

***YWCA Central  
Massachusetts, Inc.***

*Financial Statements for the Years Ended  
September 30, 2018 and 2017 and  
Independent Auditors' Report*

# YWCA CENTRAL MASSACHUSETTS, INC.

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
YWCA Central Massachusetts, Inc.

We have audited the accompanying financial statements of YWCA Central Massachusetts, Inc. (a nonprofit organization), which comprise the statements of financial position as of September 30, 2018 and 2017, 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 YWCA Central Massachusetts, Inc. as of September 30, 2018 and 2017, 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 31, 2019

# YWCA CENTRAL MASSACHUSETTS, INC.

## STATEMENTS OF FINANCIAL POSITION SEPTEMBER 30, 2018 AND 2017

|  | 2018                | 2017                |
|--|---------------------|---------------------|
| <b>ASSETS</b>                                    |                     |                     |
| CURRENT ASSETS:                                  |                     |                     |
| Cash   | \$ 70,349           | \$ 62,794           |
| Investments                                      | 57,243              | 62,852              |
| Program service fees receivable                  | 243,223             | 161,554             |
| Other accounts receivable                        | 225,466             | 219,365             |
| Pledges receivable, current (Note 3)             | 1,297,737           | 15,646              |
| Prepaid expenses and other                       | 11,738              | 23,788              |
| Total current assets                             | 1,905,756           | 545,999             |
| INVESTMENTS, net of current portion              | 1,715,523           | 1,927,268           |
| PLEDGES RECEIVABLE, non-current (Note 3)         | 1,666,537           | 37,360              |
| PROPERTY AND EQUIPMENT, net                      | 3,164,367           | 3,016,931           |
| Total assets                                     | <u>\$ 8,452,183</u> | <u>\$ 5,527,558</u> |
| <b>LIABILITIES AND NET ASSETS</b>                |                     |                     |
| CURRENT LIABILITIES:                             |                     |                     |
| Accounts payable                                 | \$ 31,512           | \$ 22,155           |
| Accrued expenses (Note 17)                       | 602,606             | 532,402             |
| Current portion of long-term debt                | 246,459             | 35,280              |
| Current portion of capital lease obligations     | 8,387               | 7,995               |
| Deferred revenue                                 | 26,586              | 40,984              |
| Total current liabilities                        | 915,550             | 638,816             |
| NOTE PAYABLE, BANK                               | 471,851             | 429,652             |
| LONG-TERM DEBT, net of current portion           | 477,615             | 614,503             |
| LONG-TERM PORTION OF CAPITAL LEASE               | 1,438               | 9,824               |
| Total liabilities                                | <u>1,866,454</u>    | <u>1,692,795</u>    |
| NET ASSETS:                                      |                     |                     |
| Unrestricted:                                    |                     |                     |
| Operating  | (921,686)           | (821,504)           |
| Designated by the Board of Directors             | 1,033,746           | 1,217,639           |
| Property and equipment                           | 2,568,735           | 2,467,148           |
| Appreciation of Board designated investments     | 12,316              | 58,641              |
| Total unrestricted                               | <u>* 2,693,111</u>  | <u>2,921,924</u>    |
| Temporarily restricted:                          |                     |                     |
| Purpose  | 3,159,371           | 179,767             |
| Appreciation of permanently restricted endowment | 206,557             | 206,382             |
| Total temporarily restricted                     | <u>3,365,928</u>    | <u>386,149</u>      |
| Permanently restricted                           | <u>526,690</u>      | <u>526,690</u>      |
| Total net assets                                 | <u>6,585,729</u>    | <u>3,834,763</u>    |
| Total liabilities and net assets                 | <u>\$ 8,452,183</u> | <u>\$ 5,527,558</u> |

See notes to financial statements.

