BOLDER OPTIONS

AUDITED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2023 AND 2022

PREPARED BY

BWK ROGERS PC

REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

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BWK Rogers PC
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS
Minneapolis, Minnesota

O. Barry Rogers, CPA
Wylie R. Klawitter, CPA

Melissa J. Baraibar, CPA

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Bolder Options

Opinion

We have audited the accompanying financial statements of Bolder Options (a nonprofit organization), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bolder Options as of December 31, 2023, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Bolder Options and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Bolder Options' ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Bolder Options' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Bolder Options' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

The financial statements of Bolder Options as of December 31, 2022, were audited by other auditors whose report dated June 20, 2023, expressed an unmodified opinion on those statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

BKD Rogers PC

August 20, 2024

BOLDER OPTIONS
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2023 AND 2022

	2023	2022
ASSETS		
Current Assets		
Cash and Cash Equivalents	$ 490,262	$ 437,328
Cash Restricted for Roof Repairs	95,246	-
Contributions and Grants Receivable	93,628	102,348
Prepaid Expenses	5,686	10,543
Total Current Assets	684,822	550,219
Investments	131,656	117,697
Property and Equipment, Net of Accumulated Depreciation and Amortization of $873,826 and $814,346 in 2023 and 2022, Respectively	975,507	1,034,987
Total Assets	$ 1,791,985	$ 1,702,903
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts Payable	$ 31,980	$ 22,434
Accrued Expenses	50,275	42,349
Deferred Revenue	100	10,000
Notes Payable, Current Portion	12,302	12,805
Lease Liability, Current Portion	6,855	6,473
Total Current Liabilities	101,512	94,061
Notes Payable, Long-Term Portion	684,838	696,946
Lease Liability, Long-Term Portion	21,010	27,865
Total Liabilities	807,360	818,872
Net Assets		
Without Donor Restrictions	703,574	647,321
With Donor Restrictions	281,051	236,710
Total Net Assets	984,625	884,031
Total Liabilities and Net Assets	$ 1,791,985	$ 1,702,903

The accompanying notes are an integral part of these financial statements.

BOLDER OPTIONS
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023
WITH COMPARATIVE TOTALS FOR 2022

	2023			
	Without Donor Restrictions	With Donor Restrictions	Total	2022
SUPPORT AND REVENUE				
Contributions	$ 925,561	$ 160,000	$ 1,085,561	$ 1,055,131
Government Grants	184,878	-	184,878	76,378
In-Kind Donations	50,824	-	50,824	40,271
Investment Income, net	9,287	13,959	23,246	(19,167)
Rental Income	27,135	-	27,135	22,150
Miscellaneous Income	97,645	-	97,645	11,236
Gross Special Events Revenue	423,137	-	423,137	309,475
Less: Cost of Direct Benefits to Donors	(49,041)	-	(49,041)	(40,496)
Net Special Events Revenue	374,096	-	374,096	268,979
Net Assets Released from Restrictions	129,618	(129,618)	-	-
Total Support and Revenue	1,799,044	44,341	1,843,385	1,454,978
EXPENSES				
Program Services	1,074,199	-	1,074,199	1,068,670
Supporting Services:				
Management and General	311,951	-	311,951	316,542
Fundraising	356,641	-	356,641	256,204
Total Supporting Services	668,592	-	668,592	572,746
Total Expenses	1,742,791	-	1,742,791	1,641,416
CHANGE IN NET ASSETS	56,253	44,341	100,594	(186,438)
Net Assets, Beginning of Year	647,321	236,710	884,031	1,070,469
Net Assets, End of Year	$ 703,574	$ 281,051	$ 984,625	$ 884,031

The accompanying notes are an integral part of these financial statements.

