

**YWCA OF MINNEAPOLIS
DBA: YWCA MINNEAPOLIS**

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2020 AND 2019

**YWCA OF MINNEAPOLIS
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INDEPENDENT AUDITORS' REPORT

Finance and Audit Committee
YWCA of Minneapolis
Minneapolis, Minnesota

We have audited the accompanying financial statements of YWCA of Minneapolis, which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Finance and Audit Committee
YWCA of Minneapolis

Opinion

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, 2020 and 2019, 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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Minneapolis, Minnesota
October 15, 2020

YWCA OF MINNEAPOLIS
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2020 AND 2019

ASSETS	2020	2019
Cash	\$ 3,733,000	\$ 866,016
Membership and Other Receivables, Net of Allowance of \$71,822 and \$75,253 in 2020 and 2019, Respectively	510,812	324,241
Pledges Receivable, Net	1,267,728	1,267,421
Inventory	22,078	27,435
Prepaid Expenses and Other Assets	289,481	262,814
Investments	16,313,969	14,604,049
Property and Equipment, net	27,883,526	29,154,434
Total Assets	\$ 50,020,594	\$ 46,506,410
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable	\$ 561,595	\$ 833,791
Accrued Payroll and Related Liabilities	962,255	975,236
Deferred Support and Revenue	159,543	264,345
Refundable Advance of Paycheck Protection Program		
Forgivable Loan	1,038,502	-
Short-Term Line of Credit	1,500,000	-
Long-Term Debt	1,619,829	1,825,251
Total Liabilities	5,841,724	3,898,623
NET ASSETS		
Without Donor Restrictions:		
Undesignated	(88,787)	4,013,598
Designated by the Board for Endowment Fund	6,876,983	1,555,102
Legacy Campaign Investments	257,650	199,172
Invested in Property and Equipment, Net of Related Debt	26,263,697	27,329,183
Total Without Donor Restrictions	33,309,543	33,097,055
With Donor Restrictions:		
Perpetual in Nature	2,349,936	2,349,936
Purpose Restrictions	2,970,758	1,782,832
Unexpended Investment Return from Endowment Funds	5,362,976	5,199,122
Time-Restricted for Future Periods	185,657	178,842
Total With Donor Restrictions	10,869,327	9,510,732
Total Net Assets	44,178,870	42,607,787
Total Liabilities and Net Assets	\$ 50,020,594	\$ 46,506,410

See accompanying Notes to Financial Statements.

**YWCA OF MINNEAPOLIS
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020**

	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT AND REVENUE			
Public Support::			
Contributions	\$ 1,401,974	\$ 3,608,190	\$ 5,010,164
Paycheck Protection Program Forgivable Loan	1,417,389	-	1,417,389
Special Events	322,332	303,837	626,169
United Way	9,517	529,500	539,017
Total Public Support	3,151,212	4,441,527	7,592,739
Revenue:			
Fees and Grants - Government	1,823,936	1,544,301	3,368,237
Program Service Fees and Membership Dues	9,362,441	-	9,362,441
Incidental Revenue	488,698	-	488,698
Investment Return	350,045	432,353	782,398
Room Rental	102,155	-	102,155
Miscellaneous	348,977	-	348,977
Total Revenue	12,476,252	1,976,654	14,452,906
Net Assets Released from Program Restrictions	5,059,586	(5,059,586)	-
Total Public Support and Revenue	20,687,050	1,358,595	22,045,645
EXPENSES			
Health and Wellness	8,043,165	-	8,043,165
Early Childhood Education	6,867,209	-	6,867,209
Girls and Youth	1,547,451	-	1,547,451
Racial Justice and Public Policy	687,004	-	687,004
Management and General	2,284,170	-	2,284,170
Fundraising	1,045,563	-	1,045,563
Total Expenses	20,474,562	-	20,474,562
CHANGE IN NET ASSETS	212,488	1,358,595	1,571,083
Net Assets - Beginning of Year	33,097,055	9,510,732	42,607,787
NET ASSETS - END OF YEAR	\$ 33,309,543	\$ 10,869,327	\$ 44,178,870

See accompanying Notes to Financial Statements.

