

**YWCA OF MINNEAPOLIS**

Financial Statements

December 31, 2006 and 2005

(With Independent Auditors' Report Thereon)



**KPMG LLP**  
4200 Wells Fargo Center  
90 South Seventh Street  
Minneapolis, MN 55402

## **Independent Auditors' Report**

The Board of Directors  
YWCA of Minneapolis:

We have audited the accompanying statements of financial position of the YWCA of Minneapolis (the Association) as of December 31, 2006 and 2005, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Association's management. 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Association as of December 31, 2006 and 2005, and the changes in its net assets and its cash flows for the years then ended, in conformity with U.S. generally accepted accounting principles.

**KPMG LLP**

April 16, 2007

**YWCA OF MINNEAPOLIS**  
**Statements of Financial Position**  
December 31, 2006 and 2005

<b>Assets</b>	<b>2006</b>	<b>2005</b>
	<u>          </u>	<u>          </u>
Cash	\$ 924,512	1,142,121
Funds held in escrow	—	341,821
Membership and other receivables, net of allowance of \$142,187 and \$187,960 for 2006 and 2005, respectively	662,449	682,884
Pledges receivable, net	612,032	616,406
Inventory	22,881	28,866
Prepaid expenses	104,967	11,607
Investments	5,884,875	5,298,458
Property and equipment, net	18,486,252	18,626,800
Total assets	<u>\$ 26,697,968</u>	<u>26,748,963</u>
<b>Liabilities and Net Assets</b>		
Liabilities:		
Accounts payable	\$ 537,690	458,180
Accrued payroll and related liabilities	457,642	382,962
Deferred support and revenue	1,189,286	1,047,402
Long-term debt	96,919	152,760
Total liabilities	<u>2,281,537</u>	<u>2,041,304</u>
Net assets:		
Unrestricted	21,765,999	21,801,660
Temporarily restricted	2,111,739	2,367,306
Permanently restricted	538,693	538,693
Total net assets	<u>24,416,431</u>	<u>24,707,659</u>
Total liabilities and net assets	<u>\$ 26,697,968</u>	<u>26,748,963</u>

See accompanying notes to financial statements.

**YWCA OF MINNEAPOLIS**  
 Statements of Activities  
 Years ended December 31, 2006 and 2005

	2006				2005			
	Unrestricted	Temporarily restricted	Permanently restricted	Total	Unrestricted	Temporarily restricted	Permanently restricted	Total
Public support and revenue:								
Public support:								
Contributions	\$ 252,782	822,265	—	1,075,047	253,954	905,726	25,000	1,184,680
Special events	232,411	57,073	—	289,484	211,640	33,741	—	245,381
United Way allocations	33,120	1,475,873	—	1,508,993	30,495	1,387,417	—	1,417,912
Total public support	518,313	2,355,211	—	2,873,524	496,089	2,326,884	25,000	2,847,973
Revenue:								
Fees and grants – government	1,950,859	594,059	—	2,544,918	2,082,941	517,017	—	2,599,958
Program service fees and membership dues	8,054,855	—	—	8,054,855	7,429,396	—	—	7,429,396
Incidental revenue	183,527	—	—	183,527	187,736	—	—	187,736
Investment returns	418,483	148,199	—	566,682	402,854	142,907	—	545,761
Room rental	159,309	—	—	159,309	152,039	—	—	152,039
Miscellaneous	43,599	—	—	43,599	18,808	—	—	18,808
Total revenue	10,810,632	742,258	—	11,552,890	10,273,774	659,924	—	10,933,698
Net assets released from program restrictions	3,353,036	(3,353,036)	—	—	2,604,571	(2,604,571)	—	—
Total public support and revenue	14,681,981	(255,567)	—	14,426,414	13,374,434	382,237	25,000	13,781,671
Expenses:								
Health and fitness	7,359,420	—	—	7,359,420	6,839,032	—	—	6,839,032
Early childhood	4,124,359	—	—	4,124,359	3,530,467	—	—	3,530,467
Girls and youth	1,103,428	—	—	1,103,428	1,124,818	—	—	1,124,818
Racial justice and public policy	346,957	—	—	346,957	299,508	—	—	299,508
Women’s wellness	229,340	—	—	229,340	317,325	—	—	317,325
Management and general	1,143,212	—	—	1,143,212	1,067,486	—	—	1,067,486
Fund-raising	410,926	—	—	410,926	253,409	—	—	253,409
Total expenses	14,717,642	—	—	14,717,642	13,432,045	—	—	13,432,045
Total change in net assets	(35,661)	(255,567)	—	(291,228)	(57,611)	382,237	25,000	349,626
Net assets at beginning of year	21,801,660	2,367,306	538,693	24,707,659	21,859,271	1,985,069	513,693	24,358,033
Net assets at end of year	\$ 21,765,999	2,111,739	538,693	24,416,431	21,801,660	2,367,306	538,693	24,707,659