BOLDER OPTIONS
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2023
WITH COMPARATIVE TOTALS FOR 2022

	2023					
		Supporting Services				
	Program Services	Management & General	Fundraising	Total	Total	2022
SALARIES AND RELATED EXPENSES						
Salaries	$ 682,393	$ 70,898	$ 132,934	$ 203,832	$ 886,225	$ 839,400
Benefits	63,374	6,584	12,346	18,930	82,304	64,207
Payroll Taxes	53,624	5,572	10,446	16,018	69,642	73,712
Total Salaries and Related Expenses	799,391	83,054	155,726	238,780	1,038,171	977,319
OTHER EXPENSES						
Professional Fees	-	98,782	58,975	157,757	157,757	164,823
Advertising & Promotion	-	2,924	6,361	9,285	9,285	10,598
Office Expenses	58,841	23,561	18,890	42,451	101,292	112,227
Information Technology	5,123	45,889	8,666	54,555	59,678	23,023
Occupancy	50,809	7,805	14,591	22,396	73,205	63,303
Travel	7,008	228	2,632	2,860	9,868	14,012
Conferences, Conventions & Meetings	10,345	1,724	12,271	13,995	24,340	21,876
Events Expenses	15,485	-	116,789	116,789	132,274	128,464
Interest	-	35,188	-	35,188	35,188	37,536
Depreciation & Amortization	46,573	8,663	4,244	12,907	59,480	56,239
Insurance	33,559	3,487	6,537	10,024	43,583	43,300
Scholarships	12,000	-	-	-	12,000	-
Membership Dues	7,872	-	-	-	7,872	-
Miscellaneous	27,193	646	-	646	27,839	29,192
Total Expenses by Function	1,074,199	311,951	405,682	717,633	1,791,832	1,681,912
Less Expenses Included with Revenues						
Cost of Direct Benefits to Donors	-	-	(49,041)	(49,041)	(49,041)	(40,496)
Total	$ 1,074,199	$ 311,951	$ 356,641	$ 668,592	$ 1,742,791	$ 1,641,416

The accompanying notes are an integral part of these financial statements.

BOLDER OPTIONS
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ 100,594	$ (186,438)
Adjustments to reconcile change in net assets		
to net cash provided (used) by operating activities:		
Depreciation & Amortization	59,480	56,239
Net Realized and Unrealized (Gains) Losses on Investments	(13,959)	18,423
Decrease (Increase) in Contributions & Grants Receivable	8,720	(67,414)
Decrease (Increase) in Prepaid Expenses	4,857	(2,688)
Increase in Accounts Payable	9,546	3,924
Increase (Decrease) in Accrued Expenses	7,926	(13,675)
(Decrease) Increase in Deferred Revenue	(9,900)	10,000
Net Cash Provided (Used) by Operating Activities	167,264	(181,629)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	-	(1,074)
Net Cash (Used) by Investing Activities	-	(1,074)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on Long-Term Debt	(12,611)	(12,178)
Payments on Lease Liabilities	(6,473)	(3,607)
Net Cash (Used) by Financing Activities	(19,084)	(15,785)
Net Increase (Decrease) in Cash and Cash Equivalents	148,180	(198,488)
Cash, Cash Equivalents, and Restricted Cash, Beginning of Year	437,328	635,816
Cash, Cash Equivalents, and Restricted Cash, End of Year	$ 585,508	$ 437,328
Reconciliation of Cash, Cash Equivalents, and Restricted Cash:		
Cash and Cash Equivalents	$ 490,262	$ 437,328
Restricted Cash	95,246	-
Total Cash, Cash Equivalents, and Restricted Cash	$ 585,508	$ 437,328
Supplemental Information:		
Cash Paid for Interest	$ 35,188	$ 37,043
Operating Cash Flows from Finance Leases	$ 6,473	$ 4,829
Right-of-Use Assets Obtained in Exchange for Lease Liabilities		
Finance Leases	$ -	$ 37,945

The accompanying notes are an integral part of these financial statements.

BOLDER OPTIONS
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 1. SUMMARY OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Organization

Bolder Options (the Organization) was originally incorporated in May 1998 as a non-profit corporation. The Organization has offices in Minneapolis and Rochester, Minnesota. It was established to encourage positive, self-concept attitudes and behavior in youth and to provide positive mentoring relationships and role models. Bolder Options engages youth and mentors in goal setting, physical activity, tutoring, and community involvement to build confidence, maximize potential, and encourage healthy life skills.