# YWCA CENTRAL MASSACHUSETTS, INC.

## STATEMENTS OF ACTIVITIES FOR THE YEARS ENDED SEPTEMBER 30, 2018 AND 2017

|   | 2018         |                        |                        |              | 2017         |                        |                        |              |
|---|--------------|------------------------|------------------------|--------------|--------------|------------------------|------------------------|--------------|
|   | Unrestricted | Temporarily Restricted | Permanently Restricted | Total        | Unrestricted | Temporarily Restricted | Permanently Restricted | Total        |
| <b>OPERATING REVENUES AND PUBLIC SUPPORT:</b>   |              |                        |                        |              |              |                        |                        |              |
| Program service fees -  |              |                        |                        |              |              |                        |                        |              |
| Government contracts  | \$ 3,392,101 | \$ -                   | \$ -                   | \$ 3,392,101 | \$ 3,255,377 | \$ -                   | \$ -                   | \$ 3,255,377 |
| Individuals and other   | 2,070,005    | -                      | -                      | 2,070,005    | 2,113,822    | -                      | -                      | 2,113,822    |
| Grants and contributions  | 256,431      | 275,736                | -                      | 532,167      | 356,392      | 194,993                | -                      | 551,385      |
| United Way  | 246,311      | -                      | -                      | 246,311      | 245,109      | -                      | -                      | 245,109      |
| Special events, net of expenses of \$32,767 and \$35,743 in 2018 and 2017, respectively | 38,249       | -                      | -                      | 38,249       | 55,053       | -                      | -                      | 55,053       |
| Investment income appropriated for operations   | 65,320       | -                      | -                      | 65,320       | 61,231       | -                      | -                      | 61,231       |
| Miscellaneous income  | 76,927       | -                      | -                      | 76,927       | 34,579       | -                      | -                      | 34,579       |
| Membership dues   | 21,514       | -                      | -                      | 21,514       | 31,131       | -                      | -                      | 31,131       |
| Donated materials and services  | 76,488       | -                      | -                      | 76,488       | 1,987        | -                      | -                      | 1,987        |
| Capital campaign contributions (Note 17)  | -            | 3,627,366              | -                      | 3,627,366    | -            | 86,144                 | -                      | 86,144       |
| Net assets released from restrictions:  |              |                        |                        |              |              |                        |                        |              |
| Satisfaction of purpose restrictions  | 299,134      | (299,134)              | -                      | -            | 345,205      | (345,205)              | -                      | -            |
| Satisfaction of capital restrictions  | 5,000        | (5,000)                | -                      | -            | 19,871       | (19,871)               | -                      | -            |
| Satisfaction of capital campaign restrictions   | 636,119      | (636,119)              | -                      | -            | -            | -                      | -                      | -            |
| Total operating revenues and public support   | 7,183,599    | 2,962,849              | -                      | 10,146,448   | 6,519,757    | (83,939)               | -                      | 6,435,818    |
| <b>EXPENSES:</b>  |              |                        |                        |              |              |                        |                        |              |
| Program services -  |              |                        |                        |              |              |                        |                        |              |
| Wellness and Health Equity  | 506,046      | -                      | -                      | 506,046      | 515,934      | -                      | -                      | 515,934      |
| Child Care  | 2,458,843    | -                      | -                      | 2,458,843    | 2,363,627    | -                      | -                      | 2,363,627    |
