

**YWCA OF MINNEAPOLIS**  
**FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2023 AND 2022**



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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, 2023 and 2022, 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, 2023 and 2022, 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.

#### ***Emphasis of a Matter: Change in Accounting Principle***

As discussed in Note 2 of the financial statements, YWCA of Minneapolis adopted new accounting guidance for leases. The guidance requires lessees to recognize a right-of-use asset and corresponding liability for all operating and finance leases with lease terms greater than one year. Our opinion is not modified with respect to this matter.

#### ***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  
November 30, 2023

**YWCA OF MINNEAPOLIS**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2023 AND 2022**

	2023	2022
<b>ASSETS</b>		
Cash	\$ 1,003,327	\$ 601,177
Other Receivables, Net	1,656,576	2,338,218
Contributions Receivable, Net	700,180	603,813
Inventory	10,154	22,625
Prepaid Expenses and Other Assets	326,063	275,609
Investments	14,065,704	15,725,994
Property and Equipment, Net	22,957,977	24,844,808
Operating Lease Right-of-Use Asset, Net	1,636,291	-
	<b>\$ 42,356,272</b>	<b>\$ 44,412,244</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts Payable	\$ 583,924	\$ 504,049
Accrued Payroll and Related Liabilities	1,130,186	834,653
Deferred Support and Revenue	200,732	195,230
Operating Lease Liability	1,652,552	-
Line of Credit	1,500,000	1,000,000
Long-Term Debt	-	1,216,667
	5,067,394	3,750,599
Total Liabilities	5,067,394	3,750,599
<b>NET ASSETS</b>		
Without Donor Restrictions:		
Undesignated	(947,388)	(227,494)
Designated by the Board for Endowment Fund	3,577,098	6,094,081
Legacy Campaign Investments - Unrestricted	362,558	331,730
Invested in Property and Equipment, Net of Related Debt	22,941,716	23,628,141
	25,933,984	29,826,458
Total Without Donor Restrictions	25,933,984	29,826,458
With Donor Restrictions:		
Perpetual in Nature	2,349,936	2,349,936
Purpose Restrictions	2,541,121	2,748,537
Unexpended Investment Return from Endowment Funds	6,284,243	5,550,102
Time-Restricted for Future Periods	179,594	186,612
	11,354,894	10,835,187
Total With Donor Restrictions	11,354,894	10,835,187
Total Net Assets	37,288,878	40,661,645
Total Liabilities and Net Assets	\$ 42,356,272	\$ 44,412,244

See accompanying Notes to Financial Statements.

**YWCA OF MINNEAPOLIS  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2023**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>PUBLIC SUPPORT AND REVENUE</b>			
Public Support:			
Contributions	\$ 849,552	\$ 1,595,838	\$ 2,445,390
In-Kind Contributions	-	1,077,409	1,077,409
Special Events	402,546	155,872	558,418
United Way	-	476,600	476,600
Total Public Support	1,252,098	3,305,719	4,557,817
Revenue:			
Fees and Grants - Government	2,621,745	1,682,679	4,304,424
Program Service Fees and Membership Dues	6,825,750	-	6,825,750
Incidental Revenue	343,313	-	343,313
Investment Gain	487,916	962,264	1,450,180
Room Rental	102,063	-	102,063
Miscellaneous	47,788	-	47,788
Total Revenue	10,428,575	2,644,943	13,073,518
Net Assets Released from Program Restrictions	5,430,955	(5,430,955)	-
Total Public Support and Revenue	17,111,628	519,707	17,631,335
<b>EXPENSES</b>			
Health and Wellness	6,477,974	-	6,477,974
Early Childhood Education	7,318,156	-	7,318,156
Girls and Youth	1,492,884	-	1,492,884
Racial Justice and Public Policy	600,638	-	600,638
Management and General	3,708,939	-	3,708,939
Fundraising	1,405,511	-	1,405,511
Total Expenses	21,004,102	-	21,004,102
<b>CHANGE IN NET ASSETS</b>	(3,892,474)	519,707	(3,372,767)
Net Assets - Beginning of Year	29,826,458	10,835,187	40,661,645
<b>NET ASSETS - END OF YEAR</b>	\$ 25,933,984	\$ 11,354,894	\$ 37,288,878

See accompanying Notes to Financial Statements.

