

Financial statements of:

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

Years ended
December 31, 2016 and 2015

	Page
Independent auditor's report	1
Consolidated financial statements:	
Statements of financial position	2
Statements of activities and changes in net assets	3
Statements of cash flows	4-5
Statements of functional expenses	6-7
Notes to consolidated financial statements	8-25



Suite 1600
100 Washington Avenue South
Minneapolis, MN 55401-2192

P 612.332.5500 F 612.332.1529
www.sdkcpa.com

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 statements of financial position as of December 31, 2016 and 2015, and the related consolidated statements of activities and changes in net assets, cash flows and functional expenses for the years 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 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 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, 2016 and 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.

*Schechter Dokken Kanter
Andrews + Selzer Ltd.*

Minneapolis, MN
September 8, 2017

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

	<u>2016</u>	<u>2015</u>
Assets:		
Current assets:		
Cash	\$ 159,503	\$ 230,062
Investments	1,786	323,423
Beneficial interest in assets	287,401	282,386
Accounts receivable:		
Government grants	263,512	213,934
Other	3,514	14,949
Prepaid expenses	13,391	31,069
Inventory	2,260	2,901
Restricted cash, tenant damage deposits	<u>40,409</u>	<u>17,219</u>
Total current assets	<u>771,776</u>	<u>1,115,943</u>
Property and equipment, net	7,241,289	7,806,294
Restricted cash, replacement reserves	<u>187,343</u>	<u>139,450</u>
	<u>7,428,632</u>	<u>7,945,744</u>
Total assets	<u>\$ 8,200,408</u>	<u>\$ 9,061,687</u>

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31

	2016	2015
<i>Liabilities and net assets:</i>		
Current liabilities:		
Accounts payable	\$ 133,649	\$ 66,599
Accrued liabilities	117,109	171,296
Tenant deposits	40,409	17,219
Current portion:		
Deferred revenue loan forgiveness	111,888	111,888
Deferred revenue	148,156	28,142
Capital leases payable	27,624	35,152
Notes payable	45,549	30,670
Total current liabilities	624,384	460,966
Deferred revenue:		
Loan forgiveness	841,370	953,258
Long-term	124,000	249,000
Capital leases payable	15,657	41,789
Long-term debt, notes payable	6,034,824	6,038,551
Total liabilities	7,640,235	7,743,564
Net (deficit) assets:		
Unrestricted:		
Designated for Jean Ohman Fund	15,000	15,000
Undesignated	(123,066)	199,797
	(108,066)	214,797
Temporarily restricted	56,616	491,703
Permanently restricted	611,623	611,623
Total net assets	560,173	1,318,123
Total liabilities and net assets	\$ 8,200,408	\$ 9,061,687

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

	2016			Total
	Unrestricted	Temporarily restricted	Permanently restricted	
Revenue and support:				
Gifts and grants:				
Contributions	\$ 204,490	\$ 765,378		\$ 969,868
Government grants	1,679,377			1,679,377
United Way		501,080		501,080
Total gifts and grants	<u>1,883,867</u>	<u>1,266,458</u>		<u>3,150,325</u>
Other revenue:				
Health and fitness center fees	1,355,291			1,355,291
Program service fees	381,243			381,243
Rental income	218,163			218,163
Professional services	62,184			62,184
Investment income (loss)	3,928			3,928
Debt forgiveness	111,888			111,888
Miscellaneous	5,082			5,082
Total other revenue	<u>2,137,779</u>			<u>2,137,779</u>
Net assets released from restriction	<u>1,701,545</u>	<u>(1,701,545)</u>		
Total revenue and support	<u>5,723,191</u>	<u>(435,087)</u>		<u>5,288,104</u>
Expenses:				
Program services	4,580,260			4,580,260
General and administrative	821,075			821,075
Fundraising	292,049			292,049
Total expenses	<u>5,693,384</u>			<u>5,693,384</u>
Changes in net assets before housing depreciation	29,807	(435,087)		(405,280)
Depreciation, housing	<u>(352,670)</u>			<u>(352,670)</u>
Changes in net assets	<u>(322,863)</u>	<u>(435,087)</u>		<u>(757,950)</u>
Net assets, beginning	<u>214,797</u>	<u>491,703</u>	<u>611,623</u>	<u>1,318,123</u>
Net (deficit) assets, ending	<u>\$ (108,066)</u>	<u>\$ 56,616</u>	<u>\$ 611,623</u>	<u>\$ 560,173</u>

See notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31

2015			
Unrestricted	Temporarily restricted	Permanently restricted	Total
\$ 213,052	\$ 853,151	\$ 25,000	\$ 1,091,203
1,901,195			1,901,195
	511,560		511,560
2,114,247	1,364,711	25,000	3,503,958
1,398,728			1,398,728
426,769			426,769
219,867			219,867
136,974	459,288		596,262
(12,075)	1,256		(10,819)
128,736			128,736
4,230			4,230
2,303,229	460,544		2,763,773
2,192,372	(2,192,372)		
6,609,848	(367,117)	25,000	6,267,731
5,936,356			5,936,356
754,186			754,186
296,166			296,166
6,986,708			6,986,708
(376,860)	(367,117)	25,000	(718,977)
(348,615)			(348,615)
(725,475)	(367,117)	25,000	(1,067,592)
940,272	858,820	586,623	2,385,715
\$ 214,797	\$ 491,703	\$ 611,623	\$ 1,318,123

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

**CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31**

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities:		
Change in net assets	\$ (757,950)	\$ (1,067,592)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Realized and unrealized (gains) losses	(4,023)	11,956
Contributions restricted for long-term use		(25,000)
Forgiveness of debt	(111,888)	(128,737)
Accrued interest	15,568	15,263
Depreciation	667,576	665,560
Loss on disposal of equipment	8,389	11,439
(Increase) decrease in current assets:		
Accounts receivable	(38,143)	(52,202)
Pledges receivable		95,000
Prepaid expenses	17,678	4,186
Inventory	641	1,649
Increase (decrease) in current liabilities:		
Accounts payable	67,050	7,718
Accrued liabilities	(54,187)	(31,874)
Tenant deposits	23,190	4,072
Deferred revenue	(4,986)	(3,671)
Net cash used in operating activities	<u>(171,085)</u>	<u>(492,233)</u>
Cash flows from investing activities:		
Purchase of:		
Property and equipment	(110,960)	(73,399)
Investments		(36,632)
Sale of investments	320,645	130,831
Restricted cash:		
Tenant damage deposits	(23,190)	(17,219)
Replacement reserves	(47,893)	(11,510)
Net cash provided by (used in) investing activities	<u>138,602</u>	<u>(7,929)</u>

See notes to consolidated financial statements.

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

**CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31**

	<u>2016</u>	<u>2015</u>
Cash flows from financing activities:		
Proceeds from contributions restricted for investment in permanent endowment		\$ 25,000
Capital lease payments	\$ (33,660)	(27,547)
Notes payable:		
Borrowings	250,000	102,167
Payments	<u>(254,416)</u>	<u>(19,083)</u>
Net cash (used in) provided by financing activities	<u>(38,076)</u>	<u>80,537</u>
Net decrease in cash	(70,559)	(419,625)
Cash, beginning	<u>230,062</u>	<u>649,687</u>
Cash, ending	<u>\$ 159,503</u>	<u>\$ 230,062</u>
Supplemental disclosures of cash flow information:		
Cash paid for interest	<u>\$ 10,860</u>	<u>\$ 10,152</u>

See notes to financial statements.

