, or otherwise disposed and the related accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected in the statement of activities. Maintenance and repairs that do not improve or extend the estimated useful lives of the assets are charged to expense as incurred.

Deferred Support and Revenue

Deferred support and revenue consist of prepaid membership dues, which are amortized pro rata into income over the life of the related membership, and prepaid program service fees, which are recognized as revenue when services are provided.

Donated Goods and Services

In-kind contributions of materials, property, or equipment are recorded as contributions at the estimated fair value on the date of receipt. Contributions of services that enhance nonfinancial assets or require specialized skills, and are provided by individuals possessing those skills, are recorded as contributions at the estimated fair value of service received. The YWCA makes extensive use of volunteers in conducting its various program activities. Such services are not reflected in the financial statements, as those services do not meet this definition.

The YWCA maintains relationships with various corporations who provide space for child care centers at no cost to the YWCA. The allocated value of this donated space was approximately \$1,000,000 and is discussed in more detail in Note 12. The value of the donated space is determined by the fair market value of the total square footage used by YWCA.

Income Taxes

The YWCA is classified as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code (IRC). Accordingly, no provisions for federal, state, or local taxes are included in the financial statements. YWCA is not a private foundation under Section 509(a)(2) of the IRC, and is subject to federal and state income taxes on net unrelated business income.

YWCA OF MINNEAPOLIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Income Taxes (Continued)

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 740 10, *Income Taxes*, provides that a tax benefit from an uncertain tax position may be recognized when it is more likely than not that the position will be sustained upon examination, including resolutions of any related appeals or litigation processes, based on the technical merits. Income tax positions must meet a more likely than not recognition threshold to be recognized. This interpretation also provides guidance on measurement derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. No tax liability accrual was recorded as of June 30, 2022 and 2021, relating to material uncertain tax positions, as management believes there are none.

Advertising Costs

Advertising costs are expensed as incurred. Advertising costs were approximately \$402,000 and \$382,000 for the years ended June 30, 2022 and 2021, respectively.

Functional Expense Distribution

The financial statements report certain categories of expenses that are attributable to more than one program or supporting functions of the YWCA. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation, occupancy, and salaries and employee benefits. Allocations for depreciation and occupancy are allocated based on square footage and use of building. Salary and employee benefits are allocated on the basis of estimates of time and effort utilized, and are reviewed annually by management.

Subsequent Events

The YWCA has evaluated subsequent events through the date of the Independent Auditor's Report, which is the date the financial statements were available to be issued.

Adoption of Accounting Pronouncement

In September 2020, the FASB issued Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This standard requires that contributed nonfinancial assets are reported on a separate line item in the statements of activities, apart from contributions of cash and other financial assets. It also requires disclosure of disaggregated amounts of contributed nonfinancial assets by category that depicts the type of contributed nonfinancial assets along with additional qualitative information about the monetization of such assets, donor restrictions, and valuation techniques. The adoption of this standard did not have any significant impact on the accompanying financial statements or disclosures.

YWCA OF MINNEAPOLIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 2 INVESTMENTS

Investment securities at fair value consisted of the following as of June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Equity Mutual Funds	\$ 8,664,506	\$ 12,500,603
Fixed Income Mutual Funds	5,395,018	5,545,837
Money Market Funds	1,378,562	1,540,625
Life Insurance Policies	180,450	180,363
Cash	107,458	348,528
Total	<u>\$ 15,725,994</u>	<u>\$ 20,115,956</u>

NOTE 3 FAIR VALUE MEASUREMENTS

U.S. GAAP established a fair value hierarchy that prioritizes the inputs to measure the fair value of the assets or liabilities being measured. Fair value is defined as the exchange value that would be received on the measurement date to sell an asset or to value the amount paid to transfer a liability in the principal or most advantageous market availability to the entity in an orderly transaction between market participants. The three levels of the fair value hierarchy under FASB ASC 820 are described below:

Level 1 – Inputs are unadjusted quoted market prices in active markets for identical assets or liabilities that the entity has the ability to access at the measurement date. Level 1 inputs provide the most reliable measure of fair value as of the measurement date.

Level 2 – Inputs are based on significant observable inputs, including unadjusted quoted market prices for similar assets and liabilities in active markets, unadjusted quoted prices for identical or similar assets or liabilities in markets that are not active or inputs other than quoted prices that are observable for the asset or liability.