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

	Without Donor Restrictions	With Donor Restrictions	Total
<b>PUBLIC SUPPORT AND REVENUE</b>			
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	<u>2,091,178</u>	<u>2,746,993</u>	<u>4,838,171</u>
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	<u>7,887,141</u>	<u>553,768</u>	<u>8,440,909</u>
Net Assets Released from Program Restrictions	<u>5,129,074</u>	<u>(5,129,074)</u>	<u>-</u>
Total Public Support and Revenue	<u>15,107,393</u>	<u>(1,828,313)</u>	<u>13,279,080</u>
<b>EXPENSES</b>			
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	<u>19,281,772</u>	<u>-</u>	<u>19,281,772</u>
<b>CHANGE IN NET ASSETS</b>	<u>(4,174,379)</u>	<u>(1,828,313)</u>	<u>(6,002,692)</u>
Net Assets - Beginning of Year	<u>34,000,837</u>	<u>12,663,500</u>	<u>46,664,337</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 29,826,458</u>	<u>\$ 10,835,187</u>	<u>\$ 40,661,645</u>

See accompanying Notes to Financial Statements.

**YWCA OF MINNEAPOLIS  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2023**

	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	\$ 2,504,881	\$ 3,708,099	\$ 954,038	\$ 385,320	\$ 7,552,338	\$ 1,460,206	\$ 790,608	\$ 2,250,814	\$ 9,803,152
Employee Benefits	259,176	507,178	116,258	44,873	927,485	117,139	90,794	207,933	1,135,418
Payroll Taxes and Workers' Compensation	225,540	358,024	88,525	35,162	707,251	121,516	70,408	191,924	899,175
<b>Total</b>	<b>2,989,597</b>	<b>4,573,301</b>	<b>1,158,821</b>	<b>465,355</b>	<b>9,187,074</b>	<b>1,698,861</b>	<b>951,810</b>	<b>2,650,671</b>	<b>11,837,745</b>
Professional Fees and Contract									
Service Payments	282,466	287,369	27,155	46,857	643,847	564,321	91,969	656,290	1,300,137
Supplies	360,521	498,369	178,566	11,145	1,048,601	36,052	50,877	86,929	1,135,530
Telephone	33,079	16,416	6,110	1,010	56,615	9,672	1,711	11,383	67,998
Postage	4,789	2,892	65	18	7,764	7,123	12,024	19,147	26,911
Occupancy	1,332,769	1,417,709	45,402	16,267	2,812,147	91,534	18,055	109,589	2,921,736
Outside Printing and Advertising	199,332	128,973	3,582	33,097	364,984	11,224	62,742	73,966	438,950
Transportation	1,266	1,373	6,073	493	9,205	5,057	782	5,839	15,044
Conferences, Conventions, and Meetings	5,886	14,379	2,220	610	23,095	5,949	3,097	9,046	32,141
Payments to YWCA USA	-	-	-	-	-	40,000	-	40,000	40,000
Interest Expense	47,508	-	-	-	47,508	87,296	9	87,305	134,813
Special Events Expenses	-	-	-	-	-	-	160,341	160,341	160,341
Bad Debt Expense	-	-	-	-	-	109,813	-	109,813	109,813
Licenses and Permits	12,806	5,628	515	49	18,998	232	1,293	1,525	20,523
Subscriptions	131,610	75,892	28,659	8,695	244,856	134,939	29,029	163,968	408,824
Miscellaneous	15,752	64,397	3,261	4,407	87,817	221,094	1,996	223,090	310,907
<b>Total Expenses before Depreciation and Amortization and Loss on Disposal of Property, Plant and Equipment</b>	<b>5,417,381</b>	<b>7,086,698</b>	<b>1,460,429</b>	<b>588,003</b>	<b>14,552,511</b>	<b>3,023,167</b>	<b>1,385,735</b>	<b>4,408,902</b>	<b>18,961,413</b>
Depreciation and Amortization	1,060,593	231,458	32,455	12,635	1,337,141	198,527	19,776	218,303	1,555,444
Loss on Disposal of Property, Plant and Equipment	-	-	-	-	-	487,245	-	487,245	487,245
<b>Total</b>	<b>1,060,593</b>	<b>231,458</b>	<b>32,455</b>	<b>12,635</b>	<b>1,337,141</b>	<b>685,772</b>	<b>19,776</b>	<b>705,548</b>	<b>2,042,689</b>
<b>Total Expenses</b>	<b>\$ 6,477,974</b>	<b>\$ 7,318,156</b>	<b>\$ 1,492,884</b>	<b>\$ 600,638</b>	<b>\$ 15,889,652</b>	<b>\$ 3,708,939</b>	<b>\$ 1,405,511</b>	<b>\$ 5,114,450</b>	<b>\$ 21,004,102</b>