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

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2016**

	<u>Housing Program</u>	<u>Health Fitness Center</u>	<u>EED Program</u>	<u>Youth Programs</u>	<u>St. Paul Youth Intervention Initiative</u>	<u>Total Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and employee benefits	\$ 779,347	\$ 769,269	\$ 707,453	\$ 331,202	\$ 24,100	\$ 2,611,371	\$ 604,979	\$ 211,618	\$ 3,427,968
Contracted services	69,408	63,320	46,622	14,025	118,073	311,448	140,635	36,871	488,954
Insurance	33,169	22,910	4,576	1,048		61,703	11,838	1,513	75,054
Building and grounds	188,822	149,407	26,307	25,079		389,615	17,811	3,132	410,558
Telephone and internet	13,434	4,285	3,299	3,773	35	24,826	3,143	1,603	29,572
Dues and membership	5,620	9,238	3,111	2,812		20,781	209	1,263	22,253
Marketing	179	11,497	134	275		12,085	395	4,582	17,062
Activities, supplies and equipment	274,239	113,401	380,614	7,442		775,696	19,733	13,778	809,207
Postage	1,058	2,113	3,273	423		6,867	2,232	2,374	11,473
Staff training and education	2,340	357	3,827	(656)		5,868	2,698	42	8,608
Transportation	8,426	1,303	3,998	3,040		16,767	202	55	17,024
Miscellaneous	14,792	6,961				21,753	11,061	11	32,825
Interest	18,653					18,653		9,267	27,920
Depreciation, operations	22,978	216,813	27,680	35,356		302,827	6,139	5,940	314,906
Total expenses before depreciation	<u>1,432,465</u>	<u>1,370,874</u>	<u>1,210,894</u>	<u>423,819</u>	<u>142,208</u>	<u>4,580,260</u>	<u>821,075</u>	<u>292,049</u>	<u>5,693,384</u>
Depreciation, housing	<u>352,670</u>					<u>352,670</u>			<u>352,670</u>
Total expenses	<u>\$ 1,785,135</u>	<u>\$ 1,370,874</u>	<u>\$ 1,210,894</u>	<u>\$ 423,819</u>	<u>\$ 142,208</u>	<u>\$ 4,932,930</u>	<u>\$ 821,075</u>	<u>\$ 292,049</u>	<u>\$ 6,046,054</u>

See notes to consolidated financial statements.

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

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2015**

	Housing Program	Health Fitness Center	EED Program	Youth Program	St. Paul Youth Intervention Initiative	Total Program Services	General and Administrative	Fundraising	Total
Salaries and employee benefits	\$ 953,391	\$ 923,310	\$ 836,384	\$ 548,477	\$ 73,448	\$ 3,335,010	\$ 571,122	\$ 217,099	\$ 4,123,231
Contracted services	32,017	60,916	59,334	18,048	448,726	619,041	97,253	23,359	739,653
Insurance	33,129	16,685	4,280	14,444		68,538	2,360	1,548	72,446
Building and grounds	227,291	141,483	19,037	26,815		414,626	21,855	3,676	440,157
Telephone and internet	14,174	5,601	3,577	5,566	197	29,115	2,486	1,612	33,213
Dues and membership	13,743	8,355	4,249	8,213		34,560	5,772	3,172	43,504
Marketing	1,587	13,270	1,841	2,009	174	18,881	2,870	7,338	29,089
Activities, supplies and equipment	442,835	105,489	438,571	34,329	243	1,021,467	33,289	16,407	1,071,163
Postage	1,182	4,383	5,438	493	2	11,498	2,111	3,067	16,676
Staff training and education	3,046	643	2,754	1,051	125	7,619	2,365	2,642	12,626
Transportation	17,490	2,879	2,746	8,425	254	31,794	1,011	156	32,961
Miscellaneous	11,243	10,552	1	576		22,372	5,220	294	27,886
Interest	17,351					17,351	-	9,807	27,158
Depreciation, operations	27,142	202,173	27,706	47,463		304,484	6,472	5,989	316,945
Total expenses before depreciation	1,795,621	1,495,739	1,405,918	715,909	523,169	5,936,356	754,186	296,166	6,986,708
Depreciation, housing	348,615					348,615			348,615
Total expenses	\$ 2,144,236	\$ 1,495,739	\$ 1,405,918	\$ 715,909	\$ 523,169	\$ 6,284,971	\$ 754,186	\$ 296,166	\$ 7,335,323

See notes to consolidated financial statements.

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, 2016 and 2015, 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, 2016 and 2015, 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.

Restricted cash, replacement reserves:

Under a regulatory agreement with a certain government entity, the Association is required to set aside amounts for the replacement of property and other capital expenditures. The agreement calls for annual deposits and the use of the reserves is contingent upon the government entities' prior approval; therefore the reserves are not available for operating purposes.

1. Summary of significant accounting policies (continued):

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.

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.