See accompanying notes to financial statements.

**YWCA OF MINNEAPOLIS**  
Statement of Functional Expenses  
Year ended December 31, 2006

	Program services					Supporting services				
	Health and fitness	Early childhood	Girls and youth	Racial justice and public policy	Women's wellness	Total	Management and general	Fund-raising	Total	Total
Salaries	\$ 3,727,585	2,298,319	670,358	168,509	130,684	6,995,455	681,501	229,417	910,918	7,906,373
Employee benefits	419,904	401,416	106,323	22,471	11,149	961,263	77,509	23,848	101,357	1,062,620
Payroll taxes and workers' compensation	390,570	239,513	69,160	17,210	13,973	730,426	62,898	22,941	85,839	816,265
Total salaries and related expenses	4,538,059	2,939,248	845,841	208,190	155,806	8,687,144	821,908	276,206	1,098,114	9,785,258
Professional fees and contract service payments	272,906	30,615	994	42,778	3,593	350,886	55,306	5,272	60,578	411,464
Supplies	321,641	314,909	85,466	44,511	13,226	779,753	47,342	5,148	52,490	832,243
Telephone	26,949	20,529	8,199	3,251	1,488	60,416	5,412	1,933	7,345	67,761
Postage	16,070	325	213	499	1,542	18,649	4,861	14,336	19,197	37,846
Occupancy	1,346,005	596,169	54,179	5,915	34,645	2,036,913	61,822	7,133	68,955	2,105,868
Outside printing and advertising	157,366	4,957	1,113	21,088	2,588	187,112	6,254	35,941	42,195	229,307
Transportation	22,298	1,767	45,682	814	234	70,795	4,824	320	5,144	75,939
Conferences, conventions, and meetings	41,964	5,351	13,331	13,070	4,480	78,196	40,294	6,936	47,230	125,426
Payments to the Heartland Region of YWCAs	—	—	—	—	—	—	32,000	—	32,000	32,000
Interest expense	4,703	1,273	375	49	68	6,468	1,358	59	1,417	7,885
Special events expenses	—	—	—	—	—	—	—	50,452	50,452	50,452
Miscellaneous	36,755	8,808	4,821	349	874	51,607	23,522	500	24,022	75,629
Total expenses before depreciation and amortization	6,784,716	3,923,951	1,060,214	340,514	218,544	12,327,939	1,104,903	404,236	1,509,139	13,837,078
Depreciation and amortization	574,704	200,408	43,214	6,443	10,796	835,565	38,309	6,690	44,999	880,564
Total expenses	\$ 7,359,420	4,124,359	1,103,428	346,957	229,340	13,163,504	1,143,212	410,926	1,554,138	14,717,642

See accompanying notes to financial statements.