| Transitional Housing  | 140,661      | -                      | -                      | 140,661      | 129,550      | -                      | -                      | 129,550      |
| Women's Economic Empowerment  | 165,943      | -                      | -                      | 165,943      | 217,293      | -                      | -                      | 217,293      |
| Domestic Violence Services:   |              |                        |                        |              |              |                        |                        |              |
| Greater Worcester   | 935,084      | -                      | -                      | 935,084      | 881,592      | -                      | -                      | 881,592      |
| North County  | 823,737      | -                      | -                      | 823,737      | 749,244      | -                      | -                      | 749,244      |
| Total program services  | 5,030,314    | -                      | -                      | 5,030,314    | 4,857,240    | -                      | -                      | 4,857,240    |
| Support services -  |              |                        |                        |              |              |                        |                        |              |
| Management and general (Note 17)  | 1,516,205    | -                      | -                      | 1,516,205    | 1,069,985    | -                      | -                      | 1,069,985    |
| Program Support   | 173,966      | -                      | -                      | 173,966      | 178,002      | -                      | -                      | 178,002      |
| Facilities  | 526,618      | -                      | -                      | 526,618      | 512,008      | -                      | -                      | 512,008      |
| Development   | 135,447      | -                      | -                      | 135,447      | 137,460      | -                      | -                      | 137,460      |
| Total support services  | 2,352,236    | -                      | -                      | 2,352,236    | 1,897,455    | -                      | -                      | 1,897,455    |
| Total expenses  | 7,382,550    | -                      | -                      | 7,382,550    | 6,754,695    | -                      | -                      | 6,754,695    |
| Change in net assets from operations  | (198,951)    | 2,962,849              | -                      | 2,763,898    | (234,938)    | (83,939)               | -                      | (318,877)    |
| <b>NON-OPERATING ACTIVITIES:</b>  |              |                        |                        |              |              |                        |                        |              |
| Realized gain on sale of investments  | 55,514       | 21,726                 | -                      | 77,240       | 67,262       | 60,332                 | -                      | 127,594      |
| Investment income, net of fees of \$18,932 and \$19,211 in 2018 and 2017, respectively  | 33,452       | 16,755                 | -                      | 50,207       | 23,366       | 15,834                 | -                      | 39,200       |
| (Loss) gain on disposal of property and equipment                                       | (962)        | -                      | -                      | (962)        | 289,319      | -                      | -                      | 289,319      |
| Investment income appropriated for operations   | (65,320)     | -                      | -                      | (65,320)     | (61,231)     | -                      | -                      | (61,231)     |
| Unrealized loss on investments  | (52,546)     | (21,551)               | -                      | (74,097)     | (516)        | (30,661)               | -                      | (31,177)     |
| Total non-operating activities  | (29,862)     | 16,930                 | -                      | (12,932)     | 318,200      | 45,505                 | -                      | 363,705      |
| Change in net assets  | (228,813)    | 2,979,779              | -                      | 2,750,966    | 83,262       | (38,434)               | -                      | 44,828       |
| Net assets, beginning of year   | 2,921,924    | 386,149                | 526,690                | 3,834,763    | 2,838,662    | 424,583                | 526,690                | 3,789,935    |
| Net assets, end of year   | \$ 2,693,111 | \$ 3,365,928           | \$ 526,690             | \$ 6,585,729 | \$ 2,921,924 | \$ 386,149             | \$ 526,690             | \$ 3,834,763 |

