Financial statements of:

YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF ST. PAUL AND AFFILIATES

Years ended
December 31, 2015 and 2014

Schechter Dokken Kanter
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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Young Women's Christian Association
of St. Paul and Affiliates
St. Paul, MN

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Young Women's Christian Association of St. Paul and Affiliates, which comprise the consolidated statement of financial position as of December 31, 2015, and the related consolidated statements of activities and change in net assets, cash flows and functional expenses for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit 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 consolidated financial statements are free of material misstatement.

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Young Women's Christian Association of St. Paul and Affiliates as of December 31, 2015, and the results of its operations and cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matter

The financial statements of Young Women's Christian Association of St. Paul and Affiliates, as of and for the year ended December 31, 2014, were audited by other auditors whose report dated May 21, 2015 expressed an unmodified opinion on those statements.

Schechter Dokken Kanter
Andrews & Selcer Ltd.

Minneapolis, MN
June 28, 2016

YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF ST. PAUL AND AFFILIATES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31

	2015	2014
Assets:		
Current assets:		
Cash	$ 386,731	$ 777,627
Investments	323,423	441,092
Beneficial interest in assets held by others	282,386	270,872
Accounts receivable:		
Government grants	213,934	175,350
Other	14,949	1,331
Pledges receivable		95,000
Prepaid expenses	31,069	35,255
Inventory	2,901	4,550
Total current assets	1,255,393	1,801,077
Property and equipment, net	7,806,294	8,357,071
Total assets	$ 9,061,687	$ 10,158,148
Liabilities and net assets:		
Current liabilities:		
Accounts payable	$ 66,599	$ 58,881
Accrued liabilities	171,296	203,170
Tenant deposits	17,219	13,147
Deferred revenue, current	28,142	31,813
Capital leases payable, current	35,152	23,369
Notes payable, current	30,670	19,083
Total current liabilities	349,078	349,463
Long-term debt, notes payable	6,038,551	5,951,791
Deferred revenue:		
Loan forgiveness	1,065,146	1,193,883
Long-term	249,000	249,000
Long-term capital leases payable	41,789	28,296
Total liabilities	7,743,564	7,772,433
Net assets:		
Unrestricted:		
Designated for Jean Ohman Fund	15,000	15,000
Undesignated	199,797	925,272
	214,797	940,272
Temporarily restricted	491,703	858,820
Permanently restricted	611,623	586,623
Total net assets	1,318,123	2,385,715
Total liabilities and net assets	$ 9,061,687	$ 10,158,148

See notes to financial consolidated statements.

YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF ST. PAUL AND AFFILIATES

	2015			
	Unrestricted	Temporarily restricted	Permanently restricted	Total
Revenue and support:				
Gifts and grants:				
Contributions	$ 213,052	$ 853,151	$ 25,000	$ 1,091,203
Government grants	1,901,195			1,901,195
United Way		511,560		511,560
Total gifts and grants	2,114,247	1,364,711	25,000	3,503,958
Other revenue:				
Health and fitness center fees	1,398,728			1,398,728
Program service fees	426,769			426,769
Rental income	219,867			219,867
Professional services	136,974	459,288		596,262
Investment (loss) income	(12,075)	1,256		(10,819)
Debt forgiveness	128,737			128,737
Miscellaneous	4,229			4,229
Total other revenue	2,303,229	460,544		2,763,773
Net assets released from restriction	2,192,372	(2,192,372)		
Total revenue and support	6,609,848	(367,117)	25,000	6,267,731
Expenses:				
Program services	6,223,488			6,223,488
General and administrative	453,260			453,260
Fundraising	309,960			309,960
Total expenses	6,986,708			6,986,708
Change in net assets before housing depreciation	(376,860)	(367,117)	25,000	(718,977)
Depreciation, housing	(348,615)			(348,615)
Change in net assets	(725,475)	(367,117)	25,000	(1,067,592)
Net assets, beginning	940,272	858,820	586,623	2,385,715
Net assets, ending	$ 214,797	$ 491,703	$ 611,623	$ 1,318,123

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF ACTIVITIES
AND CHANGE IN NET ASSETS
YEARS ENDED DECEMBER 31

2014			
Unrestricted	Temporarily restricted	Permanently restricted	Total
$ 287,898	$ 1,135,627		$ 1,423,525
1,679,981			1,679,981
	614,560		614,560
1,967,879	1,750,187		3,718,066
1,443,819			1,443,819
406,716			406,716
210,705			210,705
209,579	377,700		587,279
(174)	23,306		23,132
117,504			117,504
5,251			5,251
2,393,400	401,006		2,794,406
1,728,895	(1,728,895)		
6,090,174	422,298		6,512,472
5,839,732			5,839,732
230,389			230,389
313,047			313,047
6,383,168			6,383,168
(292,994)	422,298		129,304
(336,302)			(336,302)
(629,296)	422,298		(206,998)
1,569,568	436,522	$ 586,623	2,592,713
$ 940,272	$ 858,820	$ 586,623	$ 2,385,715

YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF ST. PAUL

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31

		2015		2014
Cash flows from operating activities:				
Change in net assets	$	**(1,067,592)**	$	(206,998)
Adjustments to reconcile change in net assets to net cash used in operating activities:				
Realized and unrealized losses (gains)		**11,956**		(21,787)
Contributions restricted for long-term purposes		**(25,000)**		
Forgiveness of debt		**(128,737)**		(117,504)
Increase in accrued interest on long-term debt		**15,263**		12,490
Depreciation		**665,560**		650,245
Loss on disposal of equipment		**11,439**		3,775
(Increase) decrease in current assets:				
Accounts receivable		**(52,202)**		145,698
Pledges receivable		**95,000**		(95,000)
Prepaid expenses		**4,186**		(10,748)
Inventory		**1,649**		(491)
Increase (decrease) in current liabilities:				
Accounts payable		**7,718**		(3,920)
Accrued liabilities		**(31,874)**		23,965
Tenant deposits		**4,072**		(103)
Deferred revenue		**(3,671)**		(6,128)
Net cash (used in) provided by operating activities		**(492,233)**		373,494
Cash flows from investing activities:				
Purchase of:				
Property and equipment		**(73,398)**		(82,780)
Investments		**(36,632)**		
Sale of investments		**130,831**		
Net cash provided by (used in) investing activities		**20,801**		(82,780)
Cash flows from financing activities:				
Proceeds from contributions restricted for investment in permanent endowment		**25,000**		
Capital lease payments		**(27,548)**		(25,146)
Notes payable:				
Borrowings		**102,167**		26,387
Payments		**(19,083)**		(12,731)
Net cash provided by (used in) financing activities		**80,536**		(11,490)

See notes to consolidated financial statements.

	2015	2014
Net (decrease) increase in cash	**$ (390,896)**	$ 279,224
Cash, beginning	**777,627**	498,403
Cash, ending	**$ 386,731**	$ 777,627
Supplemental disclosures of cash flow information:		
Cash paid for interest	**$ 10,152**	$ 10,326
Noncash financing and investing activities:		
Equipment purchased through capital lease	**$ 52,824**	

See notes to consolidated financial statements.

YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF ST. PAUL AND AFFILIATES

	Housing and Supportive Services						Health and Wellness	
	Transitional Housing Program	Cleveland Saunders	MLK Court	Rapid Rehousing	Permanent Supportive Housing	Housing Outreach	Health Fitness Center	Youth Achievers Program
Salaries and employee benefits	$ 551,715	$ 34,733	$ 33,091	$ 191,605	$ 186,183	$ 55,371	$ 1,022,285	$ 187,551
Contracted services	17,268	3,020	2,012	9,207	6,495		62,325	6,369
Insurance	19,234	6,308	3,002	2,096	2,490		16,685	8,669
Building and grounds	163,853	36,633	16,911	4,465	5,429		141,483	16,933
Telephone and internet	8,399	1,103	147	1,993	2,054	477	5,601	2,777
Dues and membership	5,826	705	705	3,428	3,078		8,355	4,542
Marketing	701	62	62	266	496		13,270	863
Activities, supplies and equipment	107,546	2,510	1,679	166,097	142,831	22,172	105,489	16,865
Postage	403	39	38	256	425	20	4,383	244
Staff training and education	1,668	81	81	826	320	70	643	520
Transportation	7,815	875	672	3,335	3,595	1,196	2,879	4,970
Miscellaneous	1,834	75					10,552	576
Interest	15,263							
Depreciation, operations	107,976	43,814	20,529	2,496	4,123		96,275	13,970
Total expenses before housing depreciation	1,009,501	129,958	78,929	386,070	357,519	79,306	1,490,225	264,849
Depreciation, housing	216,808	90,352	41,455					
Total expenses	$ 1,226,309	$ 220,310	$ 120,384	$ 386,070	$ 357,519	$ 79,306	$ 1,490,225	$ 264,849

Youth Development			Employment and Economic Development						
Youth Community Outreach	St. Paul Youth Intervention Initiative	Impact Program	CDL Program	YW Jobs	YW Works	Total Program Services	General and Administrative	Fundraising	Total
$ 132,729	$ 80,663	$ 265,084	$ 178,115	$ 227,015	$ 468,218	$ 3,614,358	$ 278,355	$ 230,518	$ 4,123,231
8,940	448,726	5,913	8,869	16,799	35,763	631,706	83,165	24,782	739,653
872		4,904	1,128	1,609	1,544	68,541	2,357	1,548	72,446
1,175		8,711	(4,232)	(2,110)	25,380	414,631	21,849	3,677	440,157
1,202	197	1,586	338	1,921	1,318	29,113	2,488	1,612	33,213
802		2,869	730	2,824	694	34,558	5,774	3,172	43,504
625	175	520	228	591	1,022	18,881	2,870	7,338	29,089
4,535	243	12,931	247,567	7,830	183,176	1,021,471	33,285	16,407	1,071,163
105	2	144	163	147	5,130	11,499	2,110	3,067	16,676
31	125	500	156	125	2,473	7,619	2,365	2,642	12,626
525	255	2,937	759	541	1,446	31,800	1,005	156	32,961
					1	13,038	14,554	294	27,886
						15,263		11,895	27,158
882		7,750	2,892	9,796	507	311,010	3,083	2,852	316,945
152,423	530,386	313,849	436,713	267,088	726,672	6,223,488	453,260	309,960	6,986,708
						348,615			348,615
$ 152,423	$ 530,386	$ 313,849	$ 436,713	$ 267,088	$ 726,672	$ 6,572,103	$ 453,260	$ 309,960	$ 7,335,323