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
<b>Total</b>	<b>3,082,574</b>	<b>4,709,620</b>	<b>889,121</b>	<b>494,055</b>	<b>9,175,370</b>	<b>1,634,573</b>	<b>720,109</b>	<b>2,354,682</b>	<b>11,530,052</b>
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
Subscriptions	152,650	75,776	18,449	9,674	256,549	40,185	18,844	59,029	315,578
Miscellaneous	26,131	47,181	10,623	347	84,282	138,645	32,764	171,409	255,691
<b>Total Expenses before Depreciation and Amortization</b>	<b>5,292,512</b>	<b>6,862,776</b>	<b>1,160,638</b>	<b>589,399</b>	<b>13,905,325</b>	<b>2,636,951</b>	<b>1,080,824</b>	<b>3,717,775</b>	<b>17,623,100</b>
Depreciation and Amortization	1,023,453	296,007	38,922	16,535	1,374,917	263,615	20,140	283,755	1,658,672
<b>Total Expenses</b>	<b>\$ 6,315,965</b>	<b>\$ 7,158,783</b>	<b>\$ 1,199,560</b>	<b>\$ 605,934</b>	<b>\$ 15,280,242</b>	<b>\$ 2,900,566</b>	<b>\$ 1,100,964</b>	<b>\$ 4,001,530</b>	<b>\$ 19,281,772</b>

See accompanying Notes to Financial Statements.

**YWCA OF MINNEAPOLIS  
STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30, 2023 AND 2022**

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ (3,372,767)	\$ (6,002,692)
Adjustments to Reconcile Change in Net Assets to Net Cash		
Used by Operating Activities:		
Depreciation and Amortization	1,555,444	1,658,672
Loss on Disposal of Property, Plant and Equipment	487,245	-
Net Realized and Unrealized (Gains) Losses on Investments	(836,350)	3,923,031
Bad Debt Expense	109,813	132,600
Lease Expense	16,262	-
Changes in Operating Assets and Liabilities:		
Other Receivables, Net	681,642	(1,139,192)
Contributions Receivable, Net	(206,180)	259,243
Inventory	12,471	(429)
Prepaid Expenses and Other Assets	(50,454)	166
Accounts Payable	63,189	(9,167)
Accrued Payroll and Related Liabilities	295,533	35,785
Deferred Support and Revenue	5,502	24,365
Net Cash Used by Operating Activities	(1,238,650)	(1,117,618)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of Property and Equipment	(139,173)	(168,971)
Proceeds from Sale of Investments	4,409,108	1,905,000
Purchase of Investments	(1,912,468)	(1,438,069)
Net Cash Provided by Investing Activities	2,357,467	297,960
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payments of Long-Term Debt	(1,216,667)	(200,000)
Proceeds on Line of Credit	1,000,000	-
Payments on Line of Credit	(500,000)	(500,000)
Net Cash Used by Financing Activities	(716,667)	(700,000)
<b>NET CHANGE IN CASH</b>	402,150	(1,519,658)
<b>CASH - BEGINNING OF YEAR</b>	601,177	2,120,835
<b>CASH - END OF YEAR</b>	\$ 1,003,327	\$ 601,177
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash Paid During the Year for Interest	\$ 122,026	\$ 108,536
Noncash Contribution of Free Rent and Supplies	\$ 1,077,409	\$ 1,067,048
Noncash Operating Lease Liability	\$ 1,652,552	\$ -
Noncash Right of Use Asset	\$ 1,636,290	\$ -
Fixed Asset Additions in Accounts Payable	\$ 31,850	\$ 15,164