**YWCA OF MINNEAPOLIS**  
Statement of Functional Expenses  
Year ended December 31, 2005

	Program services					Supporting services				
	Health and fitness	Early childhood	Girls and youth	Racial justice and public policy	Women's wellness	Total	Management and general	Fund-raising	Total	Total
Salaries	\$ 3,410,595	2,121,729	666,596	148,174	153,392	6,500,486	618,097	125,220	743,317	7,243,803
Employee benefits	349,686	340,174	109,584	18,031	12,929	830,404	75,648	11,327	86,975	917,379
Payroll taxes and workers' compensation	381,582	236,746	72,727	15,398	16,888	723,341	66,183	13,703	79,886	803,227
Total salaries and related expenses	4,141,863	2,698,649	848,907	181,603	183,209	8,054,231	759,928	150,250	910,178	8,964,409
Professional fees and contract service payments	236,890	12,620	3,411	46,491	21,599	321,011	75,069	4,228	79,297	400,308
Supplies	219,117	293,696	94,558	23,788	44,381	675,540	32,146	3,773	35,919	711,459
Telephone	23,325	14,589	11,135	3,730	2,666	55,445	4,783	1,415	6,198	61,643
Postage	21,026	398	275	901	3,264	25,864	4,759	8,655	13,414	39,278
Occupancy	1,294,159	298,657	53,702	5,053	37,437	1,689,008	54,824	6,094	60,918	1,749,926
Outside printing and advertising	169,742	2,189	1,133	12,920	6,865	192,849	12,237	16,914	29,151	222,000
Transportation	17,503	6,132	45,325	943	1,360	71,263	4,098	202	4,300	75,563
Conferences, conventions, and meetings	48,734	6,561	8,233	17,396	4,377	85,301	24,170	8,328	32,498	117,799
Payments to the Heartland Region of YWCAs	—	—	—	—	—	—	33,000	—	33,000	33,000
Interest expense	4,538	1,661	746	62	86	7,093	1,661	74	1,735	8,828
Special events expenses	—	—	—	—	—	—	—	44,775	44,775	44,775
Miscellaneous	44,451	6,241	3,130	279	1,063	55,164	20,476	1,339	21,815	76,979
Total expenses before depreciation and amortization	6,221,348	3,341,393	1,070,555	293,166	306,307	11,232,769	1,027,151	246,047	1,273,198	12,505,967
Depreciation and amortization	617,684	189,074	54,263	6,342	11,018	878,381	40,335	7,362	47,697	926,078
Total expenses	\$ 6,839,032	3,530,467	1,124,818	299,508	317,325	12,111,150	1,067,486	253,409	1,320,895	13,432,045

See accompanying notes to financial statements.

## YWCA OF MINNEAPOLIS

### Statements of Cash Flows

Years ended December 31, 2006 and 2005

	2006	2005
Cash flows from operating activities:		
Change in net assets	\$ (291,228)	349,626
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	880,564	926,078
Net unrealized gains on investments	(287,212)	(478,560)
Contributions received for long-term purposes	(15,305)	(63,614)
Changes in operating assets and liabilities:		
Membership and other receivables	20,435	(345,321)
Pledges receivable	4,374	(172,772)
Inventory	5,985	(1,620)
Prepaid expenses	(93,360)	(1,751)
Accounts payable	79,510	132,635
Accrued payroll and related liabilities	74,680	43,069
Deferred support and revenue	141,884	24,586
Net cash provided by operating activities	520,327	412,356
Cash flows from investing activities:		
Purchase of property, equipment, and construction in progress	(740,016)	(606,521)
Proceeds from sale of investments	251,261	460,134
Escrow deposit for leasehold improvements	341,821	(341,821)
Purchase of investments	(550,466)	(67,209)
Net cash used in investing activities	(697,400)	(555,417)
Cash flows from financing activities:		
Proceeds from long-term debt	—	34,554
Payments on long-term debt	(55,841)	(53,339)
Proceeds from contributions restricted for:		
Investment in endowment	—	25,000
Investment in property and equipment	15,305	38,614
Net cash (used in) provided by financing activities	(40,536)	44,829
Net change in cash	(217,609)	(98,232)
Cash at beginning of year	1,142,121	1,240,353
Cash at end of year	\$ 924,512	1,142,121
Supplemental disclosure:		
Cash paid for interest	\$ 7,892	9,116

See accompanying notes to financial statements.