Level 3 – Inputs are significant unobservable inputs for the asset or liability.

The level of the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

YWCA OF MINNEAPOLIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 3 FAIR VALUE MEASUREMENTS (CONTINUED)

The summary of inputs used to value YWCA's assets and liabilities as of June 30, 2022 and 2021, is as follows:

	2022			Total
	Level 1	Level 2	Level 3	
Equity Mutual Funds:				
Large Cap	\$ 4,230,817	\$ -	\$ -	\$ 4,230,817
Mid Cap	2,552,968	-	-	2,552,968
Small Cap	179,784	-	-	179,784
World Stock	627,344	-	-	627,344
Foreign	1,073,593	-	-	1,073,593
Fixed Income Mutual Funds:				
Intermediate/Term	2,939,609	-	-	2,939,609
Short Term	2,455,409	-	-	2,455,409
Money Market Mutual Funds	-	-	-	1,378,562
Life Insurance Policies	-	-	-	180,450
Cash	-	-	-	107,458
Total Investments	<u>\$ 14,059,524</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,725,994</u>

	2021			Total
	Level 1	Level 2	Level 3	
Equity Mutual Funds:				
Large Cap	\$ 5,495,297	\$ -	\$ -	\$ 5,495,297
Mid Cap	3,441,951	-	-	3,441,951
World Stock	2,077,358	-	-	2,077,358
Foreign	1,485,997	-	-	1,485,997
Fixed Income Mutual Funds:				
Intermediate/Term	3,647,796	-	-	3,647,796
Short Term	1,898,041	-	-	1,898,041
Money Market Mutual Funds	-	-	-	1,540,625
Life Insurance Policies	-	-	-	180,363
Cash	-	-	-	348,528
Total Investments	<u>\$ 18,046,440</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,115,956</u>

There were no transfers between Levels 1, 2, and 3 during the years ended June 30, 2022 and 2021.

Equity mutual funds, fixed income mutual funds, and money market mutual funds are valued using the closing price in an active market for identical securities. The life insurance policies are fair valued based on cash surrender value, which is believed to approximate fair value.

YWCA OF MINNEAPOLIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 4 CONTRIBUTIONS RECEIVABLE

Anticipated future collections of contributions receivable as of June 30 are as follows:

	<u>2022</u>	<u>2021</u>
Unconditional Promises Expected to be Collected in:		
Less than One Year	\$ 482,432	\$ 704,130
One Year to Five Years	140,000	305,958
Less: Discount (4.25%)	(3,994)	(14,432)
Less: Allowance for Doubtful Accounts	(14,625)	-
Total	<u>\$ 603,813</u>	<u>\$ 995,656</u>

For the year ended June 30, 2022, approximately 26% of contributions receivable was due from two donors. For the year ended June 30, 2021, approximately 10% of contributions receivable was due from one donor.

NOTE 5 OTHER RECEIVABLES

Other Receivables, Net consisted of the following as of June 30:

	<u>2022</u>	<u>2021</u>
Employee Retention Credit	\$ 2,068,091	\$ 758,616
Early Childhood Education (ECE)	174,481	252,748
Racial Justice and Public Policy	106,815	106,616
Membership	24,369	60,424
Other	13,749	81,754
Less: Allowance for Doubtful ECE Receivables	(37,524)	(31,833)
Less: Allowance for Doubtful Membership Receivables	(11,763)	(29,299)
Total	<u>\$ 2,338,218</u>	<u>\$ 1,199,026</u>

NOTE 6 PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of June 30:

	<u>2022</u>	<u>2021</u>
Land, Buildings, and Land Improvements	\$ 44,627,596	\$ 44,627,596
Furnishings and Equipment	9,112,490	8,919,646
Vehicles	57,109	57,109
Construction in Progress	-	8,704
Subtotal	<u>53,797,195</u>	<u>53,613,055</u>
Less: Accumulated Depreciation and Amortization	(28,952,387)	(27,293,710)
Total Property and Equipment	<u>\$ 24,844,808</u>	<u>\$ 26,319,345</u>

YWCA OF MINNEAPOLIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 7 LONG-TERM DEBT

Note Payable

On July 2, 2018, the YWCA entered into a loan agreement for \$2,000,000. The loan was secured to complete a renovation project of the Midtown location locker rooms. This loan is a five-year term, with 10-year amortization, and the final payment is due on July 3, 2023. Principal payments of \$16,667.67 plus interest at 4.25% are to be paid monthly.