	Housing and Supportive Services						Health and Wellness	
	Transitional Housing Program	Cleveland Saunders	MLK Court	Rapid Rehousing	Permanent Supportive Housing	Housing Outreach	Health Fitness Center	Youth Achievers Program
Salaries and employee benefits	$ 574,897	$ 46,584	$ 32,515	$ 175,778	$ 230,986	$ 109,737	$ 1,117,232	$ 181,876
Contracted services	23,229	8,673	2,166	5,630	6,862	156	79,505	5,688
Insurance	23,181	6,193	3,620	2,788	3,225		18,912	11,706
Building and grounds	164,067	41,826	18,780	4,201	5,193		141,801	23,395
Telephone and internet	9,586	1,113	102	1,763	2,815	1,094	5,833	3,034
Dues and membership	5,517	652	652	3,333	3,465	333	4,894	4,392
Marketing	168	25	25	121	121		13,056	124
Activities, supplies and equipment	119,665	3,276	2,703	141,491	224,302	6,670	135,109	14,027
Postage	318	31	39	184	402	2	4,920	179
Staff training and education	390			3,649	960	320	613	31
Transportation	12,571	1,288	663	2,643	5,543	2,132	3,747	8,938
Interest	12,490							
Miscellaneous	3,357	1,767	1,648				11,492	46
Depreciation, operations	104,769	44,213	20,605	2,631	4,335		91,450	20,732
Total expenses before housing depreciation	1,054,205	155,641	83,518	344,212	488,209	120,444	1,628,564	274,168
Depreciation, housing	112,231	47,362	22,073	2,818	4,644		97,963	22,208
Total expenses	$ 1,166,436	$ 203,003	$ 105,591	$ 347,030	$ 492,853	$ 120,444	$ 1,726,527	$ 296,376

Youth Development			Employment and Economic Development						
Youth Community Outreach	St. Paul Youth Intervention Initiative	Impact Program	CDL Program	YW Jobs	YW Works	Total Program Services	General and Administrative	Fundraising	Total
$ 135,660	$ 31,983	$ 215,595	$ 113,444	$ 257,528	$ 406,776	$ 3,630,591	$ 137,427	$ 227,470	$ 3,995,488
7,982	156,741	4,456	2,561	37,019	15,706	356,374	12,746	21,420	390,540
974		6,335	2,144	1,901	1,825	82,804	1,793	1,787	86,384
2,079		9,479	(10,872)	(1,785)	27,309	425,473	13,608	3,479	442,560
1,319		1,147	213	1,561	2,087	31,667	1,894	1,510	35,071
1,402		2,756	652	2,612	2,603	33,263	4,653	2,685	40,601
47		99	23	257	140	14,206	678	11,593	26,477
4,692	202	10,660	29,375	10,661	159,797	862,630	32,222	24,920	919,772
121		158	106	279	4,571	11,310	1,642	3,426	16,378
		31		21	1,726	7,741	2,927	22	10,690
883	72	3,808	911	764	1,724	45,687	1,511	195	47,393
						12,490		10,326	22,816
	2	46				18,358	15,794	903	35,055
1,542		8,223	2,504	3,824	2,310	307,138	3,494	3,311	313,943
156,701	189,000	262,793	141,061	314,642	626,574	5,839,732	230,389	313,047	6,383,168
1,651		8,809	2,682	4,096	2,475	329,012	3,743	3,547	336,302
$ 158,352	$ 189,000	$ 271,602	$ 143,743	$ 318,738	$ 629,049	$ 6,168,744	$ 234,132	$ 316,594	$ 6,719,470

1. Summary of significant accounting policies:

Nature of activities:

Established in 1907, the Young Women's Christian Association of St. Paul and Affiliates, (the "YWCA") is dedicated to changing minds, bodies and lives. Programs and services focus on meeting community needs in four core areas: Housing & Supportive Services, Youth Development, Health & Wellness and Employment & Economic Development.

Principles of consolidation:

The consolidated financial statements include the accounts of Young Women's Christian Association of St. Paul and Affiliates and its wholly-owned and controlled affiliates (collectively, the Association): Lexington Supportive Housing, LLC, Grotto Supportive Housing, LLC, Oxford Supportive Housing, LLC, Cleveland Saunders Supportive Housing, LLC, and MLK Court Supportive Housing, LLC. All significant inter-company balances and transactions have been eliminated.

Lexington Supportive Housing, LLC – Lexington Supportive Housing, LLC is a separate entity created in 2002, to purchase and hold real property to be used for transitional housing. It holds title to the 18 unit apartment complex in St. Paul, MN, known as Lexington Supportive Housing, LLC. Lexington Supportive Housing, LLC is wholly-owned by the Young Woman's Christian Association of St. Paul and Affiliates, and is therefore included in the consolidated financial statements of the Association.

Grotto Supportive Housing, LLC – Grotto Supportive Housing, LLC is a separate entity created in 2006, to purchase and hold real property to be used for transitional housing. It holds title to the 8 unit apartment complex in St. Paul, MN, known as Grotto Supportive Housing, LLC. Grotto Supportive Housing, LLC is wholly-owned by the Young Woman's Christian Association of St. Paul and Affiliates, and is therefore included in the consolidated financial statements of the Association.

Oxford Supportive Housing, LLC – Oxford Supportive Housing, LLC is a separate entity created in 2004, to purchase and hold real property to be used for transitional housing. It holds title to the 12 unit apartment complex in St. Paul, MN, known as Oxford Supportive Housing, LLC. Oxford Supportive Housing, LLC is wholly-owned by the Young Woman's Christian Association of St. Paul and Affiliates, and is therefore included in the consolidated financial statements of the Association.