**YWCA OF MINNEAPOLIS
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2019**

	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT AND REVENUE			
Public Support::			
Contributions	\$ 201,277	\$ 2,232,349	\$ 2,433,626
Special Events	421,817	431,295	853,112
United Way	9,763	860,000	869,763
Total Public Support	632,857	3,523,644	4,156,501
Revenue:			
Fees and Grants - Government	1,663,157	2,403,662	4,066,819
Program Service Fees and Membership Dues	12,519,038	-	12,519,038
Incidental Revenue	487,233	-	487,233
Investment Return	374,397	498,298	872,695
Room Rental	124,704	-	124,704
Miscellaneous	44,301	-	44,301
Total Revenue	15,212,830	2,901,960	18,114,790
Net Assets Released from Program Restrictions	6,298,665	(6,298,665)	-
Total Public Support and Revenue	22,144,352	126,939	22,271,291
EXPENSES			
Health and Wellness	8,935,568	-	8,935,568
Early Childhood Education	7,864,969	-	7,864,969
Girls and Youth	1,847,662	-	1,847,662
Racial Justice and Public Policy	664,198	-	664,198
Management and General	1,953,119	-	1,953,119
Fundraising	999,084	-	999,084
Total Expenses	22,264,600	-	22,264,600
CHANGE IN NET ASSETS	(120,248)	126,939	6,691
Net Assets - Beginning of Year	33,217,303	9,383,793	42,601,096
NET ASSETS - END OF YEAR	\$ 33,097,055	\$ 9,510,732	\$ 42,607,787

See accompanying Notes to Financial Statements.

**YWCA OF MINNEAPOLIS
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2020**

	Program Services					Supporting Services			2020 Total
	Health and Wellness	Early Childhood Education	Girls and Youth	Racial Justice and Public Policy	Total	Management and General	Fundraising	Total	
Salaries	\$ 3,401,990	\$ 3,626,601	\$ 1,001,055	\$ 357,245	\$ 8,386,891	\$ 1,122,698	\$ 691,142	\$ 1,813,840	\$ 10,200,731
Employee Benefits	329,088	501,018	92,650	30,908	953,664	107,055	65,691	172,746	1,126,410
Payroll Taxes and Workers' Compensation	314,360	335,347	93,843	33,163	776,713	112,058	59,981	172,039	948,752
Total Salaries and Workers' Compensation	4,045,438	4,462,966	1,187,548	421,316	10,117,268	1,341,811	816,814	2,158,625	12,275,893
Professional Fees and Contract Service Payments	300,440	100,103	24,073	15,613	440,229	315,881	54,706	370,587	810,816
Supplies	555,174	456,282	162,649	24,898	1,199,003	49,182	39,510	88,692	1,287,695
Telephone	23,390	14,840	5,243	2,020	45,493	10,609	1,834	12,443	57,936
Postage	16,360	2,873	1,063	125	20,421	1,797	3,113	4,910	25,331
Occupancy	1,313,489	1,299,680	66,979	14,108	2,694,256	91,010	8,146	99,156	2,793,412
Outside Printing and Advertising	363,062	137,036	6,747	57,636	564,481	11,572	40,987	52,559	617,040
Transportation	4,989	1,686	20,393	1,372	28,440	2,512	313	2,825	31,265
Conferences, Conventions, and Meetings	30,846	24,017	16,072	6,588	77,523	19,036	11,033	30,069	107,592
Payments to YWCA USA	-	-	-	-	-	40,000	-	40,000	40,000
Interest Expense	83,146	-	-	-	83,146	10,089	-	10,089	93,235
Special Events Expenses	-	-	-	118,383	118,383	-	35,173	35,173	153,556
Licenses and Permits	40,867	7,746	218	344	49,175	341	40	381	49,556
Miscellaneous	52,092	46,143	15,759	6,940	120,934	105,982	14,314	120,296	241,230
Total Expenses before Depreciation and Amortization	6,829,293	6,553,372	1,506,744	669,343	15,558,752	1,999,822	1,025,983	3,025,805	18,584,557
Depreciation and Amortization	1,213,872	313,837	40,707	17,661	1,586,077	284,348	19,580	303,928	1,890,005
Total Expenses	<u>\$ 8,043,165</u>	<u>\$ 6,867,209</u>	<u>\$ 1,547,451</u>	<u>\$ 687,004</u>	<u>\$ 17,144,829</u>	<u>\$ 2,284,170</u>	<u>\$ 1,045,563</u>	<u>\$ 3,329,733</u>	<u>\$ 20,474,562</u>

See accompanying Notes to Financial Statements.

