

Girls on the Run Minnesota, Inc.
Minneapolis, Minnesota

Financial Statements
Auditor's Report
For the Years Ended
June 30, 2023 and 2022



CERTIFIED PUBLIC ACCOUNTANTS

CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT	1-2
EXHIBIT A: Statements of Financial Position – June 30, 2023 and 2022.....	3
EXHIBIT B: Statements of Activities – For the Years Ended June 30, 2023 and 2022.....	4
EXHIBIT C: Statement of Functional Expense – For the Year Ended June 30, 2023 with Comparative Totals for 2022.....	5
EXHIBIT D: Statement of Functional Expense – For the Year Ended June 30, 2022.....	6
EXHIBIT E: Statements of Cash Flows – For the Years Ended June 30, 2023 and 2022.....	7
NOTES TO FINANCIAL STATEMENTS	8-15



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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Girls on the Run Minnesota, Inc.
Minneapolis, Minnesota

Opinion

We have audited the accompanying financial statements of Girls on the Run Minnesota, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years 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 Girls on the Run Minnesota, Inc. as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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 Girls on the Run Minnesota, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 Girls on the Run Minnesota, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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 Girls on the Run Minnesota, Inc.'s 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 Girls on the Run Minnesota, Inc.'s 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.

Coyote CPA and PA Ltd.

Certified Public Accountants

Minneapolis, Minnesota
February 2, 2024

GIRLS ON THE RUN MINNESOTA, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
<u>ASSETS</u>		
Current Assets:		
Cash and Cash Equivalents	\$ 96,788	\$ 514,750
Investments	530,830	48,093
Accounts Receivable	379	2,699
Contributions Receivable	88,658	190,632
Inventory	17,421	8,446
Prepaid Expenses	<u>32,199</u>	<u>14,619</u>
Total Current Assets	766,275	779,239
Noncurrent Assets:		
Right of Use Asset	436,145	-
Security Deposit	<u>3,374</u>	<u>3,374</u>
TOTAL ASSETS	<u>\$ 1,205,794</u>	<u>\$ 782,613</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Accounts Payable	\$ 10,798	\$ 36,047
Accrued Salaries and Vacation	25,580	18,639
Lease Liabilities - Current	54,554	-
Deferred Revenue	<u>13,187</u>	<u>17,690</u>
Total Current Liabilities	104,119	72,376
Lease Liabilities	<u>384,802</u>	-
Total Liabilities	488,921	72,376
Net Assets:		
Without Donor Restrictions	716,873	671,737
With Donor Restrictions	-	38,500
Total Net Assets	<u>716,873</u>	<u>710,237</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,205,794</u>	<u>\$ 782,613</u>

The accompanying Notes to Financial Statements
are an integral part of these statements.

GIRLS ON THE RUN MINNESOTA, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue:						
Grants and Contributions	\$ 451,759	\$ 48,465	\$ 500,224	\$ 604,458	\$ 27,000	\$ 631,458
Program Fees	578,214	-	578,214	442,423	-	442,423
Special Event Income	150,685	-	150,685	70,266	-	70,266
Contributions of Nonfinancial Assets	19,105	-	19,105	12,163	-	12,163
Other Income	7,421	-	7,421	37,642	-	37,642
Net Assets Released from Restrictions:						
Satisfaction of Purpose Restrictions	86,965	(86,965)	-	13,500	(13,500)	-
Total Support and Revenue	1,294,149	(38,500)	1,255,649	1,180,452	13,500	1,193,952
Expense:						
Program Services	1,063,666	-	1,063,666	840,660	-	840,660
Core Mission Support:						
Management and General Fundraising	79,928	-	79,928	87,370	-	87,370
Total Core Mission Support	140,811	-	140,811	132,847	-	132,847
Total Expense	220,739	-	220,739	220,217	-	220,217
	1,284,405	-	1,284,405	1,060,877	-	1,060,877
Change in Net Assets from Operations	9,744	(38,500)	(28,756)	119,575	13,500	133,075
Other Changes in Net Assets:						
Net Asset Transfer from Merged Organization	35,392	-	35,392	-	-	-
Change in Net Assets	45,136	(38,500)	6,636	119,575	13,500	133,075
Net Assets - Beginning of Year	671,737	38,500	710,237	552,162	25,000	577,162
Net Assets - End of Year	\$ 716,873	\$ -	\$ 716,873	\$ 671,737	\$ 38,500	\$ 710,237

The accompanying Notes to Financial Statements are an integral part of these statements.