See accompanying Notes to Financial Statements.

**YWCA OF MINNEAPOLIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**

**NOTE 1 ORGANIZATION**

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 12+ Twin Cities schools and community locations 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.

In June of 2023, the Board of Directors approved restructuring the Organization to respond to changing community needs and refocus program priorities toward higher-impact programming, including Early Childhood Education, Girls and Youth, and Racial Justice and Public Policy programs, as well as reimagining the Midtown location as a community cultural hub and consolidating fitness offerings to that location. The Board of Directors and Management made the decision to close fitness, gym and pool operations at the Uptown and Downtown locations effective November 1, 2023. YWCA Minneapolis will pursue the sale of these buildings, as well as seek an alternative downtown or downtown adjacent location for current families of the YWCA Downtown Children's Center. Due to current market conditions it is difficult to estimate the sale price of the two buildings and therefore the YWCA is unable to determine the likelihood of any potential impairment.

**YWCA OF MINNEAPOLIS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022**

**NOTE 1 ORGANIZATION (CONTINUED)**

**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 approximately 11,000 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. In 2023, the YWCA held its 14<sup>th</sup> annual YWCA Minneapolis Triathlon, with approximately 1,000 women and non-binary triathletes who registered for the event. The race attracted participant's ages 11 to 80+ with varying levels of experience and diversity.

**Early Childhood Education Program**

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, 2023, five YWCA Children's Centers served 617 children, ages 6 weeks to 12 years old, from 445 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 Teacher 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, 2023, 141 individuals enrolled in the program, 111 people completed the program successfully, and 64 people obtained a CDA in Early Childhood Education.

**YWCA OF MINNEAPOLIS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022**

**NOTE 1 ORGANIZATION (CONTINUED)**

**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 Girls and Youth programs use research-based program design focused on increasing school connectedness, 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 900+ 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.

**Racial Justice**

For more than a decade the YWCA 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, 2023, approximately 1,000 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 2022, nearly 800 people registered to virtually attend the 20<sup>th</sup> annual It's Time to Talk: Forums on Race™. Inspired by the keynote presentation, attendees engaged in professionally facilitated dialogues about equity and inclusion leaving the event empowered to take action. Throughout the year ended June 30, 2023, approximately 130 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, 31 clients engaged in diversity, equity and inclusion efforts that included 400+ individuals.

**Public Policy**

The YWCA believes that advocacy plays a vital role to bring about change. During the year ended June 30, 2023, the YWCA actively continued with a strong legislative agenda focusing on civil rights and racial justice, empowerment and economic advancement with efforts that mobilized more than 1,000 people to promote civic engagement, raise awareness and support opportunities to benefit the 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 by 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.

**YWCA OF MINNEAPOLIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation**

The financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. 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.

**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.

**YWCA OF MINNEAPOLIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Liquidity Information**

In order to provide information about liquidity, assets have been sequenced according to their nearness to conversion to cash, and liabilities have been sequenced according to the nearness of their resulting use of cash.

**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. The YWCA has not experienced any loss in such accounts and believes that they are not exposed to any significant credit risk on cash and cash equivalents.