Cleveland Saunders Supportive Housing, LLC – Cleveland Saunders Supportive Housing, LLC is a separate entity created in 2008, to purchase and hold real property to be used for permanent supportive housing. It holds title to the 11 unit apartment complex in St. Paul, MN, known as Cleveland Saunders Supportive Housing, LLC. Cleveland Saunders Supportive Housing, LLC is wholly-owned by the Young Woman's Christian Association of St. Paul and Affiliates, and is therefore included in the consolidated financial statements of the Association.

MLK Court Supportive Housing, LLC – MLK Court Supportive Housing, LLC is a separate entity created in 2013, to purchase and hold real property to be used for permanent supportive housing. It holds title to the 4 duplexes in St. Paul, MN, known as MLK Court Supportive Housing, LLC. MLK Court Supportive Housing, LLC is wholly-owned by the Young Woman's Christian Association of St. Paul and Affiliates, and is therefore included in the consolidated financial statements of the Association.

1. Summary of significant accounting policies (continued):

Basis of presentation:

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

Unrestricted Net Assets – Unrestricted net assets are not subject to donor-imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors. As of December 31, 2015 and 2014, the Board of Directors designated $15,000 for the Jean Ohman Fund.

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

Permanently Restricted Net Assets – Permanently restricted net assets are subject to donor-imposed stipulations that may 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.

Contributions and grants:

Contributions, which may include unconditional promises to give (pledges), are recognized as revenues in the period received. Contributions are measured at their fair value and reported as increases in net assets. The Association reports gifts of cash and other assets as restricted contributions when they are received with donor stipulations that limit the use of the donated assets. When the intent of the donor is that the assets are to remain in perpetuity and the Association does not have the right to expend the original principal, the assets are reported as permanently restricted. When a donor restriction is met, temporarily restricted net assets are released to unrestricted net assets and reported in the consolidated statement of activities as net assets released from restrictions. Net assets are also released from donor restrictions when time restrictions are satisfied. Governmental contract revenue is recognized in accordance with the terms of the contract, which is generally when the related expenditures are incurred.

Deferred revenue:

Health and fitness center fees, which are paid in advance, are deferred and subsequently recognized as revenue in the period in which they are earned.

Long-term deferred revenue consists of subsidy agreements that were granted to the Association for their public housing projects. The agreements state there is a subsidy agreement with a 15 year retention period. Therefore, if the Association holds and operates the property for 15 years, the balances will be forgiven. As a result of this condition, the Association defers recognition of revenue until the 15 year retention period has been met.

1. 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.

Beneficial interest in assets:

The Association invests in a diversified investment pool offered by a community foundation. The community foundation has the Association's investment account under its management. The Association's share of the pool is recorded as beneficial interest in assets. The beneficial interest in assets is stated at fair value. The fair value is based on the net asset value of the pooled assets and the Association's ownership interest in the pool. Net assets values are evaluated by the Association to determine if the value of these investments should be adjusted. Factors considered may include, but are not limited to, estimates of liquidation value, prices of recent transactions in the same or similar funds, current performance, future expectations of the particular investment, and changes in market outlook and financial environment. Valuations are reviewed at least annually using a variety of qualitative factors to subjectively determine the most appropriate valuation methodologies.

Accounts receivable:

Accounts receivable arise from grants, rental agreement, and other program fees. The Association provides an allowance for doubtful accounts when it considers collection may be in question. Accounts receivable are due on billing. Receivables are considered delinquent based on individual account analysis and are written off when considered to be uncollectible. The Association does not charge interest on accounts receivable. All receivables are considered collectible as of December 31, 2015 and 2014, and therefore there is no allowance for doubtful accounts.

Property and equipment:

Property and equipment are recorded at cost or, if donated, at fair market value at the date of donation. Items of $1,000 or less are expensed in the year purchased. Depreciation is computed using the straight-line method and is charged to expense over the estimated useful lives of the assets, which range from three years for computers and other equipment to thirty years for transitional housing facilities and buildings.

Major renewals and betterments are capitalized, while maintenance, repairs and minor renewals and betterments are charged to expense as incurred. The assets and related depreciation accounts are adjusted for asset retirements and disposals with the resulting gain or loss included in income. Fully depreciated assets remain in the accounts until retired from service.

In-kind contributions:

Donations of property and equipment are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. In-kind contributions are included in contributions on the statements of activities.

1. Summary of significant accounting policies (continued):

Income taxes:

The Association is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and similar state income tax laws. The Young Woman's Christian Association of St. Paul and Affiliates is not a private foundation and contributions to the Association qualify as a charitable tax deduction by the contributor.

The Association has evaluated for uncertain tax positions and has determined that there are no uncertain tax positions as of December 31, 2015. Tax returns for the past three years remain open for examination by tax jurisdictions and tax filings are current.

Functional allocation of expenses:

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

Reclassification:

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

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Subsequent events:

Management has evaluated subsequent events through June 28, 2016, which is the date the consolidated financial statements were available to be issued.

2. In-kind contributions:

The Association received the following in-kind contributions included in contributions on the statements of activities for the years ended December 31, 2015 and 2014:

	2015	2014
Property supplies	**$ 132,526**	$ 120,030

3. Investments, beneficial interest in assets and fair value measurements:

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

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

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

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

The Association's investments in marketable securities are carried at fair value based on quoted prices in active markets (all Level 1 measurements).