The Organization's mission is to teach at-risk youth (ages 10 to 15) to succeed in all of life's races by involving kids in mentoring relationships with positive role models. The Organization supports youth-mentor pairs in running or bike training, adventure learning, goal setting, and volunteer services providing the structure and support for healthy relationships and positive behaviors.

Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting and accordingly, reflect significant receivables, payables, and other liabilities.

Comparative Financial Information

The accompanying financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America (GAAP). Accordingly, such information should be read in conjunction with our audited financial statements for the year ended December 31, 2022, from which the summarized information was derived.

Cash and Cash Equivalents

The Organization considers all cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents.

Restricted Cash

The Organization's restricted cash balance consists of insurance proceeds received during the year ended December 31, 2023, that are to be used for roof repairs.

NOTE 1. SUMMARY OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions and Grants Receivable

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statement of activities. The Organization determines the allowance for uncollectible unconditional promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Unconditional promises to give are written off when deemed uncollectible. At December 31, 2023 and 2022, an evaluation of the aging and collectability of unconditional promises to give indicated that no allowance was necessary.

Investments

Investments are reported at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statements of financial position. Net investment return/(loss) is reported in the statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

Purchases and sales of securities are reflected on a trade-date basis. Gains and losses on sales of securities are based on average cost and are recorded in the statement of activities in the period in which the securities are sold. Interest is recorded when earned. Dividends are accrued as of the ex-dividend date.

Leases

The Organization determines if an arrangement is or contains a lease at inception. Leases are included as right-of-use (ROU) assets and lease liabilities in the statement of financial position. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term, and ROU assets also include prepaid or accrued rent. Operating lease expense is recognized on a straight-line basis over the lease term. The Organization does not report ROU assets and lease liabilities for short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those are reported as lease expense on a straight-line basis over the lease term.

NOTE 1. SUMMARY OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

Property and equipment is stated at cost at the date of purchase or, for donated assets, at fair value at the date of donation, less accumulated depreciation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets ranging from five to forty years, or in the case of capitalized leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term. The Organization's policy is to capitalize renewals and betterments acquired for greater than $500 and expense normal repairs and maintenance as incurred. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the statement of activities. The Organization's management periodically evaluates whether events or circumstances have occurred indicating that the carrying amount of long-lived assets may not be recoverable from the estimated future cash flows expected to result from their use and eventual disposition.

Classification of Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor- or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

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

- *Net Assets With Donor Restrictions* – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, whereby the donor stipulates that resources be maintained in perpetuity. The Organization reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

NOTE 1. SUMMARY OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue and Revenue Recognition

The Organization records special events revenue equal to the cost of direct benefits to donors and contribution revenue for the difference.

The Organization recognizes contributions when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been substantially met. Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions. Federal and state contracts and grants are conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses. Consequently, at December 31, 2023 and 2022, conditional contributions approximating $3,406 and $44,051, for which no amounts have been received in advance, have not been recognized in the accompanying financial statements.

Donated Services & Goods

Contributed nonfinancial assets include donated professional services, donated equipment, and other in-kind contributions, which are recorded at the respective fair values of the goods or services received. See **Note 10**. The Organization does not sell donated gifts in-kind. In addition to contributed nonfinancial assets, volunteers contribute significant amounts of time to program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. The Organization records donated professional services at the respective fair value of the services received.

Advertising Costs

Advertising costs are expensed as incurred and approximated $9,285 and $10,598 during the years ended December 31, 2023 and 2022, respectively.

NOTE 1. SUMMARY OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of the expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries, payroll taxes, and benefits, which are allocated on the basis of estimates of time and effort, as well as professional fees; advertising and promotion; office expenses; information technology; occupancy; travel and transportation; conferences, conventions, and meetings; depreciation and amortization; insurance; and other, which are allocated on the basis of estimates of use/purpose.