The YWCA invests in various debt and equity securities. These investment securities are recorded at market value. Accordingly, the investment securities can fluctuate because of interest rates, reinvestment, credit and other risks depending on the nature of the specific investment. Therefore, it is at least reasonably possible that these factors will result in changes in the value of YWCA's investments which could materially affect amounts reported in the financial statements.

**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 \$5,000 and \$14,625 as of June 30, 2023 and 2022, respectively.

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.

**YWCA OF MINNEAPOLIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Investments**

Investments are recorded at fair value, as described in Note 4. 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.

**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, prepaid childcare fees, which are recognized into revenue when used or forfeited, and prepaid program service fees, which are recognized as revenue when services are provided.

**Leases**

The YWCA has a lease obligation related to a real estate operating lease used for the Early Childhood Education location in South Minneapolis. For any lease with an initial term in excess of 12 months the related lease assets and liabilities are recognized in the Statement of Financial Position as operating leases at the inception of an agreement where it is determined that a lease exists. Leases with an initial term of 12 months or less are not recorded on the Statement of Financial Position; lease expense for these leases is recognized on a straight-line basis over the term of the lease.

Operating lease assets represent the right to use an underlying asset for the lease term and operating lease liabilities represent the obligation to make lease payments arising from the lease. These asset and liabilities are recognized based on the present value of future payments over the lease term at the commencement date. The YWCA estimates the incremental borrowing rate for each lease based on an evaluation of their credit ratings and the prevailing market rates for collateralized debt in a similar economic environment with similar payment terms and maturity dates commensurate with the terms of the lease. The lease also requires the payment of insurance. This is the majority of the variable lease cost and is excluded from the present value of the lease obligation. Operating lease assets also include prepaid lease payments and initial direct costs and are reduced by lease incentives. The option to extend or terminate a lease is not included unless it is reasonably certain that the option will be exercised. Rent expense is recognized on a straight-line basis from the commencement date to the end of the lease term.



**YWCA OF MINNEAPOLIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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 \$1,100,000 and is discussed in more detail in Note 13. The value of the donated space is determined by the fair market value of the total square footage used by the 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.

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, 2023 and 2022, relating to material uncertain tax positions, as management believes there are none.

**Advertising Costs**

Advertising costs are expensed as incurred. Advertising costs were approximately \$322,000 and \$402,000 for the years ended June 30, 2023 and 2022, 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.

**YWCA OF MINNEAPOLIS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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 Pronouncements**

In February 2016, The Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*. This new standard increases transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the statement of financial position. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The YWCA adopted the requirements of the guidance effective July 1, 2022, and has elected to apply the provisions of this standard to the beginning of the period of adoption.

The YWCA has elected to adopt the package of practical expedients available in the year of adoption. The YWCA has elected to adopt the available practical expedient to use hindsight in determining the lease term and in assessing impairment of the YWCA's ROU assets.

**NOTE 3 INVESTMENTS**

Investment securities at fair value consisted of the following as of June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Equity Mutual Funds	\$ 8,520,643	\$ 8,664,506
Fixed Income Mutual Funds	4,880,925	5,395,018
Money Market Funds	370,674	1,378,562
Life Insurance Policies	179,594	180,450
Cash	113,868	107,458
Total Investments	<u>\$ 14,065,704</u>	<u>\$ 15,725,994</u>

**YWCA OF MINNEAPOLIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**

**NOTE 4 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. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy that prioritizes observable and unobservable inputs is used to measure fair value into three broad levels, which 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 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. There have been no changes in the methodologies used during the years ended June 30, 2023 and 2022.

