



NEIGHBORHOOD ROOTS
TRANSFORMED LIVES

FINANCIAL STATEMENTS

BANYAN FOUNDATION
MINNEAPOLIS, MINNESOTA

FOR THE YEAR ENDED
JULY 31, 2024

Banyan Foundation
Table of Contents
July 31, 2024

	<u>Page No.</u>
Independent Auditor's Report	3
Financial Statements	
Statement of Financial Position	6
Statement of Activities	7
Statement of Functional Expenses	8
Statement of Cash Flows	9
Notes to the Financial Statements	10

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Banyan Foundation
Minneapolis, Minnesota

Opinion

We have audited the accompanying financial statements of Banyan Foundation, (the Organization), which comprise the statement of financial position as of July 31, 2024 and the related statements of activities, functional expenses and cash flows, 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 the Organization as of July 31, 2024 the changes in its net assets and its cash in accordance with accounting principles generally accepted in the United States of America.

Basis of 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 Banyan Foundation 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 these 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 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 Banyan Foundation ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibility 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 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 the Organization'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 the Organization'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.



Abdo
Minneapolis, Minnesota
October 25, 2024



FINANCIAL STATEMENTS

Banyan Foundation
Statement of Financial Position
July 31, 2024

Assets	
Current Assets	
Cash and cash equivalents	\$ 865,778
Grants receivable	164,035
Pledges receivable	143,956
Prepaid expenses	4,039
Total Current Assets	1,177,808
Noncurrent Assets	
Investments	289,758
Pledges receivable, net of current portion	249,060
Property and equipment, net of accumulated depreciation of \$1,547,424	4,644,497
Total Noncurrent Assets	5,183,315
Total Assets	\$ 6,361,123
Liabilities and Net Assets	
Current Liabilities	
Accounts payable	\$ 10,012
Accrued wages and vacation	60,876
Deferred revenue	3,167
Total Liabilities	74,055
Net Assets	
Without donor restriction	
Undesignated	5,123,952
Board designated	725,000
Total net assets without donor restrictions	5,848,952
With donor restriction	
Total Net Assets	438,116
Total Liabilities and Net Assets	\$ 6,361,123

See Independent Auditor's Report and Notes to the Financial Statements.

Banyan Foundation
Statement of Activities
For the Year Ended July 31, 2024

	Without Donor Restriction	With Donor Restriction	Total
Support and Revenue			
Support			
Contributions and grants	\$ 1,319,035	\$ 313,411	\$ 1,632,446
Government contracts and grants	484,292	-	484,292
Total Support	1,803,327	313,411	2,116,738
Revenue			
Investment income	74,595	-	74,595
Insurance recovery	81,107	-	81,107
Special event income, less expenses of \$29,366	32,533	-	32,533
Total Revenue	188,235	-	188,235
Net Assets Released From Restrictions	338,266	(338,266)	-
Total Support and Revenue	2,329,828	(24,855)	2,304,973
Expenses			
Program services			
Youth services	1,447,091	-	1,447,091
Family services	150,182	-	150,182
Community services	305,649	-	305,649
Total Program Services	1,902,922	-	1,902,922
Supporting services			
Management and general	170,492	-	170,492
Fundraising	398,510	-	398,510
Total Supporting Services	569,002	-	569,002
Total Expenses	2,471,924	-	2,471,924
Change In Net Assets	(142,096)	(24,855)	(166,951)
Net Assets, Beginning of the Year	5,991,048	462,971	6,454,019
Net Assets, End of the Year	\$ 5,848,952	\$ 438,116	\$ 6,287,068

See Independent Auditor's Report and Notes to the Financial Statements.