Tax Exempt Status

The Organization's activities are generally exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. Since the Organization is exempt from federal and state income tax liability, no provision is made for current or deferred income tax expense. The Organization is not a private foundation. Management has determined that the Organization is subject to unrelated business income tax. Management is not aware of any transactions that would impact the Organization's tax-exempt status.

The Organization follows the guidance of the Accounting Standard Codification (ASC) 740, *Accounting for Income Taxes,* related to uncertainties in income taxes, which prescribes a threshold of more likely than not for recognition and derecognition of positions taken or expected to be taken in a tax return. For the years ended December 31, 2023 and 2022, management of the Organization is not aware of any material uncertain tax positions.

All tax-exempt entities are subject to review and audit by federal, state and other applicable agencies. Such agencies may review the taxability of unrelated business income, or the qualification of the tax-exempt entity under the Internal Revenue Code and applicable state statutes. For federal tax purposes, the tax returns remain open for possible examination for a period of three years after the respective filing deadlines of those returns.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates, and those differences could be material.

NOTE 1. SUMMARY OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Instruments and Credit Risk

The Organization manages deposit concentration risk by placing cash with financial institutions believed to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, the Organization has not experienced, nor does it anticipate, any losses with respect to such accounts. Credit risk associated with grants receivable and promises to give is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from governmental agencies and organizations supportive of the Organization's mission. Investments are monitored by the Organization and the Board of Directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, the Organization believes that the investment policies and guidelines are prudent for the long-term.

Effect of Economic Conditions on Contributions

The Organization depends on contributions and grants for a significant portion of its revenue. The ability of the Organization's contributors and grantors to continue giving amounts comparable with prior years may be dependent upon future economic conditions and continued deductibility for income tax purposes of contributions and grants to the Organization. While the Organization's Board of Directors and management believes the Organization has the resources to continue its programs, its ability to do so and the extent to which it continues may be dependent on the above factors.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassification had no impact on previously reported net assets.

Subsequent Events

The Organization has evaluated subsequent events through the date the financial statements were issued, August 20, 2024. There are no subsequent events required to be disclosed in accordance with accounting standards.

NOTE 2. LIQUIDITY AND AVAILABILITY

The Organization strives to maintain liquid financial assets sufficient to cover 90 days of general expenditures. The following table reflects the Organization's financial assets as of December 31, 2023 and 2022, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of restrictions. Amount not available include net assets with donor restrictions of $139,395 and $19,013 at December 31, 2023 and 2022, respectively.

	2023	2022
Cash and Cash Equivalents	$585,508	$437,328
Receivables	93,628	102,348
Total Financial Assets	679,136	539,676
Net Assets With Donor Restrictions	(139,395)	(19,013)
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	$539,741	$520,663

The Organization's goal is generally to maintain financial assets to meet 90 days of operation expenses (approximately $350,000). As part of its liquidity plan, excess cash is invested in short-term investments, including savings accounts.

NOTE 3. FAIR VALUE

The Organization reports certain assets at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

NOTE 3. FAIR VALUE (CONTINUED)

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization can access at the measurement date.
Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.
Level 3 – Unobservable inputs for the asset or liability. In these situations, the Organization develops inputs using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset or liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to the Organization's assessment of the quality, risk, or liquidity profile of the asset or liability.

The Beneficial Interest in Endowment Fund held by the Organization at December 31, 2023 and 2022 are Level 3 assets valued using significant unobservable inputs. There were no changes in the valuation techniques during the current year.