**YWCA OF MINNEAPOLIS
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2019**

	Program Services					Supporting Services			2019 Total
	Health and Wellness	Early Childhood Education	Girls and Youth	Racial Justice and Public Policy	Total	Management and General	Fundraising	Total	
Salaries	\$ 4,053,739	\$ 4,062,910	\$ 1,193,682	\$ 303,370	\$ 9,613,701	\$ 1,012,407	620,745	1,633,152	\$ 11,246,853
Employee Benefits	332,174	491,767	112,613	20,996	957,550	70,197	57,115	127,312	1,084,862
Payroll Taxes and Workers' Compensation	359,066	355,459	105,705	26,235	846,465	69,318	52,751	122,069	968,534
Total Salaries and Workers' Compensation	4,744,979	4,910,136	1,412,000	350,601	11,417,716	1,151,922	730,611	1,882,533	13,300,249
Professional Fees and Contract Service Payments	385,804	499,729	35,885	51,404	972,822	265,873	34,393	300,266	1,273,088
Supplies	551,354	541,169	196,277	10,844	1,299,644	47,138	25,086	72,224	1,371,868
Telephone	33,263	22,587	7,690	2,430	65,970	12,189	2,381	14,570	80,540
Postage	22,470	859	1,418	94	24,841	1,084	4,915	5,999	30,840
Occupancy	1,420,321	1,311,809	72,209	15,517	2,819,856	93,250	8,789	102,039	2,921,895
Outside Printing and Advertising	366,730	126,591	7,166	69,675	570,162	11,429	56,103	67,532	637,694
Transportation	7,591	3,067	33,746	2,306	46,710	3,776	283	4,059	50,769
Conferences, Conventions, and Meetings	34,616	34,094	26,164	11,055	105,929	20,859	19,255	40,114	146,043
Payments to YWCA USA	-	-	-	-	-	40,000	-	40,000	40,000
Interest Expense	101,745	-	-	-	101,745	-	-	-	101,745
Special Events Expenses	-	-	-	127,973	127,973	-	80,789	80,789	208,762
Licenses and Permits	35,778	4,908	498	87	41,271	424	81	505	41,776
Miscellaneous	32,895	101,789	14,367	4,968	154,019	27,962	17,269	45,231	199,250
Total Expenses before Depreciation and Amortization	7,737,546	7,556,738	1,807,420	646,954	17,748,658	1,675,906	979,955	2,655,861	20,404,519
Depreciation and Amortization	1,198,022	308,231	40,242	17,244	1,563,739	277,213	19,129	296,342	1,860,081
Total Expenses	<u>\$ 8,935,568</u>	<u>\$ 7,864,969</u>	<u>\$ 1,847,662</u>	<u>\$ 664,198</u>	<u>\$ 19,312,397</u>	<u>\$ 1,953,119</u>	<u>\$ 999,084</u>	<u>\$ 2,952,203</u>	<u>\$ 22,264,600</u>

See accompanying Notes to Financial Statements.

**YWCA OF MINNEAPOLIS
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2020 AND 2019**

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 1,571,083	\$ 6,691
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	1,890,005	1,860,081
Net Realized and Unrealized Gains on Investments	(236,720)	(644,052)
Changes in Operating Assets and Liabilities:		
Membership and Other Receivables, Net	(186,571)	22,325
Pledges Receivable, Net	(307)	281,430
Inventory	5,357	3,244
Prepaid Expenses and Other Assets	(26,667)	35,545
Accounts Payable	(272,196)	(662)
Accrued Payroll and Related Liabilities	(12,981)	181,577
Deferred Support and Revenue	(104,802)	(12,911)
Refundable Advance of Paycheck Protection Program Forgivable Loan	1,038,502	-
Net Cash Provided by Operating Activities	3,664,703	1,733,268
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property and Equipment	(619,097)	(3,127,306)
Proceeds from Sale of Investments	361,799	1,730,334
Purchase of Investments	(1,835,000)	(2,100,000)
Net Cash Used by Investing Activities	(2,092,298)	(3,496,972)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments of Long-Term Debt	(205,421)	(188,754)
Proceeds from Line of Credit	1,500,000	-
Proceeds from Redemption of Long-Term Debt	-	2,000,000
Net Cash Provided by Financing Activities	1,294,579	1,811,246
NET CHANGE IN CASH AND CASH EQUIVALENTS	2,866,984	47,542
Cash - Beginning of Year	866,016	818,474
CASH - END OF YEAR	\$ 3,733,000	\$ 866,016
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid During the Year for:		
Interest	\$ 101,744	\$ 11,139
Noncash Contribution of Free Rent and Supplies	\$ 1,014,155	\$ 1,023,452

