

***Young Women's Christian
Association Of Central
Massachusetts, Inc.***

*Financial Statements for the Years Ended
September 30, 2016 and 2015 and
Independent Auditors' Report*

YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF CENTRAL MASSACHUSETTS, INC.

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS FOR THE YEARS ENDED SEPTEMBER 30, 2016 AND 2015:	
Statements of Financial Position	2
Statements of Activities	3
Statements of Functional Expenses	4 - 5
Statements of Cash Flows	6
Notes to Financial Statements	7 - 21

STOWE & DEGON LLC
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Young Women's Christian Association of Central Massachusetts, Inc.
Worcester, Massachusetts

We have audited the accompanying financial statements of Young Women's Christian Association of Central Massachusetts, Inc. (a nonprofit organization), which comprise the statements of financial position as of September 30, 2016 and 2015, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Young Women's Christian Association of Central Massachusetts, Inc. as of September 30, 2016 and 2015, 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.

Stowe & Degon LLC

January 26, 2017

YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF CENTRAL MASSACHUSETTS, INC.

STATEMENTS OF FINANCIAL POSITION **SEPTEMBER 30, 2016 AND 2015**

	2016	2015
ASSETS		
CURRENT ASSETS:		
Cash	\$ 106,441	\$ 180,566
Investments	127,438	37,222
Program service fees receivable	165,382	185,895
Other accounts receivable	206,730	235,621
Bequest receivable	-	46,000
Prepaid expenses and other	26,436	35,383
Total current assets	632,427	720,687
INVESTMENTS, net of current portion	1,647,570	1,648,772
PROPERTY AND EQUIPMENT, net	2,824,161	2,904,772
Total assets	\$ 5,104,158	\$ 5,274,231
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable	\$ 20,745	\$ 9,810
Accrued expenses	308,340	264,067
Current portion of long-term debt	29,247	27,960
Current portion of capital lease obligations	7,621	-
Deferred revenue	43,395	38,462
Total current liabilities	409,348	340,299
Note payable, bank	358,402	469,642
Long-term debt, net of current portion	528,654	558,043
Long-term portion of capital lease obligations	17,819	-
Total liabilities	1,314,223	1,367,984
NET ASSETS:		
Unrestricted:		
Operating	(524,553)	(406,506)
Designated by the Board of Directors	1,034,742	1,035,442
Property and equipment	2,266,260	2,318,769
Appreciation of Board designated investments	62,213	48,539
Total unrestricted	2,838,662	2,996,244
Temporarily restricted:		
Purpose	247,872	237,016
Appreciation of permanently restricted endowment	176,711	148,614
Total temporarily restricted	424,583	385,630
Permanently restricted	526,690	524,373
Total net assets	3,789,935	3,906,247
Total liabilities and net assets	\$ 5,104,158	\$ 5,274,231

See notes to financial statements.

YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF CENTRAL MASSACHUSETTS, INC.

STATEMENTS OF ACTIVITIES FOR THE YEARS ENDED SEPTEMBER 30, 2016 AND 2015

	2016				2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
OPERATING REVENUES AND PUBLIC SUPPORT:								
Program service fees -								
Government contracts	\$ 3,212,145	\$ -	\$ -	\$ 3,212,145	\$ 3,002,495	\$ -	\$ -	\$ 3,002,495
Individuals and other	2,042,160	-	-	2,042,160	1,925,945	-	-	1,925,945
Grants and contributions	297,921	253,756	2,317	553,994	230,178	396,065	46,000	672,243
United Way	255,388	-	-	255,388	236,200	-	-	236,200
Special events, net of expenses of \$30,671 and \$32,993 in 2016 and 2015, respectively	47,411	-	-	47,411	48,868	-	-	48,868
Investment income appropriated for operations	98,946	-	-	98,946	100,522	-	-	100,522
Miscellaneous income	44,887	-	-	44,887	81,116	-	-	81,116
Membership dues	30,299	-	-	30,299	28,442	-	-	28,442
Donated materials and services	14,596	-	-	14,596	22,665	-	-	22,665
Net assets related from restrictions:								
Satisfaction of purpose restrictions	256,164	(256,164)	-	-	272,591	(272,591)	-	-
Satisfaction of capital restrictions	8,028	(8,028)	-	-	43,356	(43,356)	-	-
Total operating revenues and public support	6,307,945	(10,436)	2,317	6,299,826	5,992,378	80,118	46,000	6,118,496
EXPENSES:								
Program services -								
Wellness and Health Equity	504,925	-	-	504,925	506,985	-	-	506,985
Child Care	2,301,875	-	-	2,301,875	2,234,307	-	-	2,234,307
Transitional Housing	138,327	-	-	138,327	131,655	-	-	131,655
Women's Economic Empowerment	210,204	-	-	210,204	203,406	-	-	203,406
Domestic Violence Services:								
Greater Worcester	931,600	-	-	931,600	906,417	-	-	906,417
North County	724,216	-	-	724,216	685,240	-	-	685,240
Total program services	4,811,147	-	-	4,811,147	4,668,010	-	-	4,668,010
Support services -								
Management and general	819,747	-	-	819,747	694,703	-	-	694,703
Program Support	168,048	-	-	168,048	168,569	-	-	168,569
Facilities	507,304	-	-	507,304	522,395	-	-	522,395
Development	138,620	-	-	138,620	118,655	-	-	118,655
Total support services	1,633,719	-	-	1,633,719	1,504,322	-	-	1,504,322
Total expenses	6,444,866	-	-	6,444,866	6,172,332	-	-	6,172,332
Changes in net assets from operations	(136,921)	(10,436)	2,317	(145,040)	(179,954)	80,118	46,000	(53,836)
NON-OPERATING ACTIVITIES:								
Realized gains on sale of investments	37,090	26,703	-	63,793	40,425	26,475	-	66,900
Investment income, net of fees of \$19,400 and \$14,987 in 2016 and 2015, respectively	26,136	16,812	-	42,948	33,039	18,688	-	51,727
Loss on disposal of property and equipment	(2,086)	-	-	(2,086)	(562)	-	-	(562)
Investment income appropriated for operations	(98,946)	-	-	(98,946)	(100,522)	-	-	(100,522)
Unrealized gains (losses) on investments	17,145	5,874	-	23,019	(42,989)	(43,238)	-	(86,227)
Total non-operating activities	(20,661)	49,389	-	28,728	(70,609)	1,925	-	(68,684)
Changes in net assets	(157,582)	38,953	2,317	(116,312)	(250,563)	82,043	46,000	(122,520)
Net assets, beginning of year	2,996,244	385,630	524,373	3,906,247	3,246,807	303,587	478,373	4,028,767
Net assets, end of year	\$ 2,838,662	\$ 424,583	\$ 526,690	\$ 3,789,935	\$ 2,996,244	\$ 385,630	\$ 524,373	\$ 3,906,247

See notes to financial statements.

YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF CENTRAL MASSACHUSETTS, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED SEPTEMBER 30, 2016

(With Summarized Financial Information for the Year Ended September 30, 2015)

	2016										2015									
	PROGRAM SERVICES										SUPPORT SERVICES									
	WELLNESS AND HEALTH EQUITY	CHILD CARE	TRANSITIONAL HOUSING	WOMEN'S ECONOMIC EMPOWERMENT	DOMESTIC VIOLENCE SERVICES GREATER WORCESTER	NORTH COUNTY	TOTAL PROGRAM SERVICES	MANAGEMENT AND GENERAL	PROGRAM SUPPORT	FACILITIES DEVELOPMENT	TOTAL SUPPORT SERVICES	TOTAL EXPENSES	TOTAL EXPENSES							
PERSONNEL AND RELATED:																				
Salaries	\$ 360,051	\$ 1,592,245	\$ 88,856	\$ 143,469	\$ 641,143	\$ 508,707	\$ 3,314,471	\$ 405,912	\$ 101,227	\$ 86,750	\$ 99,588	\$ 693,477	\$ 4,027,948	\$ 3,832,454						
Employee benefits	36,570	215,870	10,152	21,941	92,898	79,799	457,230	53,163	8,678	11,189	15,556	88,586	545,816	481,819						
Payroll taxes	27,562	118,113	6,720	10,878	48,153	36,401	247,827	30,186	8,023	6,891	6,926	52,026	299,853	285,727						
Outside and contracted services		9,641		14,950	36,184	466	61,241	56,330	-	-	150	56,480	117,721	71,840						
Total payroll and related expenses	424,183	1,935,869	105,728	191,238	818,378	625,373	4,100,769	545,591	117,928	104,830	122,220	890,569	4,991,338	4,671,840						
OCCUPANCY:																				
Rent and utilities	-	82,609	-	-	15,896	29,206	127,711	-	-	218,270	-	218,270	345,981	389,031						
Repairs and maintenance	-	35,012	-	-	17,497	3,801	56,310	50,313	-	157,825	-	157,825	214,135	223,735						
Insurance	-	1,500	-	-	684	864	3,048	41,842	-	9,047	-	41,842	62,408	59,334						
Interest	1,026	-	-	-	-	1,211	2,237	41,842	-	-	-	41,842	44,079	42,112						
Total occupancy	1,026	119,121	-	-	34,077	35,082	189,306	92,155	-	385,142	-	477,297	666,603	714,212						
OTHER:																				
Program supplies	8,316	43,340	536	2,090	31,861	16,185	102,328	-	-	238	2,066	37,511	102,328	133,664						
Miscellaneous	44	11,464	2,277	280	4,789	2,473	21,327	35,207	-	-	-	4,990	22,895	25,002						
Scholarships	-	13,905	4,000	-	-	-	17,905	4,990	-	-	-	-	68,535	49,485						
Client transportation	284	62,460	78	1,340	2,604	1,769	68,535	1,536	407	1,290	306	3,539	24,101	29,018						
Telephone	917	4,581	713	509	5,207	8,635	20,562	1,316	407	1,290	306	3,539	24,101	29,018						
Printing, dues and subscriptions	1,627	2,850	107	1,636	6,159	3,366	15,745	1,175	2,039	605	535	7,354	23,099	27,272						
Meals	678	7,319	124	2,666	4,450	9,038	24,275	1,170	9,038	2,087	1,615	4,872	29,147	26,980						
Equipment rental and maintenance	7,192	2,981	111	-	200	2,953	13,437	196	21,549	1,000	22,745	39,875	36,182	39,875						
Legal and accounting	-	-	-	-	-	-	33,834	33,834	-	-	-	33,834	32,099	32,099						
Professional contracted services	-	-	-	-	-	84	84,000	51,661	176	8,470	8,470	60,307	60,391	48,812						
Advertising	1,355	3,663	25	25	50	175	5,268	1,104	3,717	205	1,851	6,877	12,282	12,382						
Travel	3,954	1,525	158	1,820	8,493	6,335	22,285	1,013	3,717	1,715	149	2,877	25,162	18,547						
National council assessments	-	-	-	-	-	-	-	37,348	-	-	-	37,348	37,348	4,537						
Office supplies	103	476	1	53	793	864	2,290	843	4,187	-	311	5,341	7,631	8,318						
Conferences and meetings	7,102	6,147	-	31	1,628	978	15,866	403	-	-	224	637	16,523	16,575						
In-kind expense	-	-	-	-	540	1,999	2,519	1,875	-	10,182	-	12,057	14,596	22,665						
Postage and shipping	-	16	-	-	70	134	220	91	4,633	-	214	4,938	5,158	8,316						
Total other	31,572	160,727	8,130	10,425	66,844	54,988	332,686	175,446	36,708	17,332	15,741	245,227	577,913	562,497						
Total expenses before depreciation and allocations	456,781	2,215,717	113,858	201,663	919,299	715,443	4,622,761	813,192	154,636	507,304	137,961	1,613,093	6,235,854	5,948,549						
DEPRECIATION	48,144	86,158	24,469	8,541	12,301	8,773	188,386	6,555	13,412	-	659	20,626	209,012	223,783						
Total expenses before facilities, program and general allocations	504,925	2,301,875	138,327	210,204	931,600	724,216	4,811,147	819,747	168,048	507,304	138,620	1,633,719	6,444,866	6,172,332						
FACILITIES ALLOCATION	171,037	129,168	86,944	30,346	14,272	2,257	434,024	23,269	47,671	(507,304)	2,340	(434,024)	-	-						
PROGRAM SUPPORT ALLOCATION	30,346	100,925	7,624	12,583	55,638	-	207,116	-	(215,719)	-	8,603	(207,116)	-	-						
MANAGEMENT AND GENERAL ALLOCATION	86,726	387,229	21,887	36,029	160,053	125,914	817,838	(843,016)	-	-	25,178	(817,838)	-	-						
Total expenses	\$ 793,034	\$ 2,919,197	\$ 254,782	\$ 289,162	\$ 1,161,563	\$ 852,387	\$ 6,270,125	\$ -	\$ -	\$ -	\$ 174,741	\$ 174,741	\$ 6,444,866	\$ 6,172,332						

See notes to financial statements.

YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF CENTRAL MASSACHUSETTS, INC.

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

2015												
	PROGRAM SERVICES					SUPPORT SERVICES						
	WELLNESS AND HEALTH EQUITY	CHILD CARE	TRANSITIONAL HOUSING	WOMEN'S ECONOMIC EMPOWERMENT	DOMESTIC VIOLENCE SERVICES GREATER WORCESTER	NORTH COUNTY	TOTAL PROGRAM SERVICES	MANAGEMENT AND GENERAL	PROGRAM SUPPORT	FACILITIES DEVELOPMENT	TOTAL SUPPORT SERVICES	TOTAL EXPENSES
PERSONNEL AND RELATED:												
Salaries	\$ 346,653	\$ 1,550,329	\$ 77,784	\$ 140,242	\$ 611,910	\$ 456,042	\$ 3,182,960	\$ 387,441	\$ 100,682	\$ 77,776	\$ 83,595	\$ 3,832,454
Employee benefits	29,873	201,641	8,384	17,056	78,922	64,419	400,295	46,689	9,010	11,660	14,165	481,819
Payroll taxes	26,584	115,046	5,940	10,245	46,705	32,339	236,859	29,059	7,964	6,185	5,660	285,727
Outside and contracted services	-	4,456	-	14,736	42,006	136	61,334	7,882	-	2,624	-	71,840
Total payroll and related expenses	403,110	1,871,472	92,108	182,279	779,543	552,936	3,881,448	471,071	117,656	98,245	103,420	4,671,840
OCCUPANCY:												
Rent and utilities	-	80,821	-	-	14,510	37,616	132,947	-	-	256,084	-	389,031
Repairs and maintenance	-	41,146	-	-	20,727	11,289	73,162	-	-	150,573	-	223,735
Insurance	-	-	-	-	833	1,075	3,816	45,529	-	9,989	-	59,334
Interest	-	-	-	-	-	1,359	1,359	40,753	-	-	40,753	42,112
Total occupancy	-	123,875	-	-	36,070	51,339	211,284	86,282	-	416,646	-	714,212
OTHER:												
Program supplies	11,798	55,658	154	4,912	38,462	22,680	133,664	-	-	-	-	133,664
Miscellaneous	5,557	8,065	1,313	-	1,527	7,530	23,992	30,709	421	1,963	-	59,050
Scholarships	-	10,226	9,776	-	-	5,000	25,002	-	-	-	-	25,002
Client transportation	487	45,180	39	2,186	1,137	456	49,485	-	-	-	-	49,485
Telephone	1,122	6,218	873	624	5,877	11,097	25,811	1,698	499	761	3,207	29,018
Printing, dues and subscriptions	4,478	4,030	-	1,736	5,798	3,256	19,298	3,057	3,526	521	7,974	27,272
Meals	1,291	9,490	284	1,464	3,516	7,082	23,127	1,919	-	1,791	143	26,980
Equipment rental and maintenance	12,523	3,267	1,000	-	521	1,358	17,670	46	22,045	114	-	39,875
Legal and accounting	-	-	-	-	-	-	-	32,099	-	-	-	32,099
Professional contracted services	-	-	-	-	-	-	-	40,838	345	-	7,629	48,812
Advertising	1,245	2,726	-	-	-	150	4,121	3,197	3,169	-	8,161	12,282
Travel	2,293	699	111	248	7,004	4,535	14,890	1,559	-	1,564	3,657	18,547
National council assessments	-	-	-	-	-	-	-	4,537	-	-	-	4,537
Office supplies	121	860	3	19	1,099	1,535	3,637	566	3,361	7	747	8,318
Conferences and meetings	4,877	4,386	-	300	1,311	933	11,807	3,758	-	434	576	16,575
In-kind expense	-	-	-	-	12,363	6,452	18,815	3,850	-	-	-	22,665
Postage and shipping	-	10	-	-	-	128	138	2,328	5,497	-	353	8,316
Total other	45,792	150,815	12,554	11,489	78,615	72,192	371,457	130,161	38,863	7,504	14,512	562,497
Total expenses before depreciation and allocations	448,902	2,146,162	104,662	193,768	894,228	676,467	4,464,189	687,514	156,519	522,395	117,932	5,948,549
DEPRECIATION	58,083	88,145	26,993	9,638	12,189	8,773	203,821	7,189	12,050	-	723	223,783
Total expenses before facilities, program and general allocations	506,985	2,234,307	131,655	203,406	906,417	685,240	4,668,010	694,703	168,569	522,395	118,655	6,172,332
FACILITIES ALLOCATION	191,490	127,360	89,006	31,785	13,479	3,408	456,528	23,672	39,781	(522,395)	2,414	(456,528)
PROGRAM SUPPORT ALLOCATION	29,595	96,602	6,881	12,534	55,080	-	200,692	-	(208,350)	-	7,658	(200,692)
MANAGEMENT AND GENERAL ALLOCATION	73,916	338,506	17,117	31,323	137,563	100,769	699,194	(718,375)	-	19,181	(699,194)	-
Total expenses	\$ 801,966	\$ 2,796,775	\$ 244,659	\$ 279,048	\$ 1,112,539	\$ 789,417	\$ 6,024,424	\$ -	\$ -	\$ -	\$ 147,908	\$ 6,172,332

See notes to financial statements.

YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF CENTRAL MASSACHUSETTS, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED SEPTEMBER 30, 2016 AND 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (116,312)	\$ (122,520)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	209,012	223,783
Loss on disposal of property and equipment	2,086	562
Capital grants and contributions	(8,385)	(73,097)
Unrealized and realized (gains) losses on investments	(86,812)	19,327
Changes in operating assets and liabilities:		
Program service fees receivable	20,513	88,138
Other accounts receivable	28,891	(27,860)
Bequest receivable	46,000	(46,000)
Prepaid expenses and other	8,947	10,781
Accounts payable	10,935	(10,862)
Accrued expenses	44,273	(6,156)
Deferred revenue	4,933	(2,313)
Net cash provided by operating activities	<u>164,081</u>	<u>53,783</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of property, plant and equipment	(98,843)	(114,692)
Purchases of investments	(860,266)	(1,193,833)
Proceeds from sales of investments	<u>858,064</u>	<u>1,300,463</u>
Net cash used for investing activities	<u>(101,045)</u>	<u>(8,062)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net (repayments) proceeds from note payable, bank	(111,240)	83,968
Payments on long-term debt	(28,102)	(26,867)
Repayments on capital lease obligations	(6,204)	-
Capital grants and contributions received	<u>8,385</u>	<u>73,097</u>
Net cash (used for) provided by financing activities	<u>(137,161)</u>	<u>130,198</u>
NET (DECREASE) INCREASE IN CASH	(74,125)	175,919
CASH, beginning of year	<u>180,566</u>	<u>4,647</u>
CASH, end of year	<u>\$ 106,441</u>	<u>\$ 180,566</u>
SUPPLEMENTAL DISCLOSURE:		
Cash paid for interest	<u>\$ 44,079</u>	<u>\$ 42,112</u>
NON-CASH INVESTING AND FINANCING TRANSACTIONS:		
Donated materials and services	<u>\$ 14,596</u>	<u>\$ 22,665</u>
Acquisition of equipment under a capital lease	<u>\$ 31,644</u>	<u>\$ -</u>

See notes to financial statements.

YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF CENTRAL MASSACHUSETTS, INC.

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED SEPTEMBER 30, 2016 AND 2015

1. ORGANIZATION

Young Women's Christian Association of Central Massachusetts, Inc. (the "YWCA") was incorporated in October 1885. YWCA has been providing services for women and their families living in the central Massachusetts area ever since its incorporation. The YWCA is dedicated to *eliminating racism, empowering women and promoting peace, justice, freedom and dignity for all*. YWCA's vision is to be an all-inclusive women's advocacy and resource center with a proactive membership serving the diverse needs of women through leadership, service, and support.

The YWCA continues to meet the needs of women and families through a variety of programs and services from emergency shelter for victims of domestic abuse to transitional housing and early education and care. The YWCA has a strong public policy agenda and is a leader in building collaborations with local and regional organizations to improve the quality of life for women.

The YWCA's programs consist of the following:

Domestic Violence Services – consists of both intervention and prevention components. Providing services to residents of the 64 cities/towns in Greater Worcester and North Central Massachusetts, the program is designed to respond to the needs of survivors of domestic violence effectively and efficiently. Addressing all forms of intimate partner violence, the program components target specific areas in the continuum of domestic violence services - ranging from emergency shelter for survivors and their dependent children fleeing from imminent danger to non-residential community based services, advocacy, and support. The YWCA operates two confidential emergency shelters in Central Massachusetts. The community outreach and education components educate adults and youth about domestic violence and provide tools to help participants deal with conflict without needing to resort to violence. In addition to direct services, the YWCA works with community stakeholders to develop local solutions to preventing domestic violence and promoting healthy relationships.

Child Care Services –

- **Early Education and Care** – provides full and part-time, year-round infant, toddler, and preschool early education and care for children ages four weeks to six years of age in the Worcester and Westborough area. The curriculum is designed to nurture the child's social, emotional, and cognitive development. The programs are licensed for 219 children by the Massachusetts Department of Early Education and Care, validated at Level 3 in the state's Quality Rating Improvement System (QRIS), and accredited by the National Association of Early Childhood Programs.
- **Learning 4 Fun After School Program** – consists of a safe, structured, and fun program for children in grades K-6 on site at the Roosevelt and Wawecus elementary schools in Worcester. The program operates from 2:15-5:30 p.m. Monday through Friday throughout the academic year (180 days) and includes time for homework assistance, recreational sports, and games and enrichment activities. Program serves approximately 80 children annually. During school vacation weeks and on professional development days, the YWCA provides out-of-school time programming at its 1 Salem Square location in downtown Worcester from 7:30 a.m. to 5:30 p.m.

1. ORGANIZATION (CONTINUED)

- **Camp Wind-in-the-Pines** – consists of a summer day camp for youth ages 6-15 years on Stiles Reservoir in Leicester, Massachusetts. Approximately 250 different children participate during the summer. This program is licensed by the Department of Public Health.

Women's Economic Empowerment –

- **Young Parents Program** – provides an alternative education program for TAFDC (welfare) recipients (ages 14 through 24) who have not completed their secondary education. The program's main goal is for each participant to obtain employment and become self-sufficient. The program provides academic instruction preparing teen parents to take the HiSET (high school equivalency test), life skills workshops, parenting education, case management, career and college readiness, and assists with placement into higher education, skills training programs, internships, or a job.
- **Girls CHOICE (Choosing Hope, Opportunity, and Independence through Career and Education)** – is a long-term, coordinated system of support services and community connections for middle school and high school girls that empowers girls to become self-sufficient through educational pursuits and gender-specific mentoring.
- **Transitional Housing Program ("THP")** – consists of a safe, secure, supportive housing for women 18 years of age and older. Support services include case management, advocacy, job search and/or placement, permanent housing search, medical and legal referrals and transportation. The THP is designed to help each woman set and achieve goals and acquire skills to become self-sufficient. The goal of the program is for participants to obtain permanent independent housing within two years.