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 2015 financial statements to conform to the 2016 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 September 8, 2017, 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 consolidated statements of activities for the years ended December 31:

	<u>2016</u>	<u>2015</u>
Property supplies	<u>\$ 51,911</u>	<u>\$ 132,526</u>

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 beneficial interest in assets by fair value hierarchy levels as of December 31, 2016:

	2016			Total
	Level 1	Level 2	Level 3	
Investments, equity securities	<u>\$ 1,786</u>			<u>\$ 1,786</u>
Beneficial interest in assets		<u>\$ 287,401</u>		<u>\$ 287,401</u>

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015

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, 2015:

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

4. Investment income (loss):

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

	<u>2016</u>	<u>2015</u>
Interest and dividends, net of fees	\$ 566	\$ 1,137
Realized/unrealized gains (losses) on:		
Investments	(1,179)	1,892
Beneficial interest in assets, net of grants*	<u>4,541</u>	<u>(13,848)</u>
Total investment income (loss)	<u>\$ 3,928</u>	<u>\$ (10,819)</u>

*The Association includes grants received from the community foundation holding the beneficial interest in assets as a reduction to investment income and as an increase to contributions. The Association received grants from the community foundation of \$11,961 and \$10,463 for 2016 and 2015, respectively.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015

5. Property and equipment:

Property and equipment is summarized as follows:

	<u>2016</u>	<u>2015</u>
Land and land improvements	\$ 445,632	\$ 804,985
Land held for investment	359,353	
Transitional housing facilities	6,004,476	5,973,485
Buildings and permanent supportive housing	9,213,118	9,158,418
Furniture, vehicles and equipment	<u>953,367</u>	<u>947,213</u>
	16,975,946	16,884,101
Less accumulated depreciation	<u>9,734,657</u>	<u>9,077,807</u>
	<u>\$ 7,241,289</u>	<u>\$ 7,806,294</u>

Depreciation expense has been separated between operations and housing in the consolidated statements of functional expenses for the years ended December 31, 2016 and 2015. Depreciation expense for the years ended December 31, 2016 and 2015 was \$667,576 and \$665,560, 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, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Deferred revenue, health center and gift certificates	\$ 23,156	\$ 28,142
Federal Home Loan Bank of Des Moines	<u>249,000</u>	<u>249,000</u>
Total deferred revenue	272,156	277,142
Less: current portion	<u>148,156</u>	<u>28,142</u>
Long-term deferred revenue	<u>\$ 124,000</u>	<u>\$ 249,000</u>

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015

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:

	<u>2016</u>	<u>2015</u>
<i>Lexington Property</i>		
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 \$11,232 and \$28,081 of deferred revenue as debt forgiveness revenue for the years ended December 31, 2016 and 2015, respectively.	\$ 11,232	\$ 22,464
<i>Lexington Property Rehab</i>		
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, 2016 and 2015, respectively.	633,750	672,750
<i>MLK Court</i>		
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, 2016 and 2015, respectively.	<u>308,276</u>	<u>369,932</u>
Total deferred revenues from loan forgiveness	953,258	1,065,146
Less: current portion	<u>111,888</u>	<u>111,888</u>
Long-term deferred revenues from loan forgiveness	<u>\$ 841,370</u>	<u>\$ 953,258</u>

8. Notes payable:

Notes payable consists of the following as of December 31:

	<u>2016</u>	<u>2015</u>
<i>Grotto Property</i>		
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
<i>Cathedral Hill Property</i>		
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
<i>Lexington Property</i>		
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, 2016 and 2015; 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
<i>Oxford Property</i>		
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):

	<u>2016</u>	<u>2015</u>
<i>Oxford Property (continued)</i>		
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
<i>City of St. Paul STAR Loan – Selby Avenue Property</i>		
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.	224,167	237,956
<i>Lexington Property Rehab</i>		
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 \$100,320 and \$91,490 at December 31, 2016 and 2015, 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)	450,320	441,490
<i>Oxford Property Rehab</i>		
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

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015

8. Notes payable (continued):

	<u>2016</u>	<u>2015</u>
<i>Oxford Property Rehab (continued)</i>		
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 \$69,159 and \$62,421 at December 31, 2016 and 2015, 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) \$	343,659	\$ 336,921
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
<i>Oxford Property-Tuck Point, Inc.</i>		
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 during the year ended December 31, 2015.(a)	242,802	242,802
<i>Grotto Property Rehab</i>		
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):