See accompanying Notes to Financial Statements.

YWCA OF MINNEAPOLIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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, 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, YWCA lives its 125+ 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.

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

- 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.
- 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.
- YWCA's Girls and Youth Programs operate in 16+ 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 24,000+ members of all ages and abilities find the best workout program to achieve their fitness goals. In addition, 950+ community members participate 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.

The health and wellness of women has been a cornerstone of YWCA since its founding. Today, YWCA offers gender specific classes, workshops, leagues and races delivering women-centric programs that build strength, dignity and vitality. In August 2019, approximately 1,500 women and girls, ages 10-80, competed in the YWCA Women's Triathlon – celebrating the strength in women of all ages and abilities.

**YWCA OF MINNEAPOLIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

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

Early Childhood Education

High-quality nationally accredited early childhood education is provided by YWCA to families across the Twin Cities community. Five YWCA Children's Centers served 720+ children, ages 6 weeks to 12 years old, from 550+ 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

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 live in low-income households, 80% or more identify as people of color, most will be working to enter or re-enter the workforce, and many are single mothers. During FY20, 82 individuals enrolled in the program, 38 people completed the program successfully, and 7 people obtained a CDA in Early Childhood Education.

Girls and Youth

Girls and youth are prepared to be leaders, learners and creators of change so that they graduate from high school ready for college and careers. Five culturally responsive, out-of-school time, YWCA 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 1,250+ 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, 2020 AND 2019**

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

Racial Justice

The racial justice program engages, connects and leads the community in eliminating racism. Creating space for meaningful and open dialogue about racism and privilege is the critical first step to building an equitable and inclusive community. Throughout the year, 2,500+ diverse individuals were motivated and empowered through public forums, community dialogues, workshops and trainings to understand racism and privilege and take action to improve race relations in the community where they work and live.

For over a decade, YWCA has brought together courageous community leaders and members to engage in meaningful conversations and actions to eliminate racism in their workplaces and communities. In October 2019, approximately 1,100 people attended the 17th 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.

Public Policy

YWCA believes everyone has a role to play in shaping public policy. Ground-breaking, culturally competent advocacy strategies mobilized more than 2,700 people to become informed, register to vote, and take action to create change in their community. YWCA's current legislative priority is to improve equity and 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 take action. 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 YWCA conform to U.S. generally accepted accounting principles (GAAP).

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:

YWCA OF MINNEAPOLIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

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

Net Assets (Continued)

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. 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 Restrictions.

Cash

For purposes of the statements of cash flows, cash includes operating cash only, with original maturities of three months or less, and excludes cash equivalents held in brokerage accounts reported as investments.

Pledges Receivable

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 that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using YWCA's borrowing rates applicable to the years in which the promises are received. Contributions of assets other than cash are recorded at their estimated fair value. An allowance for uncollectible contributions receivable is provided based upon management's judgment including such factors as prior collection history, type of contribution, and nature of fund raising activity. An allowance as of June 30, 2020 and 2019 was not warranted.

YWCA OF MINNEAPOLIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

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

Investments

Investments are recorded at fair value, as described in Note 3. Realized and unrealized gains and losses are recorded in the period in which they occur in the appropriate net asset classification.

YWCA utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. 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.

Property and Equipment

YWCA capitalizes all expenditures for property and equipment in excess of \$2,500; 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, three to 20 years for furnishings and equipment, and five years for vehicles. When property and equipment are sold or retired, the basis and related accumulated depreciation are removed from the accounts.

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.