NOTE 4. INVESTMENTS

Investments as of December 31 are summarized as follows:

	2023		2022	
	Cost	Fair Value	Cost	Fair Value
The Minneapolis Foundation	$27,801	$101,141	$27,801	$ 91,795
St. Paul and Minnesota Foundation	7,911	30,515	7,911	25,902
Total Investments	$35,712	$131,656	$35,712	$117,697

NOTE 4. INVESTMENTS (CONTINUED)

Net investment income consists of the following for the year ended December 31:

	2023	2022
Unrealized Gain (Loss)	$15,193	$(18,396)
Interest and Dividends	9,708	546
Investment Fees	(1,655)	(1,317)
Total	$23,246	$(19,167)

NOTE 5. PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31:

	2023	2022
Land	$ 201,375	$ 201,375
Buildings and Improvements	1,563,874	1,563,874
Equipment	84,084	84,084
Total	1,849,333	1,849,333
Accumulated Depreciation & Amortization	(873,826)	(814,346)
Net Property and Equipment	$ 975,507	$1,034,987

Depreciation and amortization expense of $59,480 and $56,239 was recorded for the years ended December 31, 2023 and 2022, respectively.

NOTE 6. LEASES

The Organization leases a copy machine under a long-term non-cancelable finance lease agreement. The lease expires on September 13, 2027. The Organization includes in the determination of the right-of-use (ROU) assets and lease liabilities any renewal options when the options are reasonably certain to be exercised.

The finance lease weighted-average discount rate of 5.75% is based on a discount rate that the Organization would be able to obtain on similar length debt.

The Organization has elected the short-term lease exemption for all leases with a term of 12 months or less for both existing and ongoing operating leases and do not recognize the asset and liability for these leases. Lease payment for short-term leases are recognized on a straight-line basis. The Organization elected the practical expedient to not separate lease and non-lease components for all leases that apply.

NOTE 6. LEASES (CONTINUED)

Total ROU assets and lease liabilities are as follows at December 31:

	2023	2022
Lease Assets – Classification in Statement of Financial Position		
Finance Lease ROU Assets – Property & Equipment, Net	$25,929	$33,518
Lease Liabilities – Classification in Statement of Financial Position		
Lease Liability, Current Portion	$ 6,855	$ 6,473
Lease Liability, Long-Term Portion	21,010	27,865
Total Lease Liabilities	$27,865	$34,338

The weighted average remaining lease term as of December 31, 2023 is 3.66 years.

The future minimum lease payments under non-cancelable finance leases with terms greater than one year are listed below as of December 31:

Year ending December 31,	Amount
2024	$ 8,278
2025	8,278
2026	8,278
2027	6,209
Total Finance Lease Payments	31,043
Less: Interest	(3,178)
Present Value of Finance Lease Obligations	$27,865

Total lease costs are as follows for the years ended December 31:

	2023	2022
Operating Lease Cost – Rochester Offices	$8,300	$8,050
Finance Lease Costs:		
Amortization of ROU Assets	$7,589	$4,427
Interest Expense	1,805	1,221
Total Finance Lease Costs	$9,394	$5,648

NOTE 7. LONG-TERM DEBT

The Organization has a loan from Propel Nonprofits that is due and payable at a rate of $4,000 per month, including fixed interest of 5.00%. The maturity date of the loan is December 16, 2025. The loan is secured by a real estate mortgage on the program services and administrative offices building, an assignment of rents and leases from the building, and a security agreement on other assets of the Organization. The total balance owed as of December 31, 2023 and 2022 was $697,140 and $709,751, respectively. Future maturities are as follows:

Year Ending December 31,	Amount
2024	$ 12,302
2025	684,838
Total	$697,140

NOTE 8. ENDOWMENT FUNDS

Donor-restricted Endowments

The Organization's endowment consists of two endowment funds held by The Minneapolis Foundation and the Saint Paul & Minnesota Foundation and are comprised of donor-restricted funds. As required by U.S. generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Absent explicit donor stipulations to the contrary, the Organization has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. In accordance with SPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (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 Organization, and (7) the Organization's investment policies.

NOTE 8. ENDOWMENT FUNDS (CONTINUED)

Investment Return Objectives, Risk Parameters, and Strategies

The Organization has adopted investment and spending policies, approved by the governing board, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well-diversified asset mix, which includes equity and debt securities, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution of 5%, while growing the funds if possible. Therefore, the Organization expects its endowment assets, over time, to produce a reasonable rate of return annually. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

Spending Policy

The Organization has a policy of appropriating for distribution each year 5% of its investment income. In establishing this policy, the Organization considered the long-term expected return on its investment assets, the nature and duration of the endowment fund, and the possible effects of inflation. The Organization expects the current spending policy to allow its endowment funds to grow at a nominal average rate annually, which is consistent with the Organization's objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through investment return.