**YWCA OF MINNEAPOLIS**

Statements of Cash Flows

Years ended December 31, 2006 and 2005

	<u>2006</u>	<u>2005</u>
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Net cash (used in) provided by financing activities	<u>(40,536)</u>	<u>44,829</u>
Net change in cash	(217,609)	(98,232)
Cash at beginning of year	<u>1,142,121</u>	<u>1,240,353</u>
Cash at end of year	\$ <u><u>924,512</u></u>	\$ <u><u>1,142,121</u></u>
Supplemental disclosure:		
Cash paid for interest	\$ 7,892	9,116

See accompanying notes to financial statements.

## YWCA OF MINNEAPOLIS

Notes to Financial Statements

December 31, 2006 and 2005

### (1) Organization and Summary of Significant Accounting Policies

#### (a) Organization

Since 1891, the YWCA of Minneapolis (the Association) has worked to empower women and girls and eliminate racism through a comprehensive set of services that have changed and adapted as needs and populations in the Minneapolis community have changed. The Association focuses its efforts in six primary areas: Health and Fitness; Early Childhood; Girls and Youth; Women's Wellness; Public Policy; and Racial Justice. The Association's programs target women, youth, and families with special emphasis on people of color and low-income households.

**Health and Fitness** – The health and fitness programs offer a comprehensive program of physical activities to challenge people's minds, bodies, and spirits. The Association's facilities include state-of-the-art exercise equipment, gyms, pools, aerobic studios, tracks, and tennis courts. Workshops and clinics on health and wellness, CPR, first aid, and lifeguard certifications, as well as swimming classes, personal training, and other specialty classes offer additional opportunities for members to enhance their personal well-being. Sliding fee memberships provide access to low-income individuals.

**Early Childhood** – These programs provide full-time childcare in four centers to infants through school-agers with a focus on low-income families and children with special needs. All of the early childhood programs prepare children for a successful school experience by providing appropriate developmental learning and teaching children to value cultural identity and diversity. These programs also help families overcome barriers to self-sufficiency and improve parenting skills through increased access to resources, and encouragement and support from teachers and families.

Three of the centers are accredited and the fourth center, which opened in 2006 on the Abbott Northwestern Hospital campus, is in process for accreditation. This new center provides care to families in two ways. Half of the center provides English language based multicultural care like the other three centers in age specific classrooms. The other half provides care in language-specific classrooms (currently Somali and Spanish) with children of a variety of ages. The providers who teach in the language specific rooms are new Americans who are also participating in business development training focused on preparing providers to open their own home childcare business after 2–3 years work at the center. The Spanish and Somali language-specific care opened in January 2006 and the English language based care opened in July 2006.

**Girls and Youth** – The girls and youth programs challenge young people to maximize their potential. Working primarily with low-income youth of color, the programs provide developmental stepping stones that enable youth ages 9–18 to be their best now and always. Programs focus on increasing academic achievement, developing social and leadership skills, reducing teen pregnancy, and preparing youth for a career and positive community involvement.

**Women's Wellness** – Women's Wellness programs exist to nourish the mind, body, and spirit of low-income women, particularly women of color. The programs help them identify and create positive changes in themselves, which leads to healthier families, communities, and world systems. Each year, hundreds of women receive culturally specific health information and education, access

## YWCA OF MINNEAPOLIS

### Notes to Financial Statements

December 31, 2006 and 2005

fitness instruction and facilities, and get encouragement and support from staff and other program participants to develop and maintain a wellness plan for their life.