The Association's beneficial interest in assets represents its investment in a diversified investment pool offered by the Saint Paul Foundation. The pool consists of various investments including, but not limited to, domestic equities, international equities, private capital, fixed income, real assets, and absolute return funds. Fair value of the pool is determined by the Saint Paul Foundation and based on information provided by fund managers, external investment advisors, and other market factors. Due to the level of risk associated with certain investments, it is reasonably possible that changes in value of investment securities will occur in the near term and such changes could materially affect the Association's account balance and the amounts reported in the consolidated statement of financial position.

The beneficial interest in assets is classified as Level 2 pursuant to the valuation hierarchy. Valuation is determined based on the net asset value of the pooled assets and the Association's ownership interest in the pool.

The following table summarizes the valuation of the Association's investments and beneficial interest in assets by fair value hierarchy levels as of December 31, 2015:

	2015			
	Level 1	**Level 2**	**Level 3**	**Total**
Mutual funds:				
Equity	**$ 171,881**			**$ 171,881**
Fixed income	**136,314**			**136,314**
Equity	**1,506**			**1,506**
	$ 309,701	**$ 0**	**$ 0**	**309,701**
Cash and money market				**13,722**
Total investments				**$ 323,423**
Beneficial interest in assets		**$ 282,386**		

3. Investments, beneficial interest in assets and fair value measurements (continued):

The following table summarizes the valuation of the Association's investments and beneficial interest in assets by fair value hierarchy levels as of December 31, 2014:

	2014			
	Level 1	Level 2	Level 3	Total
Mutual funds:				
Equity	$ 212,698			$ 212,698
Fixed income	167,604			167,604
Real estate	1,658			1,658
Commodities	958			958
Absolute Strategies Fund	21,852			21,852
	$ 404,770	$ 0	$ 0	404,770
Cash and money market				36,322
Total investments				$ 441,092
Beneficial interest in assets		$ 270,872		

There were no significant transfers in and out of Level 1 and Level 2 fair value measurements.

4. Investment (loss) income:

Investment and beneficial interest in assets investment (loss) income consisted of the following for the years ended December 31:

	2015	2014
Interest and dividends, net of fees	**$ 1,137**	$ 1,345
Realized/unrealized gains (losses) on:		
Investments	**1,892**	7,177
Beneficial interest in assets	**(13,848)**	14,610
Total investment (loss) income	**$ (10,819)**	$ 23,132

5. Property and equipment:

Property and equipment is summarized as follows:

	2015	2014
Land and land improvements	**$ 804,985**	$ 804,985
Transitional housing facilities	**5,973,485**	5,973,485
Buildings and permanent supportive housing	**9,158,418**	9,098,364
Furniture, vehicles and equipment	**947,213**	915,177
	16,884,101	16,792,011
Less accumulated depreciation	**9,077,807**	8,434,940
	$ 7,806,294	$ 8,357,071

Depreciation expense has been separated between operations and housing in the consolidated statements of functional expenses for the years ended December 31, 2015 and 2014. Depreciation expense for the years ended December 31, 2015 and 2014 was $665,560 and $650,245, respectively.

6. Deferred revenue:

The Association receives revenue in advance for Health Fitness Center membership and gift certificate revenues. The Association also received three grants from the Federal Home Loan Bank of Des Moines relating to their housing programs which contain a residual subsidy value clause with a term of 15 years. Amounts are then recognized in the period to which they relate based on meeting the requirements of the agreements and the 15 year period. The Association recorded the following items as deferred revenue for the years ended December 31, 2015 and 2014:

	2015	2014
Deferred revenue, current	**$ 28,142**	$ 31,814
Federal Home Loan Bank of Des Moines	**249,000**	249,000
	$ 277,142	$ 280,814

7. Deferred revenues from loan forgiveness:

Deferred revenues from loan forgiveness represents deferred revenue on forgivable notes payable, for which the possibility that the conditions will not be met is considered remote. As such, the forgivable notes are considered exchange transactions, which are recognized ratably over the life of the note. Deferred revenues from loan forgiveness consist of the following as of December 31:

	2015	2014
Lexington Property Note payable to Housing and Redevelopment Authority of the City of St. Paul, dated December 31, 1997; non-interest bearing; secured by mortgage; loan will be forgiven on December 30, 2017, if no sale has occurred and if used for the purposes specified in the Repayment Note and Grant of Lien on Real Property. The Association recognized $28,081 and $16,848 of deferred revenue as debt forgiveness revenue for the years ended December 31, 2015 and 2014, respectively.	**$ 22,464**	$ 50,545
Lexington Property Rehab Note payable to Minnesota Housing Finance Agency, dated March 17, 2003; non-interest bearing; secured by mortgage; loan will be forgiven on March 17, 2033, if used for the purposes specified in the Minnesota Housing Agency – Minnesota Families Affordable Rental Investment Fund Program – Mortgage Note. The Association recognized $39,000 of deferred revenue as debt forgiveness revenue for the years ended December 31, 2015 and 2014, respectively.	**672,750**	711,750
MLK Court Note payable to Minnesota Housing Finance Agency, dated September 30, 2013; non-interest bearing; secured by mortgage; loan will be forgiven on March 3, 2021, if no event of default has occurred as specified in the Amended and Restated Deferred Repayment Agreement and Mortgage. The Association recognized $61,656 of deferred revenue as debt forgiveness revenue for the years ended December 31, 2015 and 2014, respectively.	**369,932**	431,588
	$ 1,065,146	$ 1,193,883