Wellness and Health Equity –

- **Health and Wellness Center** – represents a pro-active approach to improving the health of the community. Programming includes group aerobic and water exercise classes; specialty fitness classes; lap and recreational swim; health education and fitness programs for chronically ill or disabled populations; personal training; nutritional counseling; massage and Reiki therapy.
- **Healthy Youth Development** – provides recreation, physical fitness, and leadership development activities to young people from elementary through high school with after-school, evening, and summer programming. It also collaborates with a number of youth-serving organizations throughout the year to provide physical education and recreational sports programming for children 6 to 18 years old. The Young Women's Leadership Development ("YWLP") helps promising young women from under-served communities, develop leadership skills and expand their networks to include a diverse mix of peers, mentors, and professional women with whom they can engage in advocacy, educational opportunities, and community service.
- **Health and Wellness Programs** – ENCORE^{plus} is a community based breast and cervical cancer outreach, education, early detection, and support program designed to serve women over 40, women of color and under insured or uninsured women. Additional programs include Joint Effort water and land program for individuals with arthritis, aerobics program for disabled individuals.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Method of Accounting – The financial statements of the YWCA have been prepared on the accrual method of accounting in accordance with accounting principles generally accepted in the United States of America.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation – The net assets of the YWCA and changes therein are reported in three net assets categories as follows:

Unrestricted Net Assets – Included in unrestricted net assets are amounts that are neither permanently restricted nor temporarily restricted by donor-imposed stipulations. The board of directors has discretionary control over all of these assets. The board may elect to designate such resources for specific purposes. These designations may be removed at the board's discretion. Unrestricted net assets of the YWCA consist of the following:

Operating – These net assets are available for the general obligations of the YWCA.

Designated investments by the Board of Directors – Represent investment funds reported at cost and restricted by the Board of Directors to be used to fund future renovations to buildings and to fund the expansion of program activities and support services. These funds may only be used with the approval of the Board of Directors. During fiscal year 2005, the YWCA's operating net assets borrowed \$300,000 from the Board designated net assets to pay down the line of credit. This created an inter-YWCA promissory note which is payable over the next ten years and accrues interest at 2.5% per annum. The Board of Directors voted not to accrue or pay interest on this note during 2016 and 2015. The balance outstanding from the operating net assets as of September 30, 2016 and 2015 is \$244,809. During 2015, the YWCA, with the Board of Directors approval, borrowed \$32,800 from the Unrestricted Net Assets – Designated by the Board of Directors – investments due to cash flow restraints. As of December 2015, the YWCA had paid and transferred back the borrowed amount to the investment account.

Property and equipment – Reflect and account for the activities relating to the YWCA's property and equipment, net of related debt.

Appreciation of Board designated investments – Includes the cumulative appreciation of those funds invested as Board designated investments (see above).

Temporarily Restricted Net Assets – Temporarily restricted net assets include amounts resulting from contributions and other inflows of assets whose use by the YWCA is limited by donor-imposed stipulations that either expire with the passage of time or can be fulfilled and removed by actions of the YWCA pursuant to those stipulations. When a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the statements of activities as net assets released from restrictions.

In accordance with Massachusetts law regarding permanently restricted endowment, temporarily restricted net assets also includes the accumulated unspent realized and unrealized appreciation of permanently restricted net assets.

Permanently Restricted Net Assets – Permanently restricted net assets of the YWCA (Endowment Funds) are amounts resulting from contributions and other inflows of assets whose use by the YWCA is restricted by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the YWCA. Interest and dividend income earned on endowment funds may be spent for specific or general operating activities of the YWCA.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash – The YWCA maintains its cash in bank deposit accounts, which at times may exceed federally insured limits; however, the YWCA has not experienced, nor does it anticipate, any losses in such accounts.

Investments – The YWCA records its investments at fair value using quoted market prices. Investment securities are exposed to various risks including, but not limited to, interest rate and market and credit risks. Due to the level of risks associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term. The YWCA seeks to minimize market risk by diversifying its investment portfolio.

Interest, dividends and mutual fund distributions are recorded when earned. Gains and losses are recognized as incurred or based on market value changes during the period.

Cash and cash equivalent investments, excluding permanently restricted cash and equivalents, are shown as current investments in the accompanying financial statements due to their liquidity. In accordance with the Board of Director's intent, all other investments are included in non-current assets in the accompanying financial statements.

The YWCA's Board of Directors has established an investment spending policy which allows a percentage of the Unrestricted Net Assets – Designated by the Board of Directors to be appropriated for operations and capital expenditures annually, based on the percentage of the prior year's market value. During the years ended September 30, 2016 and 2015, 7% (\$77,535 and \$86,331 in 2016 and 2015, respectively), of the market value of the funds that make up the YWCA's Unrestricted Net Assets – Designated by the Board of Directors at the end of the previous fiscal year were appropriated for operations under this policy and are included in operating revenues in the accompanying financial statements. The YWCA also appropriates for operations investment income earned on permanently restricted funds (see Note 8). The income is used to provide scholarships and counseling services. The YWCA appropriated for operations investment income earned on these funds of \$21,411 and \$14,191 in 2016 and 2015, respectively.

The investments have been allocated among the unrestricted, temporarily restricted and permanently restricted net assets classes in the accompanying financial statements according to the absence or presence of donor restrictions.

Program Service Fees and Other Accounts Receivable – Accounts are charged to bad debt expense as they are deemed uncollectible based on a periodic review of the aging and collections of the accounts receivable. There were no recorded charges to bad debt expense during 2016 and 2015. The YWCA considers accounts receivable as of September 30, 2016 and 2015 to be fully collectible.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment – Purchased property and equipment in excess of \$1,500 and having a useful life of more than one year are capitalized and recorded at cost. Donated property and equipment are recorded at fair value at the time of donation. Renewals and betterments are capitalized while repairs and maintenance are charged to expense as they are incurred. Depreciation is computed using the straight-line method over the following estimated useful lives:

	<u>Estimated Useful Lives</u>
Land improvements	20 years
Buildings and improvements	15 - 50 years
Furniture and equipment	3 - 10 years

Bequest Receivable – Bequest receivable includes amounts due from a donor for which contractual promises have been made; however, the receipt of funds has not occurred at year-end.

Deferred Revenue – Deferred revenue represent certain program service fees received in advance of the services being provided.