Banyan Foundation
Statement of Functional Expenses
For the Year Ended July 31, 2024

	Program Services				Supporting Services		Total
	Youth Services	Family Services	Community Services	Total	Management and General	Fundraising	
Salaries, payroll taxes and benefits	\$ 751,009	\$ 99,951	\$ 210,209	\$ 1,061,169	\$ 101,238	\$ 315,812	\$ 1,478,219
Program Curriculum							
Elementary	48,147	-	-	48,147	-	-	48,147
Middle school	24,031	-	-	24,031	-	-	24,031
High school and college	19,531	-	-	19,531	-	-	19,531
Other youth	31,167	-	-	31,167	-	-	31,167
Community gatherings	-	-	38,561	38,561	-	-	38,561
Family	-	16,280	-	16,280	-	-	16,280
Total Program Curriculum	122,876	16,280	38,561	177,717	-	-	177,717
Depreciation and amortization	149,754	1,564	4,691	156,009	8,128	3,127	167,264
Scholarships	155,610	-	-	155,610	-	-	155,610
Contracted services	51,724	9,191	16,399	77,314	34,186	41,388	152,888
Telephone and communications	57,259	8,810	15,601	81,670	9,387	18,579	109,636
Utilities and maintenance	74,407	605	1,815	76,827	3,360	1,561	81,748
Staff development	33,051	7,820	10,549	51,420	8,634	9,914	69,968
Office expenses	18,049	4,325	4,641	27,015	3,367	3,645	34,027
Insurance	26,626	599	1,315	28,540	1,100	511	30,151
Printing and copying	6,726	1,037	1,868	9,631	1,092	3,973	14,696
Total Expenses	\$ 1,447,091	\$ 150,182	\$ 305,649	\$ 1,902,922	\$ 170,492	\$ 398,510	\$ 2,471,924

See Independent Auditor's Report and Notes to the Financial Statements.

Banyan Foundation
Statement of Cash Flows
For the Year Ended July 31, 2024

Cash Flows from Operating Activities	
Change in net assets	\$ (166,951)
Adjustments to reconcile change in net assets to net cash used by operating activities:	
Depreciation	167,264
Net unrealized investment loss (gain)	(17,997)
Increase (decrease) in assets:	
Accounts receivable	(51,191)
Grants receivable	198,077
Pledge receivable	(210,916)
Prepaid expenses and other current assets	6,011
Increase (decrease) in liabilities:	
Accounts payable	(15,374)
Accrued wages and vacation	13,804
Deferred revenue	(7,600)
Net Cash Used by Operating Activities	<u>(84,873)</u>
 Cash Flows from Investing Activities	
Interest, dividends and capital gains distributions	11,294
Purchases of investments	(12,102)
Purchases of fixed assets	(9,295)
Net Cash Used by Investing Activities	<u>(10,103)</u>
 Change in Cash and Cash Equivalents	(94,976)
 Cash and Cash Equivalents at Beginning of Year	<u>960,754</u>
 Cash and Cash Equivalents at End of Year	<u>\$ 865,778</u>

See Independent Auditor's Report and Notes to the Financial Statements.

Banyan Foundation
Notes to the Financial Statements
July 31, 2024

Note 1: Summary of Significant Accounting Policies

Nature of Activities

The Banyan Foundation (the Organization), is a not-for-profit organization. The mission of the Organization is to transform the lives by developing youth, strengthening families, and creating community with the residents of the Phillips Neighborhood of Minneapolis, Minnesota. The Organization provides human services in the areas of youth, family, and community in the Phillips Neighborhood.

Programs

The Organization supports residents primarily within the Phillips Neighborhood of Minneapolis, Minnesota, offering services at three levels. Program areas include:

- **Youth Services** inspires young people to invest in themselves through education and community. Youth are prepared to meet the challenges of adolescence and adulthood through programs that cultivate social, emotional, and educational growth. Our Youth Services participants have fun while they develop into committed learners and reconciled people. Participants attend programs to succeed in school, build life skills, develop assets, and cultivate healthy relationships.
- **Family Services** brings hope to families by strengthening the relationship between parents and children. Our families have close bonds that enable us to work together towards a brighter future. The Organization helps become advocates for their children in all arenas of life, while children become inspiration to their parents. The Organization's families are future oriented because they see that their future is bright.
- **Community Services** is an essential part of the Organization's mission and is inseparable from the strength of our families and the success of our program participants. The Organization connects members of the neighborhood with each other, creating bonds that encourage communication and belonging. Building trust between residents, and training leaders on every block, bringing hope and safety to every home. The Organization acts as a resource hub, connecting residents with support systems and equipping them as leaders. Our Lighthouse Network which nurtures community, promotes safety and communication on each block now includes 34 blocks with 68 leaders reaching out to over 3,400 residents.