8. Notes payable:

Notes payable consists of the following as of December 31:

	2015	2014
Grotto Property Note payable to Minnesota Housing Finance Agency, dated May 21, 1990; non-interest bearing; secured by mortgage; loan matures May 21, 2020, this property is to be used to provide transitional housing and any change in the use or transfer of the property could cause the entire loan balance to become due and payable immediately.(a)	**$ 150,180**	$ 150,180
Cathedral Hill Property Note payable to Housing and Redevelopment Authority of the City of St. Paul, dated January 31, 1991; secured by mortgage; due upon transfer of title at which time interest will accrue at 8% per annum until the loan and accrued interest are paid in full.(a)	**30,000**	30,000
Lexington Property Note payable to Family Housing Fund of Minneapolis and St. Paul, dated December 31, 1987; secured by mortgage lien; interest rate is variable and contingently based on cash flow as defined in the agreement and principal payments are based on positive project cash flow for each period through December 31, 2018; no payments or accrued interest were required for the years ended December 31, 2015 and 2014; if any unpaid principal remains at maturity, the note may be extended for an additional twenty-five years until the principal is paid in full; this property is to be used to provide low-income housing and any change in the use or transfer of the property could cause the entire loan balance to become due and payable immediately.	**418,000**	418,000
Oxford Property Note payable to Minnesota Housing Finance Agency, dated September 18, 1992; non-interest bearing; secured by mortgage; loan matures September 18, 2022, this property is to be used to provide transitional housing and any change or transfer in the use or transfer of the property or termination of HUD funding could cause the entire loan balance to become due and payable immediately.(a)	**218,450**	218,450

8. Notes payable (continued):

	2015	2014
Oxford Property (continued) Note payable to Family Housing Fund, dated March 26, 1993, non-interest bearing; secured by mortgage; loan matures March 26, 2023; this property is to be used to provide low-income housing and any change in the use or transfer of the property could cause the entire loan balance to become due and payable immediately.(a)	**$ 53,101**	$ 53,101
City of St. Paul STAR Loan – Selby Avenue Property Note payable to City of St. Paul, dated April 26, 2002 and amended May 14, 2003, bearing interest at 4% per annum for 25 years; secured by mortgage; monthly principal and interest payments of $1,921 began on May 1, 2004; the entire balance plus accrued interest is due upon relocation of all or any portion of the Association's primary business operations in St. Paul, Minnesota.	**237,956**	251,205
Lexington Property Rehab Note payable to Family Housing Fund, dated March 17, 2003; non-interest bearing; secured by mortgage; loan matures on March 17, 2033; this property is to be used to provide low-income housing and any change in the use or transfer of the property could cause the entire loan balance to become due and payable immediately.(a)	**580,000**	580,000
Note payable to Housing and Redevelopment Authority of the City of St. Paul, dated March 17, 2003; accruing interest at 2% per annum; secured by mortgage; loan matures March 17, 2033; note balance includes accrued interest of $91,490 and $82,833 at December 31, 2015 and 2014, respectively; this property is to be used to provide low-income persons below 30% of the area median income and any change in the use of the property could cause the entire loan balance and accrued interest to become due and payable immediately.(a)	**441,490**	432,833
Oxford Property Rehab Note payable to Minnesota Housing Finance Agency, dated November 4, 2004; non-interest bearing; secured by mortgage; loan matures November 4, 2034, this property is to be used to serve low-income persons below 30% of the area median income and any change in the use or transfer of the property could cause the entire loan balance to become due and payable immediately.(a)	**295,532**	295,532

8. Notes payable (continued):

	2015	2014
Oxford Property Rehab (continued)		
Note payable to Housing and Redevelopment Authority of the City of St. Paul, dated November 4, 2004, accruing interest at 2% per annum; secured by mortgage; loan matures November 4, 2034; note balance includes accrued interest of $62,421 and $55,815 at December 31, 2015 and 2014, respectively; this property is to be used to serve low-income persons below 30% of the area median income and any change in the use of the property could cause the entire loan balance and accrued interest to become due and payable immediately.(a)	**$ 336,921**	$ 330,315
Note payable to Family Housing Fund, dated November 4, 2004; non-interest bearing; secured by mortgage; loan matures on November 4, 2034; this property is to be used to provide low-income housing and any change in the use or transfer of the property could cause the entire loan balance to become due and payable immediately.(a)	**184,500**	184,500
Oxford Property-Tuck Point, Inc.		
Note payable to Minnesota Housing Finance Agency; non-interest bearing; secured by mortgage; loan matures on July 26, 2042, this property is to be used to serve low-income persons below 30% of the area median income and any change in the use or transfer of the property could cause the entire loan balance and accrued interest to become due and payable immediately. The Association received an additional advance of $10,167 and $26,386 during the years ended December 31, 2015 and 2014, respectively.(a)	**242,802**	232,635
Grotto Property Rehab		
Note payable to Family Housing Fund, dated March 22, 2006; non-interest bearing; secured by mortgage; loan matures March 22, 2036; this property is to be used to provide low-income housing and any change in the use or transfer of the property could cause the entire loan balance to become due and payable immediately.(a)	**200,000**	200,000
Note payable to Minnesota Housing Finance Agency, dated March 22, 2006; non-interest bearing; secured by mortgage; loan matures March 22, 2036; this property is to be used to provide low-income housing and any change in the use or transfer of the property could cause the entire loan balance to become due and payable immediately.(a)	**400,000**	400,000
Note payable to Housing and Redevelopment Authority of the City of St. Paul, dated March 22, 2006, non-interest bearing; secured by mortgage; loan matures March 22, 2036; this property is to be used to provide low-income housing and any change in the use of the property or non-compliance with the terms of the Home Repayment Loan Agreement could cause the entire loan balance to become due and payable immediately.(a)	**377,800**	377,800