**YWCA OF MINNEAPOLIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**

**NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)**

The summary of inputs used to value YWCA's assets and liabilities as of June 30, 2023 and 2022, is as follows:

	2023			Total
	Level 1	Level 2	Level 3	
Equity Mutual Funds:				
Large Cap	\$ 4,177,895	\$ -	\$ -	\$ 4,177,895
Mid Cap	2,461,728	-	-	2,461,728
Small Cap	198,480	-	-	198,480
World Stock	440,637	-	-	440,637
Foreign	1,241,903	-	-	1,241,903
Fixed Income Mutual Funds:				
Intermediate/Term	2,410,734	-	-	2,410,734
Short Term	2,470,191	-	-	2,470,191
Money Market Mutual Funds	-	-	-	370,674
Life Insurance Policies	-	-	-	179,594
Cash	-	-	-	113,868
Total Investments	<u>\$ 13,401,568</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,065,704</u>
	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>

There were no transfers between Levels 1, 2, and 3 during the years ended June 30, 2023 and 2022.

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, 2023 AND 2022**

**NOTE 5 CONTRIBUTIONS RECEIVABLE**

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

	<u>2023</u>	<u>2022</u>
Unconditional Promises Expected to be Collected in:		
Less than One Year	\$ 447,446	\$ 482,432
One Year to Five Years	274,351	140,000
Less: Discount (4.25%)	(16,617)	(3,994)
Less: Allowance for doubtful accounts	(5,000)	(14,625)
Total Contributions Receivable, Net	<u>\$ 700,180</u>	<u>\$ 603,813</u>

For the years ended June 30, 2023 and 2022, approximately 71% and 26% of contributions receivable, respectively, were due from three and two donors, respectively.

**NOTE 6 OTHER RECEIVABLES**

Other receivables consisted of the following as of June 30:

	<u>2023</u>	<u>2022</u>
Employee Retention Credit	\$ 1,335,084	\$ 2,068,091
Early Childhood Education	193,159	174,481
Racial Justice and Public Policy	93,944	106,815
Membership	64,806	24,369
Other	16,068	13,749
Less: Allowance for doubtful membership receivables	(13,770)	(11,763)
Less: Allowance for doubtful ECE receivables	(32,715)	(37,524)
Total Other Receivables, Net	<u>\$ 1,656,576</u>	<u>\$ 2,338,218</u>

**NOTE 7 PROPERTY AND EQUIPMENT**

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

	<u>2023</u>	<u>2022</u>
Land, Buildings, and Land Improvements	\$ 41,739,057	\$ 44,627,596
Furnishings and Equipment	4,868,373	9,112,490
Vehicles	27,107	57,109
	<u>46,634,537</u>	<u>53,797,195</u>
Less: Accumulated Depreciation and Amortization	(23,676,560)	(28,952,387)
Total Property and Equipment, Net	<u>\$ 22,957,977</u>	<u>\$ 24,844,808</u>

**YWCA OF MINNEAPOLIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**

**NOTE 8 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 was a five-year term, with 10-year amortization, and the final payment was due on July 3, 2023. Principal payments of \$16,667 plus interest at 4.25% were paid monthly.

In May 2023 the note payable balance of \$1,033,333 was fully paid off. The outstanding balance on the note payable was \$1,216,667 as of June 30, 2022.

**Line of Credit**

On January 3, 2018, YWCA secured an operating revolving line of credit in the amount of \$1,500,000 that expires on January 15, 2024. The interest rate is 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, 2023 and 2022 was 5.17% and 1.58%, respectively. The availability period can be renewed annually by the bank. As of June 30, 2023 and 2022, the outstanding balance on the revolving line of credit was \$1,500,000 and \$1,000,000, respectively. In addition, subsequent to year end, the YWCA repaid \$1,250,000 of the line of credit, leaving an outstanding balance of \$250,000.

The line of credit agreement includes 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, 2023, the YWCA is in compliance with this requirement.

**NOTE 9 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, 2023 AND 2022**

**NOTE 9 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 2023 and 2022, such amounts were \$400,000 for both years. Actual draws from the endowment and board-designated income in 2023 and 2022 were \$3,155,000 and \$276,362, respectively. In 2023, the Organization's Board of Directors approved additional draws that exceeded the spending policy to support the operations of the Organization as it worked towards the restructuring as described in Note 1.