See notes to financial statements.

**YWCA CENTRAL MASSACHUSETTS, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED SEPTEMBER 30, 2018  
(With Summarized Financial Information for the Year Ended September 30, 2017)**

|   | 2018                             |               |                         |                                    |                                |                 |                              |                              |                    |                        | 2017                         |                   |                   |                   |                   |                   |                   |                   |                   |                   |
|---|----------------------------------|---------------|-------------------------|------------------------------------|--------------------------------|-----------------|------------------------------|------------------------------|--------------------|------------------------|------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
|   | PROGRAM SERVICES                 |               |                         |                                    |                                |                 |                              |                              |                    |                        | SUPPORT SERVICES             |                   |                   |                   |                   |                   |                   |                   |                   |                   |
|   | WELLNESS<br>AND HEALTH<br>EQUITY | CHILD<br>CARE | TRANSITIONAL<br>HOUSING | WOMEN'S<br>ECONOMIC<br>EMPOWERMENT | DOMESTIC VIOLENCE<br>WORCESTER | NORTH<br>COUNTY | TOTAL<br>PROGRAM<br>SERVICES | MANAGEMENT<br>AND<br>GENERAL | PROGRAM<br>SUPPORT | FACILITIES DEVELOPMENT | TOTAL<br>SUPPORT<br>SERVICES | TOTAL<br>EXPENSES | TOTAL<br>EXPENSES | TOTAL<br>EXPENSES | TOTAL<br>EXPENSES | TOTAL<br>EXPENSES | TOTAL<br>EXPENSES | TOTAL<br>EXPENSES | TOTAL<br>EXPENSES | TOTAL<br>EXPENSES |
| <b>PERSONNEL AND RELATED:</b>   |                                  |               |                         |                                    |                                |                 |                              |                              |                    |                        |                              |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Salaries  | \$ 369,350                       | \$ 1,691,701  | \$ 78,367               | \$ 109,807                         | \$ 654,240                     | \$ 604,540      | \$ 3,488,005                 | \$ 507,979                   | \$ 106,651         | \$ 90,722              | \$ 98,568                    | \$ 803,920        | \$ 4,291,925      | \$ 4,162,449      | \$ 4,162,449      | \$ 4,162,449      | \$ 4,162,449      | \$ 4,162,449      | \$ 4,162,449      | \$ 4,162,449      |
| Employee benefits   | 26,092                           | 231,190       | 10,910                  | 20,781                             | 105,810                        | 86,820          | 481,603                      | 63,441                       | 8,428              | 11,834                 | 11,949                       | 95,652            | 577,255           | 551,738           | 551,738           | 551,738           | 551,738           | 551,738           | 551,738           | 551,738           |
| Payroll taxes   | 28,425                           | 124,932       | 5,744                   | 8,097                              | 47,099                         | 45,226          | 259,523                      | 38,098                       | 8,448              | 6,885                  | 6,832                        | 60,263            | 319,786           | 319,786           | 319,786           | 319,786           | 319,786           | 319,786           | 319,786           | 319,786           |
| Outside and contracted services   | 2,700                            | 13,904        | -                       | 10,500                             | 29,371                         | 160             | 56,637                       | 71,212                       | -                  | -                      | -                            | 71,212            | 127,849           | 102,920           | 102,920           | 102,920           | 102,920           | 102,920           | 102,920           | 102,920           |
| Total payroll and related expenses  | 426,567                          | 2,061,727     | 95,021                  | 149,185                            | 816,522                        | 736,746         | 4,285,768                    | 680,730                      | 123,527            | 109,441                | 117,349                      | 1,031,047         | 5,316,815         | 5,127,736         | 5,127,736         | 5,127,736         | 5,127,736         | 5,127,736         | 5,127,736         | 5,127,736         |
| <b>OCCUPANCY:</b>   |                                  |               |                         |                                    |                                |                 |                              |                              |                    |                        |                              |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Rent and utilities  | -                                | 83,943        | -                       | -                                  | 16,224                         | 30,075          | 130,242                      | -                            | -                  | 233,871                | -                            | 233,871           | 364,113           | 360,996           | 360,996           | 360,996           | 360,996           | 360,996           | 360,996           | 360,996           |
| Repairs and maintenance   | -                                | 42,760        | -                       | -                                  | 12,169                         | 6,406           | 61,335                       | 625                          | -                  | 160,377                | -                            | 160,377           | 222,337           | 211,278           | 211,278           | 211,278           | 211,278           | 211,278           | 211,278           | 211,278           |
| Insurance   | -                                | 1,560         | -                       | -                                  | 708                            | 888             | 3,156                        | 48,839                       | -                  | 8,976                  | -                            | 57,815            | 60,971            | 63,936            | 63,936            | 63,936            | 63,936            | 63,936            | 63,936            | 63,936            |
| Interest  | 681                              | 830           | -                       | -                                  | -                              | 907             | 2,418                        | 48,571                       | -                  | -                      | -                            | 48,571            | 50,989            | 42,925            | 42,925            | 42,925            | 42,925            | 42,925            | 42,925            | 42,925            |