Non-comparative Financial Statements

The Organization has elected to not issue comparative financial statements for the year ending July 31, 2024, due to a board-approved change in the fiscal year end to align with the program year. The prior reporting period was seven months in length, reporting from January 1, 2023, through July 31, 2023.

Banyan Foundation
Notes to the Financial Statements
July 31, 2024

Note 1: Summary of Significant Accounting Policies (Continued)

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles in the United States of America.

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

Net Assets Without Donor Restrictions

Net assets without donor restrictions are those resources over those which the Organization has discretionary control. Designated amounts represent revenues that the Board of Directors has set aside for a particular purpose.

Net Assets with Donor Restrictions

Those resources subject to donor-imposed restrictions, which will be satisfied by actions of the Organization or passage of time or are to be maintained permanently by the Organization. Donor restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all investments purchased with a maturity of three months or less to be cash equivalents.

Pledges and Grants Receivable

The Organization records unconditional promises to give expected to be collected within one year at net realizable value. Management determines the allowance for uncollectable promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectable. Management expects all pledges and grants to be collected; there is no allowance for uncollectable amounts as of July 31, 2024.

Investments

Investments are recorded at cost, or if donated, sold at fair value on the date of donation based upon quoted market prices, when available, or estimates of fair value. Thereafter, investments are reported at their fair values in the statement of financial position. Investment income or loss and unrealized gains or losses are reported in the statement of activities and consists of interest and dividend income and realized and unrealized capital gains and losses, less investment management fees.

Banyan Foundation
Notes to the Financial Statements
July 31, 2024

Note 1: Summary of Significant Accounting Policies (Continued)

Property and Equipment

Property and equipment over \$5,000 are carried at cost or, if donated, at the fair market value minus costs associated with placing the property or equipment in service at the date of donation. Depreciation is computed on the straight-line method over the estimated useful lives of the assets ranging from 3 to 40 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. 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 statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed.

Support

The Organization follows FASB Accounting Standards Codification 958-605, *Revenue Recognition for Not-for-Profit Entities* for contributions, grants, and other similar revenues. Revenue is recognized when the contribution is received, and contributions received are recorded as donor restricted support or unrestricted support depending on the existence and/or nature of any donor restrictions. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. However, if a restriction is fulfilled in the same period in which the contribution is received, the Organization reports the support as unrestricted support.

Revenue Recognition

The Banyan Foundation follows the provisions of Accounting Standards Codification 606, *Contracts with Customers* on revenues derived from special events.

Special events admissions revenue is recognized at the time the event is held, which is at a point in time. The performance obligation related to the special events is satisfied upon completion of the event.

Contract balances

The timing of revenue recognition results in deferred revenue (contract liabilities) on the Statement of Financial Position. Deferred revenue consists of payments received in advance that relate to prepayments for their EPIC application consulting. The payments are deferred and recognized as revenue in the period earned. All deferred revenue is classified as current and will be recognized over the next year.

The following table displays the contract balances at the associated dates:

	July 31, 2024	July 31, 2023
Deferred revenue	\$ 3,167	\$ 10,767

Use of Estimates

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

Banyan Foundation
Notes to the Financial Statements
July 31, 2024

Note 1: Summary of Significant Accounting Policies (Continued)

Allocation of Functional Expenses

The majority of expenses can be directly identified with the program or supporting services to which they relate and are charged accordingly. However, the statement of functional expenses reported certain categories of expenses that are attributable to more than one program or supporting service. The shared expenses include such items as depreciation, interest, office expenses, occupancy and salaries and benefits. These expense categories are allocated line by line, based on percentage of wages, employees, or square footage as determined appropriate by management.