GIRLS ON THE RUN MINNESOTA, INC.
 STATEMENT OF FUNCTIONAL EXPENSE
 FOR THE YEAR ENDED JUNE 30, 2023
 WITH COMPARATIVE TOTALS FOR 2022

	2023				2022	
	Core Mission Support				Total	Total
	Total	Management & General	Fund-raising	Core Mission Support	All Services	All Services
Salaries	\$ 403,691	\$ 41,600	\$ 69,510	\$ 111,110	\$ 514,801	\$ 422,525
Payroll Taxes	30,199	4,496	5,479	9,975	40,174	35,224
Employee Benefits	27,693	3,078	1,128	4,206	31,899	29,715
Total Personnel Costs	461,583	49,174	76,117	125,291	586,874	487,464
Program Supplies and Activities	290,134	163	-	163	290,297	218,189
5K Expense	175,821	-	-	-	175,821	113,353
Occupancy	82,210	10,330	10,064	20,394	102,604	96,361
Operational Expense	23,579	326	16,823	17,149	40,728	41,073
Special Events	-	-	31,555	31,555	31,555	16,613
Professional Fees	7,428	10,575	3,490	14,065	21,493	43,938
Office Expense	12,656	2,925	1,745	4,670	17,326	20,877
Travel and Meetings	5,256	3,734	1,017	4,751	10,007	14,725
Insurance	4,999	2,701	-	2,701	7,700	6,283
Miscellaneous Expense	-	-	-	-	-	2,001
Total Expense	\$ 1,063,666	\$ 79,928	\$ 140,811	\$ 220,739	\$ 1,284,405	\$ 1,060,877

The accompanying Notes to Financial Statements are an integral part of this statement.

GIRLS ON THE RUN MINNESOTA, INC.
 STATEMENT OF FUNCTIONAL EXPENSE
 FOR THE YEAR ENDED JUNE 30, 2022

	Total Program Services	Core Mission Support			Total All Services
		Management & General	Fund- raising	Core Mission Support	
Salaries	\$ 319,761	\$ 36,899	\$ 65,865	\$ 102,764	\$ 422,525
Payroll Taxes	25,987	4,127	5,110	9,237	35,224
Employee Benefits	25,921	3,125	669	3,794	29,715
Total Personnel Costs	371,669	44,151	71,644	115,795	487,464
Program Supplies and Activities	217,792	397	-	397	218,189
5K Expense	113,353	-	-	-	113,353
Occupancy	74,799	8,239	13,323	21,562	96,361
Operational Expense	25,148	176	15,749	15,925	41,073
Special Events	43	1,043	15,527	16,570	16,613
Professional Fees	10,688	22,144	11,106	33,250	43,938
Office Expense	13,063	4,699	3,115	7,814	20,877
Travel and Meetings	7,785	4,557	2,383	6,940	14,725
Insurance	4,319	1,964	-	1,964	6,283
Miscellaneous Expense	2,001	-	-	-	2,001
Total Expense	\$ 840,660	\$ 87,370	\$ 132,847	\$ 220,217	\$ 1,060,877

The accompanying Notes to Financial Statements
 are an integral part of this statement.

GIRLS ON THE RUN MINNESOTA, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
<u>Increase (Decrease) in Cash and Cash Equivalents</u>		
Cash Flows from Operating Activities:		
Change in Net Assets	\$ 6,636	\$ 133,075
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
PPP Loan Forgiveness	-	(80,600)
Cash Received from Merger	(35,392)	-
Net Change in Operating Lease Activities	3,211	-
Unrealized (Gain) Loss on Investments	(1,150)	2,220
Decreases (Increases) in Current Assets:		
Accounts Receivable	2,320	(925)
Contributions Receivable	101,974	(57,650)
Inventory	(8,975)	(5,978)
Prepaid Expenses	(17,580)	2,213
Increases (Decreases) in Current Liabilities:		
Accounts Payable	(25,249)	16,266
Accrued Salaries and Vacation	6,941	5,105
Accrued Expenses	-	(21,660)
Deferred Revenue	(4,503)	260
Net Cash Provided (Used) by Operating Activities	28,233	(7,674)
Cash Flows from Investing Activities:		
Purchase and Reinvestment of Investments	(746,195)	(50,313)
Proceeds from Sale and Redemption of Investments	300,000	-
Net Cash (Used) by Investing Activities	(446,195)	(50,313)
Cash Flows from Financing Activities		
None	-	-
Net (Decrease) in Cash and Cash Equivalents	(417,962)	(57,987)
Cash and Cash Equivalents - Beginning of Year	514,750	572,737
Cash and Cash Equivalents - End of Year	\$ 96,788	\$ 514,750

The accompanying Notes to Financial Statements
are an integral part of these statements.