Revenue Recognition – Restricted grants, contributions and special events are recorded as temporarily restricted revenues and net assets when received or unconditionally pledged. Transfers are made to unrestricted net assets as costs are incurred or time restrictions or program restrictions have lapsed. Donor restricted grants, contributions and special events received and satisfied in the same period are included in unrestricted net assets.

Revenues from program service fees and contracts are recorded as the services are provided. Unrestricted grants, contributions and special events, United Way and membership dues are recorded as revenue when received or unconditionally pledged. All other income is recorded as revenue when earned.

Expense/Joint Cost Allocation – Expenses related directly to a program are distributed to that program while other expenses are allocated based upon management's estimate of the percentage attributable to each program. During the years ended September 30, 2016 and 2015, a time study was performed to determine the functional allocation of development employees. The allocation of development employee wages, payroll taxes and employee benefits are based on the percentages calculated from the study. For the years ended September 30, 2016 and 2015, all other fundraising costs were directly allocated to the development function.

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 and disclosure of contingent 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Donated Material and Services – During fiscal year 2016 and 2015, the YWCA received donated materials and services in the amount of \$14,596 and \$22,665, respectively. The donations are recorded at the value determined by the donors.

The YWCA also receives services of volunteers in various aspects of its programs. The total value of these services is not reflected in the accompanying financial statements since the value assigned to these services by the donating volunteers is not ascertainable and does not meet the recognition criteria of generally accepted accounting principles for non profit organizations.

Income Taxes – The YWCA is exempt from Federal income taxes as an organization (not a private foundation) formed for charitable purposes under Section 501(c)(3) of the Internal Revenue Code. The YWCA is also exempt from state income taxes. Donors may deduct contributions made to the YWCA within the Internal Revenue Code requirements.

The YWCA is subject to audits by taxing jurisdictions; however there are currently no audits for any tax periods in progress. The YWCA believes it is no longer subject to income tax examinations for years prior to 2012.

Advertising Costs – The YWCA expenses advertising costs as they are incurred. Total advertising expense in 2016 and 2015 was \$12,145 and \$12,282, respectively.

Reclassifications – Certain 2015 amounts have been reclassified to conform to the 2016 presentation.

3. INVESTMENTS

Investments consist of the following at September 30:

	2016		2015	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Cash and cash equivalents	\$ 127,438	\$ 127,438	\$ 37,222	\$ 37,222
Mutual funds	750,196	816,110	700,199	747,583
Common stocks	347,808	404,960	363,965	422,604
Corporate bonds	140,519	142,328	169,580	167,765
U.S. government notes	280,965	284,172	309,965	310,820
	<u>\$ 1,646,926</u>	<u>\$ 1,775,008</u>	<u>\$ 1,580,931</u>	<u>\$ 1,685,994</u>

The following is a summary of realized and unrealized gain for the years ended September 30:

	2016	2015
Unrealized gains (losses)	\$ 23,019	\$ (86,227)
Net realized gains (based upon original cost)	<u>63,793</u>	<u>66,900</u>
Total net gain (loss) for year	<u>\$ 86,812</u>	<u>\$ (19,327)</u>

4. PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	2016	2015
Worcester:		
Land and improvements	\$ 119,810	\$ 124,056
Building and improvements	4,857,011	4,849,571
Furniture and equipment	542,836	504,927
Total Worcester	<u>5,519,657</u>	<u>5,478,554</u>
Leicester:		
Land and improvements	69,022	69,022
Building and improvements	651,817	603,117
Furniture and equipment	5,812	3,300
Total Leicester	<u>726,651</u>	<u>675,439</u>
Westborough:		
Land and improvements	17,000	17,000
Building and improvements	1,355,629	1,356,494
Furniture and equipment	46,788	45,946
Total Westborough	<u>1,419,417</u>	<u>1,419,440</u>
Greater Worcester - Domestic Violence Services		
Land and improvements	13,840	13,840
Building and improvements	395,792	393,942
Furniture and equipment	12,998	11,623
Total Greater Worcester	<u>422,630</u>	<u>419,405</u>
North County - Domestic Violence Services		
Land and improvements	45,000	45,000
Building and improvements	249,711	247,381
Furniture and equipment	13,711	13,711
Total North County	<u>308,422</u>	<u>306,092</u>
Total property and equipment	8,396,777	8,298,930
Less accumulated depreciation	5,572,616	5,394,158
Net property and equipment	<u>\$ 2,824,161</u>	<u>\$ 2,904,772</u>

5. NOTE PAYABLE TO BANK

On June 15, 2015, the YWCA renegotiated its line of credit agreement with its primary bank to increase the available borrowings from \$500,000 to \$750,000. Interest is payable monthly at an interest rate equal to the Wall Street Journal prime rate plus .25% (3.75% at September 30, 2016 and 3.50% at September 30, 2015) with a floor rate of 3.5%. The line of credit agreement is scheduled to expire on April 27, 2018. The total outstanding balance of the line of credit as of September 30, 2016 and 2015 was \$358,402 and \$469,642, respectively. The line of credit is secured by a first security interest in all business assets and a negative pledge on unrestricted endowment securities and three properties.

6. LONG TERM DEBT

Long-term debt consists of the following at September 30:

	2016	2015
On April 27, 2012, the YWCA entered into a 20-year note payable to a bank. This note requires monthly installments of \$3,881 which includes principal and interest. Interest charged for the first ten years is fixed at 4.99%. At the 10-year anniversary date, the interest rate will be reset at the Federal Home Loan Bank 10/20 amortizing rate plus 3% until maturity. Monthly payments of principal and interest will then be recalculated to the amount necessary to pay off the entire loan balance in equal monthly installments over the remaining term of the note. This note is secured by a first security interest in all business assets and a negative pledge on unrestricted endowment securities and three properties. Payments may be made in advance without penalty.	\$ 501,385	\$ 522,030
Note payable to a bank, due in monthly principal and interest installments of \$721, through December 31, 2023. This note is secured by a mortgage on land and building. This note accrues interest at an annual rate of 2% until paid in full.	<u>56,516</u>	<u>63,973</u>
Total	557,901	586,003
Less - current portion	<u>29,247</u>	<u>27,960</u>
Long-term debt	<u>\$ 528,654</u>	<u>\$ 558,043</u>