New Accounting Pronouncements

In June 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-13, Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments ("ASU 2016-13" or "ASC 326"). ASU 2016-13 revises the accounting requirements related to the measurement of credit losses and requires organizations to measure all expected credit losses for financial assets based on historical experience, current conditions, and reasonable and supportable forecasts about collectability. Assets must be presented in the financial statements at the net amount expected to be collected. During 2019, the FASB issued additional ASUs amending certain aspects of ASU 2016-13. The Organization adopted the standard effective January 1, 2023. The impact of the adoption was not considered material to the financial statements.

Credit Risk

The Organization maintains cash balances with banks insured by the Federal Deposit Insurance Corporation (FDIC). These deposits may, from time to time, exceed the balances insured by the FDIC.

Tax Exempt Status

Banyan Foundation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Minnesota Statute 290.05.

Subsequent Events

In preparing the financial statements, the Organization has evaluated events and transactions for the potential recognition or disclosure through October 25, 2024, the date the financial statements were available to be issued.

Note 2: Property and Equipment

Property and equipment consist of the following at July 31:

Land	\$ 207,704
Buildings	5,339,690
Furniture and equipment	518,616
Vehicles	125,911
Total Property and Equipment	<u>6,191,921</u>
Less: Accumulated Depreciation	<u>(1,547,424)</u>
Property and Equipment, Net	<u>\$ 4,644,497</u>

For the year ended July 31, 2024, depreciation expense was \$167,264.

Banyan Foundation
Notes to the Financial Statements
July 31, 2024

Note 3: Fair Value Measurements

Fair value measurement accounting literature establishes a fair value hierarchy based on the priority of the inputs to the valuation methodologies used to measure fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument. Investments recorded in the Statement of Financial Position are categorized based on the inputs to valuation techniques as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets in an active market that the Organization has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets.
- Quoted prices for identical or similar assets or liabilities in inactive markets.
- Inputs other than quoted prices that are observable for the asset or liability.
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The following is a description of the valuation methodologies used for assets measured at fair value:

Invested Cash: The value reported by the Organization in the statement of financial position approximates the fair value of cash.

Mutual Funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Organization are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Organization are deemed to be actively traded.

Exchange Traded Funds: Valued at the daily closing price as reported by the fund. The exchange traded funds held by the Organization are actively traded.

The Organization's investments reported at fair value in the accompanying statement of financial position consist of the following:

July 31, 2024	Level 1	Level 2	Level 3	Total
Investments:				
Invested cash	\$ 482	\$ -	\$ -	\$ 482
Exchange-traded fund	46,420	-	-	46,420
Mutual funds	242,856	-	-	242,856
 Total Investments	 \$ 289,758	 \$ -	 \$ -	 \$ 289,758

Banyan Foundation
Notes to the Financial Statements
July 31, 2024

Note 3: Fair Value Measurements (Continued)

Investment income for the year ended July 31 consists of the following:

	2024
Interest and dividends	\$ 56,598
Unrealized gains	17,997
Total	\$ 74,595

Note 4: Net Assets

A. Designated Net Assets

Net assets designated by the Board as of July 31, 2024 consist of the following:

	2024
Operating reserve	\$ 615,000
Capital asset reserve	100,000
Unemployment self insurance reserve	10,000
Total	\$ 725,000

B. Donor Restricted Net Assets

The Organization had the following donor-restricted net assets at July 31, 2024:

	2024
Higher Ground scholarships	\$ 366,443
Time restricted	50,000
School supplies	21,673
Total Donor Restricted Net Assets	\$ 438,116

Banyan Foundation
Notes to the Financial Statements
July 31, 2024

Note 5: Liquidity and Availability of Financial Assets

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position sheet date, comprise the following:

	2024
Cash and cash equivalents	\$ 865,778
Grants receivable	164,035
Pledges receivable	393,016
Investments	289,758
Total Financial Assets	1,712,587
Less financial assets unavailable for general expenditure within one year, due to:	
Net assets with donor restrictions	(438,116)
Board designated net assets	(725,000)
Total Financial Assets Unavailable for Current Year Spending	(1,163,116)
Financial assets available to meet cash needs for general expenditures within one year	\$ 549,471

As part of liquidity management, the organization structures its financial assets to be available as its general expenditures, liabilities, and other obligations become due.