GIRLS ON THE RUN MINNESOTA, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

1. Summary of Significant Accounting Policies

Organizational Purpose

Girls on the Run Minnesota, Inc. (the Organization) is a life-changing, non-profit prevention program for girls in 3rd to 8th grade. We work to inspire girls to be joyful, healthy and confident using a fun, experience-based curriculum that creatively integrates running. To accomplish this, the Organization provides a 10 week after school program that teaches life skills through dynamic interactive lessons and running games. The program culminates with the girls being physically and emotionally prepared to complete a celebratory 5K running event. The goal of the program is to unleash confidence through accomplishment while establishing a lifetime of appreciation of health and fitness.

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 which are not subject to donor-imposed stipulations. These net assets include both board designated and undesignated amounts. Property and equipment is reported as net assets without donor restrictions.

Net Assets with Donor Restrictions – The part of net assets of the Organization resulting from contributions and other inflows of assets whose use is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions pursuant to those stipulations. The Organization reports 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.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

Accounts Receivable and Doubtful Accounts

Accounts receivable are generally uncollateralized and the Organization does not charge interest on accounts receivable balances. The Organization reviews accounts receivable balances on a periodic basis and writes off delinquent receivables when they are considered uncollectible. The Organization provides an allowance for doubtful accounts based on historical experience and management's evaluation of outstanding accounts receivable at the end of each year. Accounts are stated net of the allowance for doubtful accounts of \$0 at June 30, 2023 and 2022.

GIRLS ON THE RUN MINNESOTA, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

1. Summary of Significant Accounting Policies (continued)

Revenue and Revenue Recognition

Program fees are recognized as revenue when the performance obligation of transferring products and providing services are met. Deferred revenue is recorded when amounts are received, but the revenue is not yet earned. Special event income is equal to the fair value of the direct benefit to the donors and the contributions received related to the events.

The following provides information about significant changes in deferred revenue for the years ended June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Deferred Revenue – Beginning of Year	\$ 17,690	\$ 17,430
Revenue recognized that was included in deferred revenue at the beginning of the year	(17,690)	(17,430)
Increases in deferred revenue due to cash received during the year	<u>13,187</u>	<u>17,690</u>
Deferred Revenue – End of Year	<u>\$ 13,187</u>	<u>\$ 17,690</u>

Grants and contributions are recognized when cash, securities or other assets, an unconditional promise to give, or a 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 condition they depend have been substantially met.

A portion of the revenue is derived from cost-reimbursement contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenses are reported as refundable advances in the statement of financial position. No amounts have been received in advance under the contracts and grants.

The Organization’s policy related to contributions of nonfinancial assets is to utilize the assets given to carry out the mission of the Organization. If an asset is provided that does not allow the Organization to utilize it in its normal course of business, the asset will be sold at its fair market value as determined by appraisal or specialist depending on the type of asset.

Investments

The Organization carries its investments at market value.

Inventory

Inventory consists of shoes and clothing provided to program participants as needed. Inventory is valued at estimated realizable value.

GIRLS ON THE RUN MINNESOTA, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

1. Summary of Significant Accounting Policies (continued)

Property and Equipment

All major expenditures for property and equipment \$1,000 and above are capitalized at cost. Depreciation is provided through the use of the straight-line method.

Promises-To-Give (Contributions Receivable)

Unconditional promises-to-give are recognized in the period the promises are made. Conditional promises-to-give are recognized when the conditions on which they depend are substantially met, that is, when the conditional promise becomes unconditional.

Functional Allocation of Expense

Salaries and related expenses are allocated based on job descriptions and estimates. Expenses which are not directly identifiable by program or core mission support are allocated based on the best estimates of management.

Leases

The Organization determines if an arrangement is or contains a lease at inception. Leases are included in 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. Operating lease expense is recognized on a straight-line basis over the lease term. The Organization does not report ROU assets and leases liabilities for its short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term.