The outstanding balance on the note payable was \$1,216,667 and \$1,416,667 as of June 30, 2022 and 2021, respectively. The note payable matures on July 3, 2023, and the remaining principal is due on that date.

Subsequent to year-end, the note payable has been fully paid off.

Line of Credit

On January 3, 2018, YWCA secured an operating revolving line of credit in the amount of \$1,500,000. Prior to December 2020, the interest rate was a rate per year equal to the sum of the greater of the LIBOR Daily Floating Rate or the Index Floor, plus 3.1 percentage points. In December, 2021, the interest rate was changed to a rate per year equal to the sum of (i) the greater of the BSBY Daily Floating Rate or the Index Floor, plus (ii) 2.15 percentage points. The Index Floor for this purpose is 1%. The BSBY Daily Floating Rate as of June 30, 2022 was 1.58%. The availability period can be renewed annually by the bank. As of June 30, 2022 and 2021, the outstanding balance on the revolving line of credit was \$1,000,000 and \$1,500,000, respectively. Subsequent to year end, the line of credit was renewed until January 15, 2024. In addition, subsequent to year end, the YWCA drew \$1,000,000 on the line of credit and repaid \$500,000 of the draw, leaving an outstanding balance of \$1,500,000.

The Note Payable and Line of Credit agreements include certain financial covenants with which the YWCA is required to comply, including a requirement to maintain Unencumbered Liquid Assets, as defined, of not less than \$6,000,000 to be tested on a quarterly and annual basis. As of June 30, 2022, the YWCA is in compliance with this requirement.

NOTE 8 ENDOWMENT FUNDS

The YWCA has adopted the provisions of FASB ASC 958-205-45, *Not-for-Profit Entities*, including Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds. ASC 958 provides guidance on the net asset classification of donor restricted endowment funds for a nonprofit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) and also requires disclosures about endowment funds, both donor-restricted and board-designated endowment funds.

YWCA OF MINNEAPOLIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 8 ENDOWMENT FUNDS (CONTINUED)

Interpretation of Relevant Law

The YWCA has interpreted 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, YWCA 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 at the time the accumulation is added to the fund. The remaining portion of the donor restricted endowment fund 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.

Return Objectives and Risk Parameters

As approved by the board of directors, the YWCA's endowments are invested primarily in publicly traded mutual funds with the expected ratio of underlying equity securities to comprise 20% – 80% of the total portfolio and underlying debt securities to comprise 20% – 80% of the total portfolio. The primary objectives in the investment management for the portfolio assets are to maintain the purchasing power of the portfolio; minimize market fluctuations of the operating funds consistent with a yield reflective of the time value of money; and achieve long-term growth of assets for board-restricted and endowment funds.

Spending Policy

The board of directors annually approves an appropriation of a portion of the endowment and board-designated investment income to current operations. In 2022 and 2021, such amounts were \$400,000 and \$615,345, respectively. Actual draws from the endowment and board-designated income in 2022 and 2021 were \$276,362 and \$603,214, respectively.

Funds with Deficiencies (Underwater Funds)

From time to time, the fair value of the assets associated with individual donor restricted endowment funds may fall below the level the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. As of June 30, 2022 and 2021, the YWCA did not have any funds with deficiencies.

YWCA OF MINNEAPOLIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 8 ENDOWMENT FUNDS (CONTINUED)

Endowment Net Asset Composition by Type of Fund

	2022		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-Restricted Endowment Funds	\$ -	\$ 7,900,038	\$ 7,900,038
Board-Designated Endowment Funds	6,425,811	-	6,425,811
Total	<u>\$ 6,425,811</u>	<u>\$ 7,900,038</u>	<u>\$ 14,325,849</u>

	2021		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-Restricted Endowment Funds	\$ -	\$ 9,460,130	\$ 9,460,130
Board-Designated Endowment Funds	8,245,947	-	8,245,947
Total	<u>\$ 8,245,947</u>	<u>\$ 9,460,130</u>	<u>\$ 17,706,077</u>