| Total occupancy   | 681                              | 125,093       | -                       | -                                  | 29,101                         | 38,276          | 197,151                      | 98,035                       | -                  | 403,224                | -                            | 501,259           | 698,410           | 679,135           | 679,135           | 679,135           | 679,135           | 679,135           | 679,135           | 679,135           |
| <b>OTHER:</b>   |                                  |               |                         |                                    |                                |                 |                              |                              |                    |                        |                              |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Program supplies  | 11,242                           | 69,533        | 505                     | 1,047                              | 22,013                         | 3,062           | 107,402                      | 35,878                       | -                  | 8,464                  | 2,835                        | 47,177            | 107,402           | 69,625            | 69,625            | 69,625            | 69,625            | 69,625            | 69,625            | 69,625            |
| Miscellaneous   | 588                              | 14,296        | 12,635                  | -                                  | 17,929                         | 1,582           | 47,030                       | -                            | -                  | -                      | -                            | -                 | 94,207            | 55,941            | 55,941            | 55,941            | 55,941            | 55,941            | 55,941            | 55,941            |
| Scholarships  | -                                | 6,071         | 8,071                   | -                                  | 4,984                          | -               | 19,126                       | -                            | -                  | -                      | -                            | -                 | 19,126            | 9,254             | 9,254             | 9,254             | 9,254             | 9,254             | 9,254             | 9,254             |
| Client transportation   | 1,481                            | 53,974        | 52                      | 480                                | 1,590                          | 1,035           | 58,612                       | -                            | -                  | -                      | -                            | -                 | 58,612            | 66,446            | 66,446            | 66,446            | 66,446            | 66,446            | 66,446            | 66,446            |
| Telephone   | 811                              | 4,500         | 631                     | 451                                | 7,377                          | 10,881          | 24,651                       | 1,448                        | 361                | 1,325                  | 271                          | 3,405             | 28,056            | 23,592            | 23,592            | 23,592            | 23,592            | 23,592            | 23,592            | 23,592            |
| Printing, dues and subscriptions  | 1,367                            | 5,546         | 72                      | -                                  | 6,131                          | 3,641           | 16,757                       | 8,537                        | 2,888              | 465                    | 424                          | 12,314            | 29,071            | 33,659            | 33,659            | 33,659            | 33,659            | 33,659            | 33,659            | 33,659            |
| Meals   | 79                               | 9,521         | 120                     | 4,036                              | 1,547                          | 6,041           | 21,344                       | 2,776                        | -                  | 1,950                  | -                            | 4,726             | 26,070            | 25,649            | 25,649            | 25,649            | 25,649            | 25,649            | 25,649            | 25,649            |
| Equipment rental and maintenance  | 4,470                            | 2,638         | -                       | -                                  | 149                            | 2,080           | 9,337                        | 309                          | 22,182             | 47                     | -                            | 22,538            | 31,875            | 30,544            | 30,544            | 30,544            | 30,544            | 30,544            | 30,544            | 30,544            |
| Legal and accounting  | -                                | -             | -                       | -                                  | -                              | -               | -                            | 38,816                       | -                  | -                      | -                            | 38,816            | 38,816            | 34,403            | 34,403            | 34,403            | 34,403            | 34,403            | 34,403            | 34,403            |
| Professional contracted services  | -                                | -             | -                       | -                                  | -                              | -               | -                            | 56,670                       | 8                  | -                      | 13,087                       | 69,765            | 62,466            | 62,466            | 62,466            | 62,466            | 62,466            | 62,466            | 62,466            | 62,466            |
| Advertising   | 5,053                            | 2,713         | -                       | -                                  | -                              | -               | 7,766                        | 805                          | 3,603              | -                      | -                            | 4,408             | 12,174            | 7,421             | 7,421             | 7,421             | 7,421             | 7,421             | 7,421             | 7,421             |
| Travel  | 2,358                            | 1,344         | -                       | 2,513                              | 4,910                          | 7,377           | 18,502                       | 2,572                        | -                  | 2,080                  | 15                           | 4,667             | 23,169            | 24,318            | 24,318            | 24,318            | 24,318            | 24,318            | 24,318            | 24,318            |
| National council assessments  | -                                | -             | -                       | -                                  | -                              | -               | -                            | 40,000                       | -                  | -                      | -                            | 40,000            | 40,000            | 38,498            | 38,498            | 38,498            | 38,498            | 38,498            | 38,498            | 38,498            |