	<u>2016</u>	<u>2015</u>
<i>Cleveland-Sanders Property</i>		
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	\$ 1,811,862
<i>Bremer Bank – Roof Loan</i>		
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 Association's property; loan maturity date was 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
<i>Nonprofit Assistance Fund Loan</i>		
Note payable to Bremer Bank dated December 30, 2016, accrues interest at 6.5% per annum and requires monthly principal and interest payments of \$3,065; secured by substantially all of the Association's property; loan matures December 31, 2019; the loan was used to help support the operations of the Association.	<u>100,000</u>	
	6,080,373	6,069,221
Less current portion	<u>45,549</u>	<u>30,670</u>
	<u>\$ 6,034,824</u>	<u>\$ 6,038,551</u>

Interest expense related to notes payable totaled \$26,428 and \$25,415 for the years ended December 31, 2016 and 2015, 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.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015

8. Notes payable (continued):

Future maturities as of December 31, 2016 are as follows:

<u>Year ending</u>	<u>Amount</u>
2017	\$ 45,549
2018	466,223
2019	51,057
2020	16,177
2021	16,836
Thereafter	<u>5,484,531</u>
	<u>\$ 6,080,373</u>

9. Temporarily restricted net assets:

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

	<u>2016</u>	<u>2015</u>
Transitional Housing Program	\$ 31,522	\$ 90,924
Youth Development	15,206	
Youth Achievers Program		10,000
YW Works	9,888	
YW Jobs		166,667
Saint Paul Youth Intervention Initiative		118,104
General operating, time restricted		<u>106,008</u>
	<u>\$ 56,616</u>	<u>\$ 491,703</u>

10. Temporarily restricted net assets released from restriction:

	<u>2016</u>	<u>2015</u>
Purpose	\$ 1,595,537	\$ 2,151,233
Time	<u>106,008</u>	<u>41,139</u>
	<u>\$ 1,701,545</u>	<u>\$ 2,192,372</u>

11. 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.

12. 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.

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, 2016 and 2015.

12. Endowment funds (continued): _____

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

	<u>2016</u>	<u>2015</u>
Permanently restricted donor endowment fund	<u>\$ 611,623</u>	<u>\$ 611,623</u>

The changes in endowment net assets for the years ended December 31, 2016 and 2015, were as follows:

	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Endowment net assets, January 1, 2015	\$ 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	<u>(1,256)</u>		<u>(1,256)</u>
Endowment net assets, December 31, 2015	0	611,623	611,623
Investment income, net of investment fees	12,527		12,527
Net appreciation	3,362		3,362
Appropriation of endowment assets	<u>(15,889)</u>		<u>(15,889)</u>
Endowment net assets, December 31, 2016	<u>\$ 0</u>	<u>\$ 611,623</u>	<u>\$ 611,623</u>

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, 2016 and 2015, the Board of Directors has appropriated all of the endowment investment income to current operations.

13. 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, 2016 and 2015. 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, 2016 and 2015, 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.

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, 2015. 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.

13. Multiemployer pension plan (continued):

<u>Plan name</u>	<u>EIN/Pension plan number</u>	<u>Pension Protection Act Zone Status</u>		<u>FIP/RP status pending/ implemented</u>
		<u>2015</u>	<u>2014</u>	
Young Women's Christian Association Retirement Fund, Inc.	13-1624231/001	Green	Green	No

<u>Contributions to the Plan by the Association were less than 5% of total plan contributions</u>		<u>Contributions to the Plan by the Association</u>		<u>Surcharge imposed</u>
<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	
Yes	Yes	\$ 122,675	\$ 171,664	No

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.

14. 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. One governmental entity accounted for 16% of total revenue and support for both 2016 and 2015. The grants are limited as to time and amounts and the risk of not being renewed.

15. 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 \$12,720 and \$31,066 for the years ended December 31, 2016 and 2015, respectively.

16. Leases:

Operating lease obligations:

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, 2016 and 2015 was \$54,408 and \$66,624, respectively. The Association's future minimum lease payment under the operating lease for 2017 is \$31,738.

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 \$47,655 and \$44,827 for 2016 and 2015, respectively. The related accumulated amortization recorded as of December 31, 2016 and 2015, was \$103,467 and \$55,812, respectively. As of December 31, 2016, the remaining commitments under capital leases were as follows:

<u>Year ending December 31</u>	<u>Amount</u>
2017	\$ 29,304
2018	16,035
	<hr/>
Total commitment	45,339
Less amounts representing interest	<u>2,058</u>
Present value of minimum lease payment	<u>\$ 43,281</u>