Income Taxes

YWCA is classified as a tax-exempt organization under Section 501(c)(3), is not a private foundation under Section 509(a)(2) of the Internal Revenue Code, 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. YWCA recorded no liabilities in 2020 and 2019 for unrecognized tax positions.

YWCA OF MINNEAPOLIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

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

Functional Expense Distribution

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. 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, as well as actual time and effort studies completed throughout the year.

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 period. Actual results could differ from these estimates.

Government Grants

A portion of the Organization's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. The Organization was awarded cost-reimbursable grants of approximately \$246,000 that have not been recognized at June 30, 2020 because qualifying expenditures have not yet been incurred.

Subsequent Events

YWCA has evaluated subsequent events through October 15, 2020, the date on which the financial statements were available to be issued. No items requiring adjustment to or disclosure in the financial statements were identified.

Accounting Principles Adopted

In June 2018, FASB issued Accounting Standards Update (ASU) 2018-08, Not-for-Profit Entities (Topic 958) – Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. The update clarifies and improves the scope and the accounting guidance for contributions received and contributions made. The amendments in the update assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. The Organization's financial statements reflect the application of ASU 2018-08 guidance beginning in fiscal year 2020. The adoption of ASU 2018-08 did not impact the Organization's reported revenue in total.

YWCA OF MINNEAPOLIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 2 INVESTMENTS

Investment securities at fair value consisted of the following:

	2020	2019
Equity Mutual Funds	\$ 8,847,552	\$ 8,431,601
Fixed Income Mutual Funds	5,482,013	5,141,367
Money Market Mutual Funds	-	97,392
Money Market Funds	1,540,397	696,540
Life Insurance Policies	179,786	178,842
Cash	264,221	58,307
Total	\$ 16,313,969	\$ 14,604,049

NOTE 3 FAIR VALUE MEASUREMENTS

YWCA has adopted FASB ASC 820, *Fair Value Measurement*, which established a three-tier fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described below:

Level 1 – Quoted prices in active markets for identical securities;

Level 2 – Other significant observable inputs (including quoted prices for similar securities, interest rates, credit risk, etc.); and

Level 3 – Significant unobservable inputs that are not corroborated by observable market data.

The inputs or methodology used in valuing securities are not necessarily an indication of the risk associated with investing in those securities.

YWCA OF MINNEAPOLIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 3 FAIR VALUE MEASUREMENTS (CONTINUED)

The summary of inputs used to value YWCA's assets and liabilities as of June 30, 2020 and 2019 is as follows:

	2020			Total
	Level 1	Level 2	Level 3	
Equity Mutual Funds:				
Large Cap	\$ 4,021,297	\$ -	\$ -	\$ 4,021,297
Mid Cap	2,298,505	-	-	2,298,505
World Stock	1,466,142	-	-	1,466,142
Foreign	1,061,608	-	-	1,061,608
Fixed Income Mutual Funds:				
Intermediate/Term	3,600,547	-	-	3,600,547
Short Term	1,881,466	-	-	1,881,466
Money Market Mutual Funds	-	-	-	1,540,397
Life Insurance Policies	-	-	-	179,786
Cash	-	-	-	264,221
Total Investments	<u>\$ 14,329,565</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,313,969</u>

	2019			Total
	Level 1	Level 2	Level 3	
Equity Mutual Funds:				
Large Cap	\$ 3,512,899	\$ -	\$ -	\$ 3,512,899
Mid Cap	2,504,827	-	-	2,504,827
World Stock	1,383,514	-	-	1,383,514
Foreign	1,030,361	-	-	1,030,361
Fixed Income Mutual Funds:				
Intermediate/Term	3,297,572	-	-	3,297,572
Short Term	1,843,795	-	-	1,843,795
Money Market Mutual Funds	-	-	-	793,932
Life Insurance Policies	-	-	-	178,842
Cash	-	-	-	58,307
Total Investments	<u>\$ 13,572,968</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,604,049</u>

There were no transfers between Levels 1, 2, and 3 during the years ended June 30, 2020 and 2019.