New Accounting Pronouncement

In the year ending June 30, 2023, the Organization adopted Accounting Standards Update (ASU) No. 2016-02, Leases, which requires lessees to recognize leases on the statement of financial position and disclose key information about leasing arrangements. The Organization elected not to restate the comparative period (2022). It also elected not to reassess at adoption (i) expired or existing contracts to determine whether they are or contain a lease, (ii) the lease classification of any existing leases, or (iii) initial direct costs for existing leases. As a result of implementing ASU No. 2016-02, the Organization recognized right-of-use assets of \$116,068 and lease liabilities totaling \$120,236 in its statement of financial position as of July 1, 2022. The adoption did not result in a significant effect on amounts reported in the statement of activities for the year ended June 30, 2023.

GIRLS ON THE RUN MINNESOTA, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

1. Summary of Significant Accounting Policies (continued)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income Tax

The Organization has a tax-exempt status under Section 501(c)(3) of the Internal Revenue Code and has adopted *Accounting for Uncertainty in Income Taxes*, ASC 740-10. The Organization's policy is to evaluate uncertain tax positions, at least annually, for the potential for income tax exposure from unrelated business income or from loss of nonprofit status. The Organization continues to operate consistent with its original exemption application and each year takes the necessary actions to maintain its exempt status. It has been classified as an organization that is not a private foundation under the Internal Revenue Code and charitable contributions by donors are tax deductible. In compliance with its exempt status, the Organization annually files a Return of Organization Exempt From Income Tax (Form 990). The tax returns are subject to review and examination by the Internal Revenue Service.

Subsequent Events

The Organization has evaluated the effect that subsequent events would have on the financial statements through February 2, 2024, which is the date financial statements were available to be issued.

2. Financial Instruments

Significant Concentrations of Credit Risk

The Organization provides services within Minnesota. The amounts due for services provided are from individuals, or their third-party payers, substantially all of whom are local residents. In addition, grants and accounts receivable are from local residents or institutions.

3. Contributions Receivable

Contributions receivable for the years ending June 30, 2023 and 2022 were \$88,658 and \$190,632, respectively. These balances all are due within the next year. Management has determined that no allowance is necessary.

GIRLS ON THE RUN MINNESOTA, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

4. Contributions of Nonfinancial Assets

The Organization records the contributions of nonfinancial assets at fair market value at date of donation. The contributions were considered without donor restrictions and are allocated to program services and support services and include the following in the years ending :

	June 30,	
	2023	2022
Food, Clothing and Supplies	\$ 19,105	\$ 12,163

In addition, the Organization had 1,998 volunteers provide about 40,000 hours of service in the year ended June 30, 2023 and 1,483 volunteers provide over 30,000 hours of service in the year ended June 30, 2022. These volunteers provided coaching of the girls, assisting in fundraising events and serving as board members. These in-kind services are integral to the Organization's mission, but do not meet accounting standards requirement for recognition in the financial statements.

5. Liquidity and Availability

The following represents the Organization's financial assets as of:

	June 30,	
	2023	2022
Financial Assets:		
Cash and Cash Equivalents	\$ 96,788	\$ 514,750
Investments	530,830	48,093
Accounts Receivable	379	2,699
Contributions Receivable	88,658	190,632
Total Financial Assets	716,655	756,174
Less: Assets not available for general expenditures within one year:		
Net Assets With Donor Restrictions	-	38,500
Net Assets with Donor Restrictions to be met within a year	-	(38,500)
Total Assets not available to be used within one year	-	-
Financial assets available for general expenditures within one year:	\$ 716,655	\$ 756,174

The Organization has certain net assets with donor restrictions limited to use which are available for general expenditure within one year in the normal course of operations. Accordingly, these assets have been included in the qualitative information above for financial assets to meet general expenditures within one year.