Changes in Endowment Net Assets

	2022		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment Net Assets, Beginning of Year	\$ 8,245,947	\$ 9,460,130	\$ 17,706,077
Contributions	49,500	-	49,500
Transfers from Investments	(496,386)	-	(496,386)
Investment Return:			
Investment Income	614,893	715,522	1,330,415
Realized and Unrealized Losses, Net	(1,816,623)	(2,170,772)	(3,987,395)
Total Investment Return	(1,201,730)	(1,455,250)	(2,656,980)
Appropriation of Endowment Assets	(171,520)	(104,842)	(276,362)
Endowment Net Assets, End of Year	<u>\$ 6,425,811</u>	<u>\$ 7,900,038</u>	<u>\$ 14,325,849</u>

**YWCA OF MINNEAPOLIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 8 ENDOWMENT FUNDS (CONTINUED)

Changes in Endowment Net Assets (Continued)

	2021		Total
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	
Endowment Net Assets, Beginning of Year	\$ 7,134,653	\$ 7,712,912	\$ 14,847,565
Contributions	49,500	-	49,500
Investment Return:			
Investment Income	51,051	59,044	110,095
Realized and Unrealized Gains, Net	<u>1,386,169</u>	<u>1,915,962</u>	<u>3,302,131</u>
Total Investment Return	<u>1,437,220</u>	<u>1,975,006</u>	<u>3,412,226</u>
Appropriation of Endowment Assets	<u>(375,426)</u>	<u>(227,788)</u>	<u>(603,214)</u>
Endowment Net Assets, End of Year	<u><u>\$ 8,245,947</u></u>	<u><u>\$ 9,460,130</u></u>	<u><u>\$ 17,706,077</u></u>

YWCA OF MINNEAPOLIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 9 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes or periods as of June 30:

	<u>2022</u>	<u>2021</u>
Portion of Unexpended Investment Return Generated from Donor-Restricted Endowment Funds Subject to UPMIFA Consists of:		
General Endowment - Any Activity of the Organization	\$ 1,639,088	\$ 2,441,187
Jean Wigley Memorial Fund - Any Activity of the Organization	147,781	184,900
Elizabeth Lyman Lodge Endowment - Camping Activities	3,617,253	4,307,710
Ruth Keith Endowment - Domestic Instruction	145,980	176,397
Subtotal	<u>5,550,102</u>	<u>7,110,194</u>
Gifts and Other Unexpended Revenues and Gains Available for:		
Health and Wellness Program Activities	327,058	264,986
Early Childhood Education Programs:		
General Program Activities	1,149,007	1,117,317
Capital Improvements	13,423	13,245
Girls and Youth Program Activities	1,143,473	1,376,825
Racial Justice and Public Policy Program Activities	81,757	209,372
General Operating Purposes Time-Restricted	186,612	186,522
Capital Improvements	13,614	8,569
General Program Activities	20,205	26,534
Subtotal	<u>2,935,149</u>	<u>3,203,370</u>
Net Assets With Donor Restrictions - Perpetual in Nature		
General Endowment - Any Activity of the Organization	2,180,742	2,180,742
Jean Wigley Memorial Fund - Any Activity of the Organization	50,237	50,237
Elizabeth Lyman Lodge Endowment - Camping Activities	102,669	102,669
Ruth Keith Endowment - Domestic Instruction	16,288	16,288
Subtotal	<u>2,349,936</u>	<u>2,349,936</u>
Total	<u>\$ 10,835,187</u>	<u>\$ 12,663,500</u>

YWCA OF MINNEAPOLIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 9 NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

	<u>2022</u>	<u>2021</u>
Purpose Restrictions Accomplished:		
Health and Wellness Program Expenses	\$ 81,473	\$ 153,663
Early Childhood Education Program Expenses	3,158,433	2,776,609
Girls and Youth Program Expenses	1,417,175	1,349,697
Racial Justice and Public Policy Program Expenses	339,950	435,330
Time Restrictions Released:		
Appropriate of General Endowment	104,842	227,862
General Operating Expenses	27,201	11,302
Total Restrictions Released	<u>\$ 5,129,074</u>	<u>\$ 4,954,463</u>

NOTE 10 AFFILIATION WITH YWCA USA

The YWCA is a member of the YWCA USA. Assessments paid to the YWCA USA were \$40,000 for the years ended June 30, 2022 and 2021.