Aggregate maturities of long-term debt over the next five years are as follows:

2017	\$ 29,247
2018	30,523
2019	31,873
2020	33,215
2021	35,432
Thereafter	<u>397,611</u>
Total	<u>\$ 557,901</u>

7. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are restricted at September 30, 2016 and 2015, for the following:

Irene L. Piper

These net assets represent the restricted cash and income earned on the Estate of Irene L. Piper permanently restricted net assets that have not been spent for its designated purpose as follows (see Note 8):

	2016	2015
Restricted cash	\$ -	\$ 639
Unrealized appreciation	36,920	33,060
Realized gains	<u>109,083</u>	<u>92,340</u>
	<u>\$ 146,003</u>	<u>\$ 126,039</u>

Eleanor F. Rowe

These net assets represent the restricted cash and income earned on the Estate of Eleanor F. Rowe permanently restricted net assets that have not been spent for its designated purpose as follows (see Note 8):

	2016	2015
Restricted cash	\$ 4,759	\$ 3,841
Unrealized appreciation	25,478	23,464
Realized gains (losses)	<u>5,230</u>	<u>(4,730)</u>
	<u>\$ 35,467</u>	<u>\$ 22,575</u>

Other

In addition to the time and purpose restricted net assets listed above, there are donor restricted funds for which the YWCA has not yet incurred the expenses satisfying the designated purpose as of September 30:

	2016	2015
Purpose restricted	\$ 157,081	\$ 132,997
Fiscal sponsor (Note 14)	<u>86,032</u>	<u>104,019</u>
	<u>\$ 243,113</u>	<u>\$ 237,016</u>

8. PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets are restricted by the donors against any expenditures of principal and include the following at September 30, 2016 and 2015:

Estate of Irene L. Piper Endowment

The donor's permanent restrictions require that \$260,108 principal be held as a permanent source of income. Dividend and interest income earned is restricted to providing scholarships for participants in YWCA programs.

Estate of Eleanor F. Rowe Endowment

The donor's permanent restrictions require that \$198,242 principal be held as a permanent source of income. Income earned can be expended to provide counseling services for persons in need of psychiatric assistance.

Turner Endowment

The donor's permanent restrictions require that \$20,023 principal be held as a permanent source of income. Income earned can be awarded as scholarships, as deemed applicable by management.

Dorothy B. Arms Trust

During 2015, the YWCA received notice of a \$46,000 restricted bequest for which the donor restricted the principal to be held as a permanent source of income. Income generated from the investment holdings is available on an unrestricted basis. The \$46,000 restricted bequest was reported on the Statement of Financial Position as of September 30, 2015 as bequest receivable. During 2016, the YWCA received an additional \$2,317 from the restricted bequest.

The Board of Directors of the YWCA has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA), enacted in Massachusetts, as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the YWCA classifies as permanently restricted net assets (a) the original value of the gifts donated to the permanent endowment, (b) the original value of subsequent gifts donated 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. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the YWCA in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the YWCA considers the duration and preservation of the fund, the YWCA's long and short-term needs, the purposes of the YWCA and the donor-restricted endowment fund, expected total return on its investments, the possible effect of inflation and deflation, general economic conditions, other resources of the YWCA and the investment policies of the YWCA.

The YWCA has a spending policy of appropriating for distribution each year the income earned on the endowment funds as determined annually. Should the market value of the fund fall below the original amount of the gift, the Board shall determine annually whether the income earned can be distributed or if the income earned shall remain undistributed. This is consistent with the YWCA's objective to maintain purchasing power of the endowment assets held in perpetuity.

9. FUNDING

The YWCA receives a significant portion of its total operating revenues and public support (approximately 19% in fiscal year 2016 and 18% in fiscal year 2015) from the Massachusetts Department of Children and Families (DCF) under unit-rate and cost reimbursable contracts. These reimbursements are subject to audit by DCF. In the opinion of management, the results of such audits, if any, will not have a material effect on the financial position of the YWCA as of September 30, 2016 and 2015, or on the changes in its net assets for the years then ended. Approximately 18% and 15% of the YWCA's program service fees receivable and other accounts receivable at September 30, 2016 and 2015 was due from DCF.

10. PENSION PLAN

The YWCA participates in a multiple employer cash balance defined benefit plan for its employees. The plan is administered and maintained by the YWCA Retirement Fund, Inc. (the "Fund"). Employees are eligible to participate when they have provided 1,000 hours of service each year in two twelve-month periods. Optional payments into the plan by employees are allowed up to 10% of annual compensation, subject to Internal Revenue Code regulations.

The Fund requires the YWCA to contribute a percentage of eligible employees' annual compensation. During fiscal year 2016 and 2015, the YWCA elected to contribute 5% of eligible employees' annual compensation. In addition to the YWCA's contribution, the Fund contributed 2% of the employees' annual compensation, based upon the percentage elected by the YWCA. All contributions vest immediately.

During 2014, the Fund's Board of Trustees notified the YWCA that the Fund was fully funded and was able to provide benefit enhancements to all constituents. Participants in the Fund with an account as November 30, 2013 received an increase equal to 8% of their total account balance as of that date. Additionally, local YWCAs were given a 75% contribution relief for eight months starting in May 2014 and ending in December 2014.

The YWCA's policy is to fund retirement costs as they are incurred. Retirement expense was \$134,612 and \$94,039 for fiscal years 2016 and 2015, respectively. These expenses are included in employee benefits in the accompanying financial statements.

11. CAPITAL LEASE

In November 2015, the YWCA entered into a capital lease agreement for fitness equipment. The lease term is four years and expires in November 2019. The lease requires monthly payments of \$723. Future minimum lease obligations at September 30, 2016 are as follows:

2017	\$ 7,621
2018	7,995
2019	8,387
2020	<u>1,437</u>
Total	<u>\$ 25,440</u>

12. RENT AND OPERATING LEASE COMMITMENTS

The YWCA conducts after school programs at various locations and incurs occupancy costs for the space provided, as outlined in an annual contract with Worcester Public Schools. The YWCA also leases space under one operating lease. The operating lease is under a three-year lease agreement expiring February 28, 2018.