8. Notes payable (continued):

	2015	2014
Cleveland-Sanders Property		
Note payable to Minnesota Housing Finance Agency, dated November 19, 2008; non-interest bearing; secured by mortgage; loan matures November 19, 2038; this property is to be used to provide low-income housing and any change in the use or transfer of the property could cause the entire loan balance to become due and payable immediately.	**$ 1,811,862**	$ 1,816,323
Bremer Bank – Roof Loan		
Note payable to Bremer Bank dated November 23, 2015, accrued interest at 4.5% per annum and required monthly principal and interest payments of $1,718; secured by a Bremer Wealth Management Account with a balance of $321,917 at December 31, 2015 and substantially all of the Organization's property; loan matures November 23, 2020; the loan was used to help with expenses related to roof repair. Effective May 19, 2016, the loan was paid in full.	**90,627**	
	6,069,221	5,970,874
Less current portion	**30,670**	19,083
	$ 6,038,551	$ 5,951,791

Interest expense totaled $25,415 and $22,816 for the years ended December 31, 2015 and 2014, respectively. Interest has not been imputed on any of the above notes and mortgages that carry below-market rate loans as they are payable to governmental entities that set the interest rates and carry legal restrictions. The restrictions require the Association to use the property for low-income housing, as defined by the mortgages' and notes' regulatory agreements.

(a) There are no monthly principal payments required as all payments are due upon maturity.

Future maturities as of December 31, 2015 are as follows:

Year ending	Amount
2016	$ 30,670
2017	32,008
2018	451,403
2019	34,860
2020	34,480
Thereafter	5,485,800
	$ 6,069,221

8. Notes payable (continued):

Subsequent to year end, the Association entered into a $150,000 note payable with the Nonprofits Assistance Fund accruing interest of 7% per annum and secured by property of the Association, such as accounts receivable, equipment and deposit accounts. The note requires three equal payments of $50,000 and is due December 31, 2016 and is considered all current with no future maturities.

9. Temporarily restricted net assets:

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

	2015	2014
Transitional Housing Program	**$ 90,924**	$ 113,569
Permanent Supportive Housing		57,500
Health Fitness Center		30,000
Youth Achievers Program	**10,000**	10,000
Impact Program		2,500
CDL Program		100,000
YW Jobs	**166,667**	305,000
Saint Paul Youth Intervention Initiative	**118,104**	199,112
General Operating, time restricted	**106,008**	41,139
	$ 491,703	$ 858,820

10. Permanently restricted net assets:

Permanently restricted net assets are restricted to endowment investments, at historical cost, the income from which is expendable to support general operations.

11. Endowment funds:

The Association's endowment consists of donor-restricted funds to support the Association's mission. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Association has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Association classifies as permanently restricted net assets (a) the original value of the gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations or distributions to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation or distribution is added to the fund. The remaining portion of the donor-restricted net assets that is not classified as permanently restricted net assets is classified as temporarily net assets until those amounts are appropriated for expenditure by the Association in a manner consistent with the standard of prudence prescribed by UPMIFA.

11. Endowment funds (continued):

In accordance with UPMIFA, the Association considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds.

1) The duration and preservation of the fund.
2) The purposes of the Association and the donor-restricted endowment fund
3) General economic conditions
4) The possible effect of inflation and deflation
5) The expected total return from income and the appreciation of investments
6) Other resources of the Association
7) The investment policies of the Association

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

Endowment net asset composition by type of fund as of December 31:

	2015	2014
Permanently restricted donor endowment fund	**$ 611,623**	$ 586,623

The changes in endowment net assets for the years ended December 31, 2015 and 2014, were as follows:

	Temporarily restricted	Permanently restricted	Total
Endowment net assets, January 1, 2014	$ 0	$ 586,623	$ 586,623
Investment income, net of investment fees	23,306		23,306
Appropriation of endowment assets	(23,306)		(23,306)
Endowment net assets, December 31, 2014	0	586,623	586,623
Permanently restricted contributions		**25,000**	**25,000**
Investment income, net of investment fees	**1,256**		**1,256**
Appropriation of endowment assets	**(1,256)**		**(1,256)**
Endowment net assets, December 31, 2015	**$ 0**	**$ 611,623**	**$ 611,623**

11. Endowment funds (continued):

Investment objectives and strategies:

The Association has adopted an investment policy to provide guidelines for investing endowment assets. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to maintain the purchasing power of the current assets and all future contributions, maximize return within reasonable and prudent levels of risk, and maintain an appropriate asset allocation on a total return policy that is compatible with a flexible spending policy.

To achieve these objectives, the Association follows an asset diversification plan, sets performance benchmarks for investment managers, and has established various asset quality and limitations thresholds. The Association continually monitors the return on endowment investments and makes adjustments as needed.

Spending policy:

For the years ended December 31, 2015 and 2014, the Board of Directors has appropriated all of the endowment investment income to current operations.