NOTE 11 RETIREMENT PLAN

The YWCA participates in a defined-benefit cash balance retirement plan, which is administered through a national organization, YWCA USA Retirement Fund. Benefits of the plan are based on individual participant account balances. The actuarial present value of accumulated plan benefits and net assets available for benefits relating to YWCA's participants is not available because such information is not accumulated for each participating organization. YWCA's Minneapolis level of contribution is elected at the beginning of each calendar year. YWCA Minneapolis elected to contribute 3% of the participating employees' wages to YWCA USA Retirement Fund for the years ended June 30, 2022 and 2021, totaling approximately \$173,000 and \$191,000, respectively. The YWCA USA Retirement Fund matches YWCA Minneapolis contributions at varying levels depending on the contribution level of YWCA. For the years ended June 30, 2022 and 2021, the YWCA USA Retirement Fund contributed 1.2% to the participants' accounts.

**YWCA OF MINNEAPOLIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 12 COMMITMENTS AND CONTINGENCIES

General Obligation Bond Proceeds Grant Agreement

During 2014, the state of Minnesota passed legislation to provide for \$3,000,000 for use in renovating the childcare and shared space in YWCA's downtown building. To assist in the administration of these funds, the State of Minnesota Department of Human Services (State) entered into the General Obligation Bond Proceeds Grant Agreement - Construction Grant for YWCA of Minneapolis Early Childhood Education Project (GO Grant Agreement) with Hennepin County, Minnesota (County). The GO Grant Agreement requires the land and building to be in substance owned by a public entity and used to provide early childhood education services.

To accomplish the ownership provision, during 2014, YWCA entered into a Ground Lease with the County to lease the downtown land and building owned by YWCA, for \$0 over a term of 31.25 years, which is considered to be 125% of the useful life of the improvements that are the subject of such ground lease, as required. In addition, the County entered into a Lease/Use Agreement with YWCA to operate the Facility for the purpose of providing early childhood education services for \$-0-. The Lease/Use Agreement may not exceed 50% of the useful life of the improvements under state statute; therefore, the original term is 12.5 years with an optional 12.5 years renewal, followed by a 7.25-year renewal. The Lease/Use Agreement renewals must be approved by the County. In the event the first 12.5-year renewal is declined by the County, the County must pay the greater of 60% of YWCA's contribution to the land, Facility, and improvements (Premises) or 60% of the appraised value of the Premises. If the first two 12.5-year terms are completed, but the 7.25-year renewal is declined, the County must pay the greater of 20% of YWCA's contribution to the Premises or 20% of the appraised value of the Premises. If the County terminates the Lease/Use Agreement pursuant to an Event of Default not caused by YWCA or any other permissible reason other than nonrenewal and has determined to continue to carry out the Early Childhood Education programs in the Premises, then the County shall reimburse YWCA in an amount equal to 100% of YWCA Contribution less 2% for each year that has elapsed since the lease commencement. If the Lease/Use Agreement is terminated and the County determines not to carry out the Early Childhood Education program in the premises, then the Ground Lease will be sold at fair market value. The proceeds shall be used to pay all indebtedness (with the GO Grant Agreement considered to be the superior indebtedness), reimburse all entities that provided the land, building and improvements, and split any increase in value between the parties who provided such funding, including the state and YWCA.

A remaining balance of approximately \$93,000 was not incurred and not drawn as of June 30, 2022 and 2021. In September 2018 the YWCA notified the parties that there is no intention to draw on the remaining balance as the project is completed and no further funds are needed.

**YWCA OF MINNEAPOLIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 12 COMMITMENTS AND CONTINGENCIES (CONTINUED)

North Commons Park

In February 2015, the YWCA entered into an operating lease for certain rental space at North Commons Park. The effective date of the lease was January 1, 2015, and expires December 31, 2025. Future minimum lease payments under this lease are \$16,500 annually. Subsequent to year end, the YWCA Minneapolis provided a notice of lease termination. An amendment to the lease agreement to provide for a 30-day notice of termination was accepted by the Minneapolis Park and Recreation Board. The North Commons lease was then terminated, voiding any lease payments for 2023.