For the years ended September 30, 2016 and 2015, the YWCA incurred rent expense of approximately \$69,700 and \$71,700, respectively. These expenses are included in occupancy in the accompanying financial statements.

The YWCA leases office equipment under numerous operating leases expiring in June 2021. Operating office equipment lease expense was approximately \$15,500 and \$22,100 in 2016 and 2015, respectively.

Future minimum lease payments under the operating leases for office space and equipment at September 30, 2016 are as follows:

2017	\$ 30,828
2018	21,798
2019	15,348
2020	14,868
2021	<u>10,647</u>
Total	<u>\$ 93,489</u>

13. FAIR VALUE MEASUREMENTS

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under FASB ASC 820 are described below:

- Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the YWCA has the ability to access.
- Level 2: Inputs to the valuation method include: quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets and liabilities in inactive markets, inputs other than quoted prices that are observable for the asset or liability, or inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.
- Level 3: Inputs to the valuation method are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at September 30, 2016 and 2015.

13. FAIR VALUE MEASUREMENTS (CONTINUED)

Money market and common stocks: valued at the closing price reported on the active market on which the individual securities are traded.

Mutual funds: valued at the daily closing price as reported by the fund. Mutual funds held by the YWCA are open-end mutual funds that are registered with the SEC. These funds are required to publish their daily net asset value and to transact at that price. The mutual funds held by the YWCA are deemed to be actively traded.

Corporate bonds and U.S. government notes: valued at the closing price reported on the active market on which the individual securities are traded.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the YWCA believes its valuation methods are appropriate and consistent, the use of different methodologies or assumptions could result in a different fair value measurement at the reporting date.

The following items are measured at fair value on a recurring basis at September 30:

	2016			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market	\$ 127,438	\$ -	\$ -	\$ 127,438
Mutual funds:				
Growth	119,895	-	-	119,895
Fixed income	496,368	-	-	496,368
Value	156,105	-	-	156,105
International	43,742	-	-	43,742
Total mutual funds	816,110	-	-	816,110
Common stocks:				
Healthcare	74,638	-	-	74,638
Consumer staples	45,048	-	-	45,048
Information technology	77,466	-	-	77,466
Consumer discretionary	2,754	-	-	2,754
Industrials	21,374	-	-	21,374
Materials	27,938	-	-	27,938
Financials	58,884	-	-	58,884
Telecommunication services	73,518	-	-	73,518
Utilities	12,360	-	-	12,360
Energy	10,980	-	-	10,980
Total common stocks	404,960	-	-	404,960
Corporate bonds	-	142,328	-	142,328
U.S. government notes	284,172	-	-	284,172
	<u>\$ 1,632,680</u>	<u>\$ 142,328</u>	<u>\$ -</u>	<u>\$ 1,775,008</u>

13. FAIR VALUE MEASUREMENTS (CONTINUED)

The following items are measured at fair value on a recurring basis at September 30:

	2015			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market	\$ 37,222	\$ -	\$ -	\$ 37,222
Mutual funds:				
Growth	104,577	-	-	104,577
Fixed income	470,393	-	-	470,393
Value	136,613	-	-	136,613
International	36,000	-	-	36,000
Total mutual funds	747,583	-	-	747,583
Common stocks:				
Healthcare	84,939	-	-	84,939
Consumer staples	53,383	-	-	53,383
Information technology	73,106	-	-	73,106
Consumer discretionary	6,346	-	-	6,346
Industrials	9,888	-	-	9,888
Materials	18,085	-	-	18,085
Financials	76,581	-	-	76,581
Telecommunication services	69,982	-	-	69,982
Utilities	15,281	-	-	15,281
Energy	15,013	-	-	15,013
Total common stocks	422,604	-	-	422,604
Corporate bonds	-	167,765	-	167,765
U.S. government notes	310,820	-	-	310,820
	<u>\$ 1,518,229</u>	<u>\$ 167,765</u>	<u>\$ -</u>	<u>\$ 1,685,994</u>

14. FISCAL SPONSOR

The YWCA agreed to serve as the fiscal sponsor for the Healthy Greater Worcester (CHNA 8) in June 2015 and for the Tri-Town Domestic Violence Task Force during 2013. The YWCA maintains legal and fiduciary responsibilities for all activities of both organizations. As part of the agreements, the YWCA charges a fee as compensation for the sponsorship services which is calculated at 10% of each Organization's total actual revenue for the year. Total revenue for these programs during 2016 and 2015 was \$57,256 and \$107,465, respectively. Total expense for these programs during 2016 and 2015 was \$75,243 and \$9,580, respectively. A total of \$86,032 and \$104,019 is included as temporarily restricted net assets for these programs as of September 30, 2016 and 2015.

15. CONTINGENCIES

The YWCA may become involved in litigation or other claims in the ordinary course of business. Management is not aware of any claims that will have a material adverse effect on the financial condition of the YWCA.

16. SUBSEQUENT EVENT

In October 2016, the YWCA entered into an annual fiscal agent agreement with Massachusetts Women of Color Coalition ("MAWOCC"). The YWCA will maintain legal and fiduciary responsibilities for all activities of MAWOCC. In accordance with the agreement, the YWCA is entitled to a sponsor fee equal to 10% of the MAWOCC revenue for the year.

In October 2016, the YWCA entered into a \$300,000 purchase and sale agreement for approximately 6 acres of land owned in Leicester, Massachusetts. A \$10,000 deposit was made by the prospective buyer in October 2016. The sale is not expected to be finalized until March 2017 as the prospective buyer is performing its due diligence on the property.

On November 23, 2016, the YWCA entered into a \$25,000 promissory note with a financial institution. The note calls for 60 monthly payments of \$464 starting December 23, 2016 and maturing on November 23, 2021. Interest charged on the note is fixed at 4.30% per annum. The note is secured by all business assets and endowment investment accounts and a negative pledge on certain properties located in Worcester, Leicester and Westborough.

The YWCA has evaluated all subsequent events through January 26, 2017, the date the financial statements were available to be issued.

* * * * *