**Public Policy** – The Association’s annual public policy platform is developed by members, program participants, staff, and volunteers and approved by the board of directors. The program trains and mobilizes advocates, collaborates with community coalitions, and speaks out on issues related to the empowerment of women and girls and the elimination of racism.

**Racial Justice** – The racial justice program was established to expand the Association’s work in helping our community understand and discuss race issues by providing unlearning racism trainings; compiling the leadership registry, a database of women and people of color willing to serve on boards; providing advocacy and training on the issue of race; and hosting annual citywide forums on race issues for youth and adults.

**(b) Basis of Presentation**

The accounting policies of the Association conform to U.S. generally accepted accounting principles.

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Net assets of the Association and changes therein are classified into the following three categories:

- Unrestricted net assets represent the portion of expendable funds that are available for support of the Association’s operations. Certain of these amounts have been designated by the board for future operations and endowment;
- Temporarily restricted net assets consist of contributions that have been restricted by the donor for specific purposes or are not available for use until a specific time; and
- Permanently restricted net assets consist of contributions that have been restricted by the donor that stipulate the resources be maintained permanently but permit the Association to use or expend part or all of the income derived from the donated assets for either specified or unspecified purposes.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

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 the Association’s borrowing rates applicable to the

## YWCA OF MINNEAPOLIS

### Notes to Financial Statements

December 31, 2006 and 2005

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.

**(c) *Property and Equipment***

The Association capitalizes all expenditures for property and equipment in excess of \$300; 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 35 to 50 years for buildings, 3 to 10 years for furnishings and equipment, and 5 years for vehicles. When property and equipment are sold or retired, the basis and related accumulated depreciation are removed from the accounts.

**(d) *Expense Distribution***

Expenses have been charged to program and supporting service functions as follows:

- i) Wages, salaries, and related costs are allocated to the various functions based on actual or estimated time expended.
- ii) Other expenses not directly related to specific functions are allocated to the various functions based on estimated usage.

**(e) *Cash***

For purposes of the statement of cash flows, cash excludes cash equivalents held in brokerage accounts reported as investments.

**(f) *Funds Held in Escrow***

Funds held in escrow represent amounts deposited with a title company to pay for certain leasehold improvements.

**(g) *Investments***

Investments are recorded at fair value based on quoted market prices. Realized and unrealized gains and losses are recorded in the period in which they occur in the appropriate net asset classification.

**(h) *Deferred Support and Revenue***

Deferred support and revenue consist primarily of prepaid membership dues, which are amortized pro rata into income over the life of the related membership.

**(i) *Income Taxes***

The Association is classified as a tax-exempt organization under Section 501(c)(3) and 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.

**YWCA OF MINNEAPOLIS**

Notes to Financial Statements

December 31, 2006 and 2005

*(j) Use of Estimates*

The preparation of financial statements in conformity with U.S. generally accepted accounting principles 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.

**(2) Investments**

State law allows the board of directors to appropriate as much of the net appreciation as is prudent considering the Association's long- and short-term needs, present and anticipated financial requirements, expected total return on its investments, price level trends, and general economic conditions. The board of directors annually approves an appropriation of a portion of the endowment and board-designated investment income to current operations. In 2006 and 2005, such amount was \$150,000. In 2006, the board of directors approved the use of \$35,000 for consultants to assist in defining potential expansion of one of the fitness centers. In 2005, the board of directors approved the use of \$35,000 to conduct a search for the chief executive officer.