Abbott

At the end of 2005, the YWCA took possession of space for a new childcare center on the Abbott Northwestern Hospital campus under a lease agreement, which was scheduled to expire in August 2015. An amendment was executed to extend the lease agreement under the same terms for five years, expiring July 31, 2020. In July 2020 a further amendment was executed to extend the lease agreement under the same terms for a further three years. The lease provides for waiver of base rent and operating expenses based on the understanding that YWCA will incur yearly programming deficits as defined by the lease. Rent expense and corresponding contribution income of \$434,258 have been recognized for both of the years ended June 30, 2022 and 2021.

Hubbs

Effective April 1, 2013, the YWCA leases space in the Ronald M. Hubbs Center for Lifelong Learning (Hubbs) to provide child care services to families in the Frogtown (Saint Paul) community. The lease runs for an indefinite period and requires no lease payments. Rent expense and corresponding contribution income of \$40,794 and \$40,235 have been recognized for the years ended June 30, 2022 and 2021 respectively.

Ecolab

Effective April 1, 2013, the YWCA began operating a workplace child care center at The Travelers Indemnity Company (Travelers) through the assignment of an existing agreement between Children's Home Society and Family Services. Effective January 1, 2016, the YWCA entered an agreement with Ecolab, who assumed the location formerly housed by Travelers. The new agreement runs indefinitely. No lease payments are required. Rent expense and corresponding contribution income of \$591,996 and \$565,901 have been recognized for the years ended June 30, 2022 and 2021, respectively.

South Minneapolis

Subsequent to year-end, the YWCA entered into a new lease agreement for a new childcare center effective May 1, 2023. The lease agreement is for a period of 65 months with the first five months being rent free. Total lease payments are approximately \$77,000.

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NOTE 13 LIQUIDITY AND AVAILABILITY

The YWCA regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The YWCA has various sources of liquidity at its disposal, including cash and cash equivalents, membership accounts receivable and pledges receivable and investment balances. In addition, to help manage unanticipated liquidity needs the YWCA has an operating line of credit of \$1,500,000 which it could draw upon.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the YWCA considers all expenditures related to its ongoing activities of its four program areas as well as the conduct of services undertaken to support those activities to be general expenditures.

As of June 30, 2022 and 2021, the following financial assets could readily be made available within one year of the balance sheet date to meet general expenditures:

	<u>2022</u>	<u>2021</u>
Cash	\$ 601,177	\$ 2,120,835
Membership and Other Receivables	2,338,218	1,199,026
Investments	15,725,994	20,115,956
Contributions Receivable, Collectible in One Year	482,432	704,130
Life Insurance Policies Not Available	(180,450)	(180,363)
Investment Balances Restricted for Capital Projects and Program Restrictions	(2,935,149)	(3,203,370)
Investment Balances Restricted for Endowments	(7,900,038)	(9,460,130)
Cash Reserved for Credit Line	(1,000,000)	(1,500,000)
Cash Payments Restricted for Note Payable and Interest	(1,216,667)	(313,086)
Total	<u>\$ 5,915,517</u>	<u>\$ 9,482,998</u>

NOTE 14 EMPLOYEE RETENTION CREDIT (ERC)

The CARES Act allows for refundable Employee Retention Credit (ERC) to eligible employers equal to 50% of qualified wages paid to employees from March 13, 2020, to December 31, 2020, capped at \$10,000 per employee. Subsequently, the Consolidated Appropriations Act of 2021 (CAA), the American Rescue Plan Act of 2021 (ARPA) and the Infrastructure Investment and Jobs Act of 2021 were passed, which expanded the ERC by increasing the credit to 70% of qualified wages paid from January 1, 2021, through September 30, 2021, capped at \$10,000 per employee per quarter. For the fiscal year ended June 30, 2022 and 2021, YWCA recognized approximately \$1,309,000 and \$2,447,891 in ERC, respectively. As of June 30, 2022 and 2021, approximately \$2,068,000 and \$758,000 had not been received and is presented within Other Receivables, Net, in the accompanying statement of financial position. Subsequent to June 30, 2022, the YWCA received approximately \$758,000 of the outstanding amount.

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NOTE 14 EMPLOYEE RETENTION CREDIT (ERC) (CONTINUED)

Eligibility and conditions for the ERC program may be audited by the Internal Revenue Service. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; management is of the opinion that any audit will not have a material adverse impact on the YWCA's financial position.



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