| Office supplies   | 272                              | 630           | -                       | 9                                  | 1,034                          | 397             | 2,342                        | 1,076                        | 3,912              | (378)                  | 445                          | 5,055             | 7,397             | 10,465            | 10,465            | 10,465            | 10,465            | 10,465            | 10,465            | 10,465            |
| Conferences and meetings  | 4,735                            | 6,842         | -                       | -                                  | 578                            | 1,926           | 14,081                       | 300                          | -                  | -                      | 212                          | 512               | 14,593            | 22,570            | 22,570            | 22,570            | 22,570            | 22,570            | 22,570            | 22,570            |
| In-kind expense   | -                                | -             | -                       | -                                  | 5,937                          | 1,551           | 7,488                        | -                            | -                  | -                      | -                            | 7,488             | 7,488             | 1,987             | 1,987             | 1,987             | 1,987             | 1,987             | 1,987             | 1,987             |
| Postage and shipping  | -                                | -             | -                       | -                                  | 75                             | 136             | 211                          | 116                          | 4,574              | -                      | 174                          | 4,864             | 5,075             | 5,455             | 5,455             | 5,455             | 5,455             | 5,455             | 5,455             | 5,455             |
| Total other   | 32,456                           | 177,608       | 22,086                  | 8,536                              | 74,254                         | 39,709          | 354,649                      | 189,303                      | 37,528             | 13,953                 | 17,463                       | 258,247           | 612,896           | 524,293           | 524,293           | 524,293           | 524,293           | 524,293           | 524,293           | 524,293           |
| Total expenses before pre-development and capital campaign expenses, depreciation and allocations | 459,704                          | 2,368,428     | 117,107                 | 157,721                            | 919,877                        | 814,731         | 4,837,568                    | 968,068                      | 161,055            | 526,618                | 134,812                      | 1,790,553         | 6,628,121         | 6,331,184         | 6,331,184         | 6,331,184         | 6,331,184         | 6,331,184         | 6,331,184         | 6,331,184         |
| <b>PRE-DEVELOPMENT AND CAPITAL CAMPAIGN EXPENSES (NOTE 17)</b>                                    |                                  |               |                         |                                    |                                |                 |                              |                              |                    |                        |                              |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| DEPRECIATION AND AMORTIZATION   |                                  |               |                         |                                    |                                |                 |                              |                              |                    |                        |                              |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Total expenses before facilities, program and general allocations                                 | 46,342                           | 90,415        | 23,554                  | 8,222                              | 15,207                         | 9,006           | 192,746                      | 541,828                      | 12,911             | -                      | 635                          | 19,855            | 212,601           | 205,549           | 205,549           | 205,549           | 205,549           | 205,549           | 205,549           | 205,549           |
| FACILITIES ALLOCATION:  |                                  |               |                         |                                    |                                |                 |                              |                              |                    |                        |                              |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| PROGRAM SUPPORT ALLOCATION  | 506,046                          | 2,458,843     | 140,661                 | 165,943                            | 935,084                        | 823,737         | 5,030,314                    | 1,516,205                    | 173,966            | 526,618                | 135,447                      | 2,352,236         | 7,382,550         | 6,754,695         | 6,754,695         | 6,754,695         | 6,754,695         | 6,754,695         | 6,754,695         | 6,754,695         |
| MANAGEMENT AND GENERAL ALLOCATION   | 175,640                          | 142,954       | 89,270                  | 31,160                             | 12,344                         | -               | 451,368                      | 23,913                       | 48,932             | (526,618)              | 2,405                        | (451,368)         | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 |
| PROGRAM SUPPORT ALLOCATION  | 30,466                           | 110,381       | 6,900                   | 10,060                             | 56,636                         | 214,443         | 214,443                      | -                            | (222,898)          | -                      | 8,455                        | (214,443)         | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 |
| MANAGEMENT AND GENERAL ALLOCATION   | 151,859                          | 719,807       | 34,416                  | 49,975                             | 281,147                        | 260,911         | 1,498,115                    | (1,540,118)                  | -                  | -                      | 42,003                       | (1,498,115)       | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 |
| Total expenses  | \$ 864,011                       | \$ 3,431,985  | \$ 271,247              | \$ 257,138                         | \$ 1,285,211                   | \$ 1,084,648    | \$ 7,194,240                 | \$ -                         | \$ -               | \$ -                   | \$ 188,310                   | \$ 7,382,550      | \$ 6,754,695      | \$ 6,754,695      | \$ 6,754,695      | \$ 6,754,695      | \$ 6,754,695      | \$ 6,754,695      | \$ 6,754,695      | \$ 6,754,695      |