**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, 2023 and 2022, the YWCA did not have any funds with deficiencies.

**YWCA OF MINNEAPOLIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**

**NOTE 9 ENDOWMENT FUNDS (CONTINUED)**

**Endowment Net Asset Composition by Type of Fund**

	2023		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-Restricted Endowment Funds	\$ -	\$ 8,634,179	\$ 8,634,179
Board-Designated Endowment Funds	3,939,656	-	3,939,656
Total	<u>\$ 3,939,656</u>	<u>\$ 8,634,179</u>	<u>\$ 12,573,835</u>
	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>

**Changes in Endowment Net Assets**

	2023		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment Net Assets, Beginning of Year	\$ 6,425,811	\$ 7,900,038	\$ 14,325,849
Contributions	-	-	-
Transfers from investments	-	-	-
Investment Return:			
Investment Income	195,311	419,761	615,072
Realized and Unrealized Gains, Net	250,195	537,719	787,914
Total Investment Return	445,506	957,480	1,402,986
Appropriation of Endowment Assets	(2,931,661)	(223,339)	(3,155,000)
Endowment Net Assets, End of year	<u>\$ 3,939,656</u>	<u>\$ 8,634,179</u>	<u>\$ 12,573,835</u>



**YWCA OF MINNEAPOLIS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022**

**NOTE 9 ENDOWMENT FUNDS (CONTINUED)**

**Changes in Endowment Net Assets (Continued)**

	2022		Total
	Without Donor Restrictions	With Donor Restrictions	
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 Gains, Net	<u>(1,816,623)</u>	<u>(2,170,772)</u>	<u>(3,987,395)</u>
Total Investment Return	<u>(1,201,730)</u>	<u>(1,455,250)</u>	<u>(2,656,980)</u>
Appropriation of Endowment Assets	<u>(171,520)</u>	<u>(104,842)</u>	<u>(276,362)</u>
Endowment Net Assets, End of Year	<u><u>\$ 6,425,811</u></u>	<u><u>\$ 7,900,038</u></u>	<u><u>\$ 14,325,849</u></u>

**YWCA OF MINNEAPOLIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**

**NOTE 10 NET ASSETS WITH DONOR RESTRICTIONS**

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

	<u>2023</u>	<u>2022</u>
Portion of Unexpended Investment Return Generated from Donor-Restricted Endowment Funds Subject to UPMIFA consists of:		
General Endowment - Any Activity of the Organization	\$ 2,032,612	\$ 1,639,088
Jean Wigley Memorial Fund - Any Activity of the Organization	166,248	147,781
Elizabeth Lyman Lodge Endowment - Camping Activities	3,924,271	3,617,253
Ruth Keith Endowment - Domestic Instruction	161,112	145,980
Subtotal	<u>6,284,243</u>	<u>5,550,102</u>
Gifts and Other Unexpended Revenues and Gains Available for:		
Health and Wellness Program Activities	401,963	327,058
Early Childhood Education Programs:		
General Program Activities	1,163,000	1,149,007
Capital Improvements	7,182	13,423
Girls and Youth Program Activities	857,868	1,143,473
Racial Justice and Public Policy Program Activities	77,289	81,757
General Operating Purposes Time-Restricted	179,594	186,612
Capital Improvements	13,614	13,614
General Program Activities	20,205	20,205
Subtotal	<u>2,720,715</u>	<u>2,935,149</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>\$ 11,354,894</u>	<u>\$ 10,835,187</u>

**YWCA OF MINNEAPOLIS**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 10 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.