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, 2020 AND 2019

NOTE 4 PLEDGES RECEIVABLE

Anticipated future collections of pledges receivable at June 30, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Unconditional Promises Expected to be Collected in:		
Less than One Year	\$ 802,624	\$ 904,309
One Year to Five Years	489,457	414,347
Less: Discount (3.5%)	<u>(24,353)</u>	<u>(51,235)</u>
Total	<u>\$ 1,267,728</u>	<u>\$ 1,267,421</u>

NOTE 5 PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Land, Buildings, and Leasehold Improvements	\$ 44,627,595	\$ 44,419,822
Furnishings and Equipment	8,701,913	8,294,885
Vehicles	57,109	57,109
Construction in Progress	<u>6,390</u>	<u>2,090</u>
	53,393,007	52,773,906
Less: Accumulated Depreciation and Amortization	<u>25,509,481</u>	<u>23,619,472</u>
Total Property and Equipment	<u>\$ 27,883,526</u>	<u>\$ 29,154,434</u>

NOTE 6 LONG-TERM DEBT

Long-term debt consisted of the following at June 30, 2020 and 2019:

<u>Description</u>	<u>2020</u>	<u>2019</u>
Note payable to bank, interest rate of 4.25% with five year term, ten year amortization	\$ 1,616,666	\$ 1,816,667
Loan for business vehicle	<u>3,163</u>	<u>8,584</u>
Total Long-Term Debt	<u>\$ 1,619,829</u>	<u>\$ 1,825,251</u>

YWCA OF MINNEAPOLIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 6 LONG-TERM DEBT (CONTINUED)

Maturities of long-term debt at June 30, 2020 are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2021	\$ 203,163
2022	200,000
2023	1,216,666
Total	<u>\$ 1,619,829</u>

On January 3, 2018, YWCA secured an operating revolving line of credit with its operating bank in the amount of \$1,500,000. The interest rate is a rate per year equal to the LIBOR Daily Floating Rate plus 1.5 percentage points. The line of credit is available until January 15, 2021. The availability period can be renewed annually by the bank. As of June 30, 2020, the outstanding balance on the revolving line of credit was \$1,500,000.

On July 2, 2018, YWCA entered into a loan agreement with Bank of America for \$2,000,000. The loan was secured to complete a renovation project of the Midtown location locker rooms. The interest rate on the loan is 4.25% per year with a five-year term, 10-year amortization, and the final payment is due on July 3, 2023. The loan agreement includes certain financial covenants that YWCA is required to comply with, including a consolidated basis minimum EBITDA of at least \$1,500,000. YWCA is also required to maintain an unrestricted cash and investments balance of not less than \$4,000,000. As of June 30, 2020, YWCA is in compliance with the requirement to maintain \$4,000,000 in unrestricted cash and investments, and was not in compliance with the requirement to maintain a minimum EBITDA of at least \$1,500,000. YWCA has obtained a loan covenant waiver for this breach for the period ending June 30, 2020.

NOTE 7 ENDOWMENT FUNDS

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, 2020 AND 2019

NOTE 7 ENDOWMENT FUNDS (CONTINUED)

Interpretation of Relevant Law

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.

Endowment Net Asset Composition by Type of Fund

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-Restricted: Endowment Funds	\$ -	\$ 7,712,912	\$ 7,712,912
Board-Designated: Endowment Funds	7,134,653	-	7,134,653
Total	<u>\$ 7,134,653</u>	<u>\$ 7,712,912</u>	<u>\$ 14,847,565</u>
	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-Restricted: Endowment Funds	\$ -	\$ 7,549,058	\$ 7,549,058
Board-Designated: Endowment Funds	1,754,274	-	1,754,274
Total	<u>\$ 1,754,274</u>	<u>\$ 7,549,058</u>	<u>\$ 9,303,332</u>

YWCA OF MINNEAPOLIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 7 ENDOWMENT FUNDS (CONTINUED)