12. Multiemployer pension plan:

The Association participates in a multiemployer defined benefit cash balance retirement plan (the Plan) that is sponsored by the Young Woman's Christian Association Retirement Fund, Inc., which is also the Plan's name. The Plan is not a collectively-bargained agreement, but rather a plan that covers eligible employees of participating Associations. Eligible employees are employees of the Association who have completed 1,000 hours of service each of two years from date of hire. Contributions to the Plan are approved annually by the Board of Directors at the beginning of each year and based on a percentage of future wages paid to the Association's employees covered by the Plan. The Association elected to contribute 10% of the participating employees' wages to the Plan for both of the years ended December 31, 2015 and 2014. The Plan matches the Association's contributions at varying levels depending on the contribution level of the Association. For both the years ended December 31, 2015 and 2014, the Plan contributed 4% of the participating employees' wages to the employees' accounts. The Plan also allows optional employee after-tax contributions.

The risks of participating in a multiemployer plan are different from single-employer plans in the following aspects:

- Assets contributed to the Plan by one employer may be used to provide benefits to employees of other participating employers.
- If a participating employer stops contributing to the Plan, the unfunded obligations of the Plan may be borne by the remaining participating employers.

If the Association chooses to stop participating in the Plan, the Association may be required to pay the Plan an amount based on the underfunded status of the Plan, referred to as a withdrawal liability. Participants should refer to the plan document for a complete description of the plan and its provisions.

12. Multiemployer pension plan (continued):

Below is a summary of key information related to the Plan based on the most recent filed Internal Revenue Service (IRS) Form 5500 and audited financial statements:

The "EIN/Pension Plan Number" column provides the Employer Identification Number ("EIN") and the three-digit plan number. The most recent Pension Protection Act ("PPA") zone status available is for the plan's year-end December 31, 2014. Based on an actuary's certified information, the Association received the zone status information for the plan to identify the zone the plan identified with. Plans in the red zone are generally less than 65 percent funded, plans in the yellow zone are between 65-80 percent funded, and plans in the green zone are more than 80 percent funded. The "FIP/RP Status Pending/Implemented" column indicates plans for which a funding improvement plan ("FIP") or a rehabilitation plan ("RP") is either pending or has been implemented.

		Pension Protection Act Zone Status		FIP/RP status
Plan name	EIN/Pension plan number	2014	2013	pending/ implemented
Young Women's Christian Association Retirement Fund, Inc.	13-1624231/001	Green	Green	No

Contributions to the Plan by the Association were less than 5% of total plan contributions		Contributions to the Plan by the Association		
2015	2014	2015	2014	Surcharge imposed
Yes	Yes	$ 171,664	$ 171,324*	No

*In connection with the Plan's Benefit Enhancement approved by the Plan's Board of Trustees effective April 1, 2014, participating associations were granted a 75% reduction of the required contributions from May 1 through December 31, 2014, which resulted in a credit for the Association of $83,320 in 2014 and therefore the net contributions for 2014 were $88,004.

Additional information related to the Plan, including filed IRS Form 5500s, are available to the public and can be found at the United States Department of Labor website www.dol.gov.

13. Concentrations:

Concentrations of credit risk:

Financial instruments that potentially subject the Association to concentrations of credit risk consist principally of cash. The Association's cash has been placed with a major financial institution. At times, such amounts may exceed Federal Deposit Insurance Corporation ("FDIC") limits. Concentrations of credit risk with respect to accounts receivable arise because the Association has significant receivables as a result of grants and contracts from governmental agencies.

Concentrations in revenue and support:

Many of the Association's activities are funded by grants. The largest sources of revenue accounted for 2015 and 2014 were 16% and 15%, respectively. The grants are limited as to time and amounts and the risk of not being renewed.

14. Affiliation with the YWCA of the USA:

The Young Woman's Christian Association of St. Paul and Affiliates is a member of the YWCA of the USA. Assessments paid to the YWCA of the USA were $31,066 and $31,353 for the years ended December 31, 2015 and 2014, respectively.

15. Line of credit:

The Association entered into a revolving line of credit agreement with a bank on October 21, 2014, under which it can borrow up to $200,000 for operating purposes, at an interest rate of 4.25%. The line of credit matured on October 20, 2015. As of December 31, 2015, the Association had not renewed the line of credit.

16. Leases:

Operating lease obligations:

On August 7, 2012, the Association entered into an operating lease for exercise equipment. The lease is for three years, requiring monthly payments of $5,397 and came to term in 2015. On August 13, 2015, the Association entered into an operating lease for exercise equipment. The lease is for two years and requires monthly payments of $4,534. Lease expense for the years ended December 31, 2015 and 2014 was $66,624 and $64,764, respectively. The Association's future minimum lease payment under the operating lease for 2016 is $54,408 and 2017 is $31,738.

16. Leases (continued):

Capital lease obligations:

On July 3, 2012, the Association entered into a sixty month capital lease for exercise equipment, with monthly principal and interest payments of $1,462. On October 20, 2015, the Association entered into a thirty-six month capital lease for exercise equipment, with monthly principal and interest payments of $1,467.

The cost of assets under capital leases was $132,644, and amortization expense relating to the capital leases, which is included in depreciation expense, was $44,827 and $41,871 for 2015 and 2014, respectively. The related accumulated amortization recorded as of December 31, 2015 and 2014, was $55,812 and $51,686, respectively. As of December 31, 2015, the remaining commitments under capital leases were as follows:

Year ending December 31	Amount
2016	$ 38,535
2017	30,983
2018	12,863
Total commitment	82,381
Less amounts representing interest	5,440
Present value of minimum lease payment	$ 76,941