	2023	2022
Purpose Restrictions Accomplished:		
Health and Wellness Program Expenses	\$ 11,473	\$ 81,473
Early Childhood Education Program Expenses	3,360,283	3,158,433
Girls and Youth Program Expenses	1,579,020	1,417,175
Racial Justice and Public Policy Program Expenses	184,340	339,950
Time Restrictions Released:		
Appropriate of General Endowment	223,339	104,842
General Operating Expenses	72,500	27,201
Total Restrictions Released	\$ 5,430,955	\$ 5,129,074

**NOTE 11 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, 2023 and 2022.

**NOTE 12 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, 2023 and 2022, totaling approximately \$170,000 and \$173,000, 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, 2023 and 2022, the YWCA USA Retirement Fund contributed 1.2% to the participants' accounts.

**YWCA OF MINNEAPOLIS  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 13 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, 2023 and 2022. 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.

As described in Note 1, the YWCA's downtown building is available for sale. Actions related to the bond proceeds will depend on the future owner of the downtown location and the intent of the building use. The YWCA may continue to provide early childhood education services in the current building or it may seek alternative locations in the area.

**YWCA OF MINNEAPOLIS**  
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**NOTE 13 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 was set to expire on December 31, 2025. Lease payments under this lease were \$16,500 annually. During fiscal year 2023, 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 \$440,701 and \$434,258 have been recognized for the years ended June 30, 2023 and 2022, respectively. The lease was terminated in July 2023.

**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 \$41,352 and \$40,794 have been recognized for the years ended June 30, 2023 and 2022, 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 \$595,356 and \$591,996 have been recognized for the years ended June 30, 2023 and 2022, respectively.

**YWCA OF MINNEAPOLIS  
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**NOTE 13 COMMITMENTS AND CONTINGENCIES (CONTINUED)**

**South Minneapolis**

Effective June 9, 2023 the YWCA entered into a new lease agreement for a childcare center in South Minneapolis. The lease agreement is for a period of 65 months with a five year renewal option. The YWCA has a one-time option to terminate the lease during the original term from and after the 41<sup>st</sup> month of the term of the lease. As of June 30, 2023, the YWCA has an operating lease asset of \$1,647,404 with accumulated depreciation of \$11,113 and an operating lease liability of \$1,652,552. The total operating lease cost incurred for the year ended June 30, 2023 was \$16,262. The weighted average remaining lease term was 10.3 years with a weighted average discount rate of 3.75%. The annual undiscounted cash flows for this lease are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2024	\$ 134,619
2025	179,492
2026	184,793
2027	186,560
2028	191,861
Thereafter	<u>1,139,109</u>
Total Future Undiscounted Lease Payments	2,016,434
Less: Imputed Interest	<u>(363,882)</u>
Total reported Operating Lease Liability	<u><u>\$ 1,652,552</u></u>

**NOTE 14 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.

**YWCA OF MINNEAPOLIS**  
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**NOTE 14 LIQUIDITY AND AVAILABILITY (CONTINUED)**

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, 2023 and 2022, the following financial assets could readily be made available within one year of the balance sheet date to meet general expenditures:

	2023	2022
Cash	\$ 1,003,327	\$ 601,177
Membership and Other Receivables	1,656,576	2,338,218
Investments	14,065,704	15,725,994
Contributions Receivable, Collectible In One Year	447,446	482,432
Life Insurance Policies Not Available	(179,594)	(180,450)
Investment Balances Restricted for Capital Projects and Program Receivables	(2,541,121)	(2,754,699)
Investment Balances Restricted for Endowments	(8,634,179)	(7,900,038)
Cash Reserved for Credit Line	(1,500,000)	(1,000,000)
Cash Payments Restricted for Debt Payable and Interest	-	(1,216,667)
	\$ 4,318,159	\$6,095,967

**NOTE 15 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, YWCA recognized approximately \$1,309,000 in ERC. As of June 30, 2023 and 2022 approximately \$1,335,000 and \$2,068,000 had not been received and is presented within Other Receivables, Net, in the accompanying Statement of Financial Position. During the year ended June 30, 2023 the YWCA received approximately \$733,000 of the amount outstanding. Subsequent to June 30, 2023, the YWCA received an additional \$1,309,475 as well as \$112,360 in interest.

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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