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Board of Directors of the Organization has interpreted SPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law.

Changes in endowment net assets are as follows for the years ended December 31:

	2023	2022
Endowment Net Assets, January 1	$117,697	$136,120
Investment Income, Net	13,959	(18,423)
Endowment Net Assets, December 31	$131,656	$117,697

NOTE 9. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes at December 31:

	2023	2022
Specific Purpose:		
Biking and Running Gear	$ 1,395	$ 6,513
Sport Matter Program	---	12,500
Scholarships	138,000	---
Passage of Time:		
Future Year Operations	10,000	100,000
Endowment Fund	51,569	37,610
Perpetual	80,087	80,087
Net Assets with Donor Restrictions	$281,051	$236,710

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by the occurrence of other events specified by donors for programs for the year ended December 31:

	2023	2022
Specific Purpose:		
Saint Paul Program	$ ---	$35,000
Biking and Running Gear	5,118	3,487
Sport Matter Program	12,500	---
Scholarships	12,000	---
Passage of Time	100,000	15,000
Net Assets Released from Donor Restrictions	$129,618	$53,487

NOTE 10. IN-KIND CONTRIBUTIONS

Contributed nonfinancial assets recognized within the statement of activities include the following for the year ended December 31:

	2023	2022
Footwear and Apparel	$43,324	$36,643
Other	7,500	3,628
Total In-Kind Contributions	$50,824	$40,271

NOTE 11. EMPLOYEE BENEFIT PLAN

The Organization participates in a multiple employer 401(k) pension plan. Employees at least 21 years of age who have six months of service are eligible to participate in the plan. Employees may contribute as allowed by IRS rules. The plan provides for payment to be made by the Organization at a 100% match of employees' contributions up to 10% of the employees' gross wages for employees in the executive class and a 100% match of employees' compensation up to 5% of the employees' compensation or employees in the general class. Under the plan, vested and non-vested pension costs are funded as they accrue. Pension expense for the years ending December 31, 2023 and 2022 amounted to $0. Employer contributions to the 401(k) plan were suspended for 2023 and 2022.

NOTE 12. COMMITMENTS AND CONTINGENCIES

Grants and endowments require the fulfillment of certain conditions as set forth in the contracts. Failure to fulfill the conditions could result in the return of funds to grantors. Although that is a possibility, management deems the contingency remote, since by accepting the grants or gifts and their terms, it has accommodated the objectives of the Organization to the provision of the gift.

NOTE 13. INCOME TAX

At December 31, 2023, the Organization has unrelated business income tax net operating loss carryforwards of $35,862 ($31,568 – 2022). These loss carryforwards begin to expire in 2027 through 2037. Unused net operating losses are available to offset current and future taxable income as follows:

Date of Loss	Carryforward Expires	Federal	State
12/31/2007	12/31/2027	$5,124	$5,124
12/31/2008	12/31/2028	2,411	2,411
12/31/2009	12/31/2029	5,555	5,555
12/31/2014	12/31/2034	7,854	7,854
12/31/2015	12/31/2035	4,062	4,062
12/31/2016	12/31/2036	2,647	2,647
12/31/2017	12/31/2037	3,913	3,913
12/31/2018	No Expiration	219	219
12/31/2020	No Expiration	1,655	1,655
12/31/2021	No Expiration	2,422	2,422

NOTE 13. INCOME TAX (CONTINUED)

Following are the components which make up the Organization's deferred income tax asset (liability) as of December 31:

	2023	2022
Current Deferred Tax Assets:		
Net Operating Loss Carryforwards	$11,000	$9,700
Valuation Allowance Recognized	(11,000)	(9,700)
Total	$ ---	$ ---