See notes to financial statements.

**YWCA CENTRAL MASSACHUSETTS, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

|   | PROGRAM SERVICES                 |               |                         |                                    |                            |                 |                              |                              |                    |                        | SUPPORT SERVICES             |                   |              |  |  |
|---|----------------------------------|---------------|-------------------------|------------------------------------|----------------------------|-----------------|------------------------------|------------------------------|--------------------|------------------------|------------------------------|-------------------|--------------|--|--|
|   | WELLNESS<br>AND HEALTH<br>EQUITY | CHILD<br>CARE | TRANSITIONAL<br>HOUSING | WOMEN'S<br>ECONOMIC<br>EMPOWERMENT | DOMESTIC VIOLENCE SERVICES |                 | TOTAL<br>PROGRAM<br>SERVICES | MANAGEMENT<br>AND<br>GENERAL | PROGRAM<br>SUPPORT | FACILITIES DEVELOPMENT | TOTAL<br>SUPPORT<br>SERVICES | TOTAL<br>EXPENSES |              |  |  |
|   |                                  |               |                         |                                    | GREATER<br>WORCESTER       | NORTH<br>COUNTY |                              |                              |                    |                        |                              |                   |              |  |  |
| PERSONNEL AND RELATED:  |                                  |               |                         |                                    |                            |                 |                              |                              |                    |                        |                              |                   |              |  |  |
| Salaries  | \$ 379,381                       | \$ 1,647,349  | \$ 79,456               | \$ 165,805                         | \$ 600,792                 | \$ 545,595      | \$ 3,418,378                 | \$ 448,375                   | \$ 108,261         | \$ 87,992              | \$ 99,443                    | \$ 744,071        | \$ 4,162,449 |  |  |
| Employee benefits   | 29,574                           | 223,738       | 11,477                  | 21,519                             | 105,717                    | 74,377          | 466,402                      | 51,699                       | 8,773              | 11,642                 | 13,242                       | 85,356            | 551,758      |  |  |
| Payroll taxes   | 29,040                           | 122,081       | 6,021                   | 12,314                             | 45,084                     | 40,083          | 254,623                      | 33,631                       | 8,576              | 6,654                  | 7,135                        | 55,996            | 310,619      |  |  |
| Outside and contracted services   | 288                              | 12,709        | -                       | 450                                | 33,372                     | 430             | 47,249                       | 55,681                       | -                  | -                      | -                            | 55,681            | 102,930      |  |  |
| Total payroll and related expenses  | 438,283                          | 2,005,877     | 96,954                  | 200,088                            | 784,965                    | 660,485         | 4,186,652                    | 589,386                      | 125,610            | 106,288                | 119,820                      | 941,104           | 5,127,756    |  |  |
| OCCUPANCY:  |                                  |               |                         |                                    |                            |                 |                              |                              |                    |                        |                              |                   |              |  |  |
| Rent and utilities  | -                                | 81,224        | -                       | -                                  | 17,860                     | 31,663          | 130,747                      | -                            | -                  | 230,249                | -                            | 230,249           | 360,996      |  |  |
| Repairs and maintenance   | -                                | 36,669        | -                       | -                                  | 12,098                     | 3,368           | 52,135                       | 105                          | -                  | 159,038                | -                            | 159,143           | 211,278      |  |  |
| Insurance   | -                                | 1,560         | -                       | -                                  | 708                        | 888             | 3,156                        | 51,804                       | -                  | 8,976                  | -                            | 60,780            | 63,936       |  |  |
| Interest  | 1,055                            | 846           | -                       | -                                  | -                          | 1,061           | 2,962                        | 39,963                       | -                  | -                      | -                            | 39,963            | 42,925       |  |  |
| Total occupancy   | 1,055                            | 120,299       | -                       | -                                  | 30,666                     | 36,980          | 189,000                      | 91,872                       | -                  | 398,263                | -                            | 490,135           | 679,135      |  |  |
| OTHER:  |                                  |               |                         |                                    |                            |                 |                              |                              |                    |                        |                              |                   |              |  |  |
| Program supplies  | 10,827                           | 39,879        | 360                     | 1,351                              | 14,073                     | 3,135           | 69,625                       | -                            | -                  | -                      | -                            | -                 | 69,625       |  |  |
| Miscellaneous   | -                                | 15,080        | 3,598                   | 767                                | 4,859                      | 2,045           | 26,349                       | 24,347                       | 257                | 678                    | 4,310                        | 29,592            | 55,941       |  |  |
| Scholarships  | -                                | -             | 4,254                   | -                                  | 5,000                      | 9,254           | 9,254                        | -                            | -                  | -                      | -                            | -                 | 9,254        |  |  |
| Client transportation   | 1,297                            | 63,458        | -                       | 573                                | 922                        | 196             | 66,446                       | -                            | -                  | -                      | -                            | -                 | 66,446       |  |  |