	<u>December 31</u>	
	<u>2006</u>	<u>2005</u>
Mutual funds invested primarily in:		
Equity securities	\$ 4,043,160	3,700,319
Debt securities or cash equivalents	1,841,715	1,598,139
	<u>\$ 5,884,875</u>	<u>5,298,458</u>

	<u>Year ended December 31, 2006</u>		
	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Total</u>
Dividends and interest	\$ 79,432	31,619	111,051
Net realized and unrealized gains and losses	339,051	116,580	455,631
Total return on investments	<u>\$ 418,483</u>	<u>148,199</u>	<u>566,682</u>

	<u>Year ended December 31, 2005</u>		
	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Total</u>
Dividends and interest	\$ 48,621	18,580	67,201
Net realized and unrealized gains and losses	354,233	124,327	478,560
Total return on investments	<u>\$ 402,854</u>	<u>142,907</u>	<u>545,761</u>

**YWCA OF MINNEAPOLIS**

Notes to Financial Statements

December 31, 2006 and 2005

**(3) Pledges Receivable**

Included in pledges receivable at December 31, 2006 and 2005 are the following unconditional promises to give:

	<u>2006</u>	<u>2005</u>
Restricted to future periods	\$ 612,032	597,303
General endowment	—	25,000
	<u>612,032</u>	<u>622,303</u>
Gross pledges receivable		
Less unamortized discount at 3.37% in 2005	—	(5,897)
	<u>612,032</u>	<u>616,406</u>
Net pledges receivable	\$ <u>612,032</u>	\$ <u>616,406</u>

Anticipated future collections of pledges receivable at December 31, 2006 are as follows:

Unconditional promises expected to be collected in:

Less than one year	\$ 602,032
One year to five years	<u>10,000</u>
	\$ <u>612,032</u>

**(4) Property and Equipment**

Property and equipment consisted of the following at December 31:

	<u>2006</u>	<u>2005</u>
Land, buildings, and leasehold improvements	\$ 26,592,034	26,184,093
Furnishings and equipment	2,714,259	2,683,766
Vehicles	242,103	242,103
Construction in progress	5,144	13,324
	<u>29,553,540</u>	<u>29,123,286</u>
Less accumulated depreciation and amortization	11,067,288	10,496,486
	\$ <u>18,486,252</u>	\$ <u>18,626,800</u>

**YWCA OF MINNEAPOLIS**

Notes to Financial Statements

December 31, 2006 and 2005

**(5) Long-term Debt**

Long-term debt consisted of the following at December 31:

	<u>2006</u>	<u>2005</u>
Notes payable to bank, secured by general business assets interest ranging from 2.00% to 5.15%	\$ 37,528	73,570
Notes payable for vehicle purchases, interest rates ranging from 5.90% to 7.50%	25,460	37,325
Notes payable for building improvements for childcare facilities, interest rate 5.00%	2,279	4,152
Special assessments payable on property, interest ranging from 5.00% to 7.20%	31,652	37,713
	<u>\$ 96,919</u>	<u>152,760</u>

Maturities of long-term debt at December 31, 2006 are as follows:

2007	\$ 52,713
2008	13,401
2009	13,131
2010	8,857
2011	1,921
Thereafter	6,896
	<u>\$ 96,919</u>

The Association has entered into a revolving line of credit agreement with a financial institution in the amount of \$400,000, which matured on December 31, 2006. Interest on the revolving line of credit is equal to the prime rate as determined by the financial institution. At December 31, 2006 and 2005, there were no borrowings outstanding under the agreement. The Association is in the process of renewing the agreement with the financial institution, which would expire on March 31, 2008.

**YWCA OF MINNEAPOLIS**

Notes to Financial Statements

December 31, 2006 and 2005

**(6) Unrestricted Net Assets**

Unrestricted net assets consisted of the following at December 31:

	<u>2006</u>	<u>2005</u>
Current	\$ 60,259	222,989
Board-designated:		
Investments, at fair value, set aside for future operational needs or capital improvements	1,750,026	1,676,219
Accumulated realized and unrealized gains on general endowment funds set aside to maintain purchasing power of endowment	<u>1,690,764</u>	<u>1,585,789</u>
Total board-designated	3,440,790	3,262,008
Net property, equipment, and construction fund	<u>18,264,950</u>	<u>18,316,663</u>
Total unrestricted net assets	\$ <u><u>21,765,999</u></u>	\$ <u><u>21,801,660</u></u>