As part of the Organization's liquidity plan, the Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

GIRLS ON THE RUN MINNESOTA, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

6. Net Assets with Donor Restrictions

Net assets with donor restrictions were as follows as of:

	June 30,	
	2023	2022
Purpose Related Restrictions:		
Future Year Programming	\$ -	\$ 23,500
Heart and Sole Programming	-	15,000
Total	\$ -	\$ 38,500

7. Investments

The Organization held the following investments as of:

	June 30,			
	2023		2022	
	Cost	Market Value	Cost	Market Value
Money Market Funds	\$ 80,044	\$ 80,044	\$ 178	\$ 178
Cash	12,941	12,941	-	-
Fixed Income – U.S. Treasuries	388,779	390,288	-	-
Exchange Traded Products – Bonds	50,135	47,557	50,135	47,915
	\$ 531,899	\$ 530,830	\$ 50,313	\$ 48,093

Investment income included the following as of:

	June 30,	
	2023	2022
Unrealized Gain (Loss)	\$ 1,150	\$ (2,220)
Interest and Dividends	6,244	218
	\$ 7,394	\$ (2,002)

8. Fair Value

Fair value is defined as the price that an organization would receive upon selling an investment in an orderly transaction to an independent buyer in the principal or most advantageous market for the investment. Various inputs are used in determining the value of investments. A three-tier hierarchy of inputs to establish a classification of fair value measurements for disclosure purposes. The three-tier hierarchy of inputs is summarized in the three broad levels listed below:

- Level 1 – Quoted prices in active markets for identical investments.
- Level 2 – Other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.)
- Level 3 – Significant unobservable inputs.

GIRLS ON THE RUN MINNESOTA, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

8. Fair Value (continued)

The following is a summary of the inputs used to determine the fair value of the investments at:

	June 30, 2023			
	Level 1	Level 2	Level 3	Total
Money Market Funds	\$ 80,044	\$ -	\$ -	\$ 80,044
Cash	12,941	-	-	12,941
Fixed Income – U.S. Treasuries	390,288	-	-	390,288
Exchange Traded Products - Bonds	47,557	-	-	47,557
Total	\$ 530,830	\$ -	\$ -	\$ 530,830
	June 30, 2022			
	Level 1	Level 2	Level 3	Total
Money Market Funds	\$ 178	\$ -	\$ -	\$ 178
Exchange Traded Products - Bonds	47,915	-	-	47,915
Total	\$ 48,093	\$ -	\$ -	\$ 48,093

9. Retirement Plan

The Organization sponsors a retirement plan that covers those employees who meet eligibility requirements. Employer contributions of \$11,385 and \$12,077 were made for the years ending June 30, 2023 and 2022 respectively.

10. Paycheck Protection Program Notes Payable

In February 2021, the Organization entered into a promissory note agreement with CRF Small Business Loan Company, LLC in the amount of \$80,600 pursuant the Paycheck Protection Program (PPP) created by the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) and governed by the Small Business Administration (SBA). The note accrues interest at 1 percent per annum and is scheduled to mature February 2026. Up to 100 percent of the loan is forgivable when used to pay specific payroll and other costs within the qualified period (generally 24 weeks after receiving the funds). The Organization has elected to carry the promissory notes as debt on the statements of financial position as of June 30, 2021 per FASB ASC 470. The full amount of the note and accrued interest was forgiven by the SBA in September 2021 and is included with grants and contributions on the statement of activities in the year ended June 30, 2022.

GIRLS ON THE RUN MINNESOTA, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

11. Leases

The Organization evaluated current contracts to determine which met the criteria of a lease. The right-of-use (ROU) assets represent the Organization's right to use underlying assets for the lease term, and the lease liabilities represent the Organization's obligation to make lease payments arising from these leases. The ROU assets and lease liabilities, all of which arise from operating leases, were calculated based on the present value of future lease payments over the lease terms. The Organization has made an accounting policy election to use a risk-free rate in lieu of its incremental borrowing rate to discount future lease payments. The weighted-average discount rate applied to calculate lease liabilities as of June 30, 2023, was 3.4%.

The Organization's operating leases consist of leases for office space.

For the year ended June 30, 2023, total operating lease cost was \$53,749. As of June 30, 2023, the weighted-average remaining lease term for the Organization's operating leases was approximately 3.2 years.

Cash paid for operating leases for the year ended June 30, 2023 was \$54,706. There were no noncash investing and financing transactions related to leasing other than the transition entry described in note 1.

Maturities of operating lease liabilities as of June 30, 2023:

Year Ending June 30:

2024	\$ 56,049
2025	95,348
2026	110,430
2027	113,743
2024	<u>87,652</u>
Total Lease Payments	463,222
Less Present Value Discount	<u>23,866</u>
Present Value of Lease Liabilities	\$ <u>439,356</u>

12. Other Changes in Net Assets

In July 2023, Girls on the Run Bluff County (a separate entity) merged with the Organization and Girls on the Run Minnesota was the surviving organization. The Organization received \$35,392 as part of the merger.