Changes in Endowment Net Assets

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets, Beginning of Year	\$ 1,754,274	\$ 7,549,058	\$ 9,303,332
Contributions	502,726	-	502,726
Transfers from Investments	5,000,000	-	5,000,000
Investment Return:			
Investment Income	67,759	294,924	362,683
Realized and Unrealized Gains, Net	28,088	123,429	151,517
Total Investment Return	95,847	418,353	514,200
Appropriation of Endowment Assets	(218,194)	(254,499)	(472,693)
Endowment Net Assets, End of Year	<u>\$ 7,134,653</u>	<u>\$ 7,712,912</u>	<u>\$ 14,847,565</u>
	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets, Beginning of Year	\$ 1,734,986	\$ 7,316,209	\$ 9,051,195
Contributions	40,348	-	40,348
Investment Return:			
Investment Income	28,958	121,711	150,669
Realized and Unrealized Gains, Net	92,952	369,700	462,653
Total Investment Return	121,910	491,411	613,322
Appropriation of Endowment Assets	(142,970)	(258,562)	(401,532)
Endowment Net Assets, End of Year	<u>\$ 1,754,274</u>	<u>\$ 7,549,058</u>	<u>\$ 9,303,332</u>

Return Objectives and Risk Parameters

As approved by the board of directors, 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 is 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 2020 and 2019, such amounts were \$459,600 and \$440,400, respectively. Actual draws from the endowment and board-designated income in 2020 and 2019 were \$472,693 and \$401,532, respectively.

YWCA OF MINNEAPOLIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 7 ENDOWMENT FUNDS (CONTINUED)

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, 2020 and 2019, the YWCA did not have any funds with deficiencies.

NOTE 8 NET ASSETS WITH DONOR RESTRICTIONS

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

	2020	2019
Portion of Unexpended Investment Return Generated from Donor-Restricted Endowment Funds Subject to UPMIFA consists of:		
General Endowment - Any Activity of the Organization	\$ 1,674,793	\$ 1,709,299
Jean Wigley Memorial Fund - Any Activity of the Organization	136,869	126,994
Elizabeth Lyman Lodge Endowment - Camping Activities	3,414,276	3,233,884
Ruth Keith Endowment - Domestic Instruction	137,038	128,945
Subtotal	5,362,976	5,199,122
Gifts and Other Unexpended Revenues and Gains Available for:		
Health and Wellness Program Activities	115,655	88,027
Early Childhood Education Programs:		
General Program Activities	1,460,035	792,171
Capital Improvements	13,245	14,045
Girls and Youth Program Activities	1,099,400	847,904
Racial Justice and Public Policy Program Activities	94,700	6,865
General Operating Purposes Time-Restricted	185,657	178,842
Capital Improvements	8,569	13,615
General Program Activities	179,154	20,205
Subtotal	3,156,415	1,961,674
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	2,349,936	2,349,936
Total	\$ 10,869,327	\$ 9,510,732

**YWCA OF MINNEAPOLIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

NOTE 8 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.

	2020	2019
Purpose Restrictions Accomplished:		
Health and Wellness Program Expenses	\$ 109,823	\$ 73,962
Early Childhood Education Program Expenses	2,693,974	3,561,237
Early Childhood Education Capital Expenses	5,100	-
Girls and Youth Program Expenses	1,710,664	1,904,442
Racial Justice and Public Policy Program Expenses	285,526	455,317
Capital Improvements	-	60,081
Time Restrictions Released:		
Appropriate of General Endowment	254,499	243,626
Total Restrictions Released	\$ 5,059,586	\$ 6,298,665

NOTE 9 AFFILIATION WITH YWCA USA

YWCA is a member of YWCA USA. Assessments paid to YWCA USA were \$40,000 for the years ended June 30, 2020 and 2019, respectively.

NOTE 10 RETIREMENT PLAN

YWCA participates in a defined-benefit cash balance retirement plan, which is administered through a national organization, YWCA Retirement Fund. Benefits of the plan are based on individual employee account balances. The actuarial present value of accumulated plan benefits and net assets available for benefits relating to YWCA's employees is not available because such information is not accumulated for each participating organization. YWCA's level of contribution is elected at the beginning of each calendar year. YWCA elected to contribute 3% of the participating employees' wages to YWCA Retirement Fund for the years ended June 30, 2020 and 2019, respectively. YWCA Retirement Fund matches YWCA's contributions at varying levels depending on the contribution level of YWCA. For the years ended June 30, 2020 and 2019, YWCA Retirement Fund contributed 1.2% to the employees' accounts. Expense for the years ended June 30, 2020 and 2019 was \$185,638 and \$184,838, respectively.