**(7) Temporarily Restricted Net Assets**

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

	<u>2006</u>	<u>2005</u>
Health and Fitness program activities	\$ 241,372	207,103
Early Childhood programs:		
General program activities	48,374	22,175
Strong Beginning program activities	—	12,592
Capital improvements	5,398	346,984
Women's Wellness program activities	40,000	80,000
Girls and Youth program activities	357,576	398,501
Racial Justice and Public Policy program activities	17,000	60,000
General operating purposes time-restricted 2007-2008	20,000	—
Capital improvements	5,000	—
Net realized and unrealized income from Elizabeth Lyman Lodge Endowment Fund for camping activities	1,331,976	1,200,714
Net realized and unrealized income from Ruth Keith Endowment Fund for domestics	<u>45,043</u>	<u>39,237</u>
Total temporarily restricted net assets	\$ <u><u>2,111,739</u></u>	\$ <u><u>2,367,306</u></u>

**YWCA OF MINNEAPOLIS**

Notes to Financial Statements

December 31, 2006 and 2005

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

	<u>2006</u>	<u>2005</u>
Purpose restrictions accomplished:		
Health and Fitness program expenses	\$ 271,891	182,067
Early Childhood program expenses	1,190,057	866,039
Girls and Youth program expenses	1,163,540	1,128,882
Women's Wellness program expenses	222,992	289,829
Racial Justice and Public Policy program expenses	162,735	137,736
Childcare Center leasehold additions	341,821	—
Capital campaign expenses	—	18
Total restrictions released	\$ <u>3,353,036</u>	<u>2,604,571</u>

**(8) Permanently Restricted Net Assets**

Permanently restricted net assets are restricted to endowment investments, at historical cost, the income from which is expendable to support the following activities at December 31:

	<u>2006</u>	<u>2005</u>
General Endowment – any activity of the organization	\$ 369,499	369,499
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 – domestics instruction	16,288	16,288
Total permanently restricted net assets	\$ <u>538,693</u>	<u>538,693</u>

**(9) Affiliation with the YWCA of the USA and the Heartland Region of YWCAs**

The Association is a member of the Heartland Region of YWCAs. Assessments paid to the Heartland Region were \$32,000 and \$33,000 for the years ended December 31, 2006 and 2005, respectively. The Heartland Region of YWCAs is a member of the YWCA of the USA.

**(10) Retirement Plan**

The Association 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 the Association's employees is not available because such information is not accumulated for each participating organization. The Association's level of contribution is now elected at the beginning of each year. The Association contributed 7.5% of the participating employees' wages for 2006 and 2005 to the YWCA Retirement Fund. The YWCA Retirement Fund matches the Association's contributions at varying levels depending on the contribution level of the Association. In 2006 and 2005, the YWCA Retirement Fund contributed 3% to the employees' accounts. Expense for the years ended December 31, 2006 and 2005 was \$327,290 and \$314,490, respectively.

## **YWCA OF MINNEAPOLIS**

### Notes to Financial Statements

December 31, 2006 and 2005

#### **(11) Commitments**

The Association has an operating lease for rental space. Future minimum lease payments under this lease are \$46,980 annually through August 31, 2008.

The Association leases other rental space for a nominal amount. As part of the lease agreement, the Association pays 13% of the buildings and grounds' annual cost of repairs, maintenance, and utilities costs. The occupancy expense for 2006 and 2005 amounted to \$10,000 and \$14,179, respectively. This lease expires in 2011.

At the end of 2005, the Association took possession of space for a new childcare center under a lease agreement, which expires in 2015. The lease provides for waiver of base rent and operating expenses based on the understanding that the Association will incur yearly programming deficits as defined by the lease. Rent expense and corresponding contribution income of \$274,793 has been recognized for the year ended December 31, 2006.