YWCA OF MINNEAPOLIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 11 REFUNDABLE ADVANCE DISCLOSURE

On May 4, 2020 the Organization received proceeds in the amount of \$2,455,891 to fund payroll, rent, utilities, and interest on mortgages and existing debt through the Paycheck Protection Program (the "PPP Loan"). The PPP loan may be forgiven by the U.S. Small Business Administration (SBA) subject to certain performance barriers, as outlined in the loan agreement and the CARES Act. Therefore, the Organization has classified this loan as a conditional contribution for accounting purposes. The Organization recognized \$1,417,389 of Paycheck Protection Program Forgivable Loan revenue related to this agreement during the year ended June 30, 2020, which represents the portion of the PPP loan funds for which the performance barriers have been met. As of June 30, 2020, the Organization has not satisfied the performance barriers attributable to \$1,038,502 of the PPP loan proceeds, and this amount is classified as Refundable Advance of Paycheck Protection Program Forgivable Loan in the accompanying statement of financial position. The SBA has not formally forgiven any portion of the Organization's obligation under this PPP loan. Payment of principal and interest is deferred until the date on which the amount of forgiveness is remitted to the lender or, if the organization fails to apply for forgiveness within 10 months after the covered period, then payment of principal and interest shall begin on that date. If the SBA determines that a portion of the PPP loan proceeds will not be forgiven, the Organization would be obligated to repay those funds to the SBA at an interest rate of 1% over a period of 2 years, with payments deferred for up to six months. To the extent that all or part of the PPP Loan is not forgiven, the Organization will be required to pay interest on the PPP Loan at a rate of 1.0% per annum, and commencing in November 2020 principal and interest payments will be required through the maturity date in May 2022.

NOTE 12 COMMITMENTS AND CONTINGENCIES

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.

YWCA OF MINNEAPOLIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 12 COMMITMENTS AND CONTINGENCIES (CONTINUED)

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 \$90,623 was not incurred and not drawn as of June 30, 2020 and 2019.

In February 2015, 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.

At the end of 2005, 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. 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 \$425,753 and \$425,753 have been recognized for the years ended June 30, 2020 and 2019, respectively.

YWCA OF MINNEAPOLIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 12 COMMITMENTS AND CONTINGENCIES (CONTINUED)

Effective April 1, 2013, YWCA leases space in the Ronald M. Hubbs Center for Lifelong Learning (Hubbs) to provide child care services to the Hubbs adult students. The lease runs for an indefinite period and requires no lease payments. Rent expense and corresponding contribution income of \$39,118 and \$39,118 have been recognized for the years ended June 30, 2020 and 2019, respectively.

Effective April 1, 2013, 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, YWCA entered an agreement with Ecolab, who assumed the location formerly housed by Travelers. The new agreement runs indefinitely. No lease payments are required. In addition, Ecolab provides food and cook services without compensation. Rent and food expense and corresponding contribution income of \$617,892 and \$613,692 have been recognized for the years ended June 30, 2020 and 2019, respectively.

NOTE 13 LIQUIDITY AND AVAILABILITY

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. YWCA has various sources of liquidity at its disposal, including cash and cash equivalents, membership accounts receivable and pledges receivable, investment balances, and an operating line of credit.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, 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.

In addition to financial assets available to meet general expenditures over the next 12 months, YWCA operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources. Refer to the statement of cash flows which identifies the sources and uses of YWCA's cash and shows positive cash generated by operations for fiscal years 2020 and 2019.

YWCA OF MINNEAPOLIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 13 LIQUIDITY AND AVAILABILITY (CONTINUED)

As of June 30, 2020 and 2019, the following financial assets could readily be made available within one year of the balance sheet date to meet general expenditures:

	<u>2020</u>	<u>2019</u>
Cash	\$ 3,733,000	\$ 866,018
Membership and Other Receivables	510,812	324,241
Investments	16,313,969	14,604,049
Pledges Receivable, Collectible in One Year	802,624	904,309
Life Insurance Policies not Available	(179,786)	(178,842)
Investment Balances Restricted for Capital Projects and Program Restrictions	(2,174,005)	(959,306)
Investment Balances Restricted for Endowments	(7,712,912)	(7,549,058)
Cash Reserved for Credit Line	(1,500,000)	-
Cash Payments Restricted for Debt Payable and Interest	(299,395)	(295,108)
Total	<u>\$ 9,494,307</u>	<u>\$ 7,716,303</u>