| Telephone   | 828                              | 4,434         | 644                     | 460                                | 6,114                      | 9,640           | 22,120                       | 1,428                        | 368                | 1,400                  | 276                          | 3,472             | 25,592       |  |  |
| Printing, dues and subscriptions  | 2,085                            | 4,342         | 95                      | 148                                | 5,927                      | 8,380           | 20,977                       | 7,124                        | 4,291              | 325                    | 922                          | 12,662            | 33,639       |  |  |
| Meals   | 690                              | 8,025         | 257                     | 3,621                              | 2,769                      | 6,162           | 21,524                       | 1,838                        | -                  | 2,287                  | -                            | 4,125             | 25,649       |  |  |
| Equipment rental and maintenance  | 3,128                            | 2,681         | -                       | -                                  | -                          | 2,148           | 7,957                        | -                            | 21,991             | 596                    | -                            | 22,587            | 30,544       |  |  |
| Legal and accounting  | -                                | -             | -                       | -                                  | -                          | -               | -                            | 34,403                       | -                  | -                      | -                            | 34,403            | 34,403       |  |  |
| Professional contracted services  | -                                | -             | -                       | -                                  | -                          | -               | -                            | 51,417                       | 540                | -                      | 10,529                       | 62,486            | 62,486       |  |  |
| Advertising   | 710                              | 2,364         | -                       | -                                  | 48                         | -               | 3,122                        | 1,586                        | 2,713              | -                      | -                            | 7,421             | 7,421        |  |  |
| Travel  | 3,904                            | 1,588         | 17                      | 1,923                              | 5,970                      | 7,382           | 20,784                       | 1,281                        | -                  | 2,171                  | 82                           | 3,534             | 24,318       |  |  |
| National council assessments  | -                                | -             | -                       | -                                  | -                          | -               | -                            | 38,498                       | -                  | -                      | -                            | 38,498            | 38,498       |  |  |
| Office supplies   | 190                              | 587           | 1                       | 133                                | 1,466                      | 1,277           | 3,654                        | 1,432                        | 4,933              | -                      | 446                          | 6,811             | 10,465       |  |  |
| Conferences and meetings  | 7,253                            | 6,326         | 151                     | 100                                | 7,241                      | 548             | 21,619                       | 797                          | -                  | -                      | 154                          | 951               | 22,570       |  |  |
| In-kind expense   | -                                | -             | -                       | -                                  | 261                        | 1,726           | 1,987                        | -                            | -                  | -                      | -                            | -                 | 1,987        |  |  |
| Postage and shipping  | -                                | 37            | -                       | 24                                 | -                          | 134             | 195                          | 393                          | 4,572              | -                      | 295                          | 5,260             | 5,455        |  |  |
| Total other   | 30,912                           | 148,801       | 9,377                   | 9,100                              | 54,650                     | 42,773          | 295,613                      | 164,544                      | 39,665             | 7,457                  | 17,014                       | 228,680           | 524,293      |  |  |
| Total expenses before pre-development and capital campaign expenses, depreciation and allocations | 470,250                          | 2,274,977     | 106,331                 | 209,188                            | 870,281                    | 740,238         | 4,671,265                    | 845,802                      | 165,275            | 512,008                | 136,834                      | 1,659,919         | 6,331,184    |  |  |
| PRE-DEVELOPMENT AND CAPITAL CAMPAIGN EXPENSES (NOTE 17)   |                                  |               |                         |                                    |                            |                 |                              |                              |                    |                        |                              |                   |              |  |  |
|   | -                                | -             | -                       | -                                  | -                          | -               | -                            | 217,962                      | -                  | -                      | -                            | 217,962           | 217,962      |  |  |
| DEPRECIATION AND AMORTIZATION   |                                  |               |                         |                                    |                            |                 |                              |                              |                    |                        |                              |                   |              |  |  |
| Total expenses before facilities, program and general allocations                                 | 45,684                           | 88,650        | 23,219                  | 8,105                              | 11,311                     | 9,006           | 185,975                      | 6,221                        | 12,727             | -                      | 626                          | 19,574            | 205,549      |  |  |
| FACILITIES ALLOCATION   | 515,934                          | 2,363,627     | 129,550                 | 217,293                            | 881,592                    | 749,244         | 4,857,240                    | 1,069,985                    | 178,002            | 512,008                | 137,460                      | 1,897,455         | 6,754,695    |  |  |
| PROGRAM SUPPORT ALLOCATION  | 174,491                          | 126,479       | 88,698                  | 30,957                             | 14,441                     | 2,203           | 437,269                      | 23,741                       | 48,588             | (512,008)              | 2,410                        | (437,269)         | -            |  |  |
| MANAGEMENT AND GENERAL ALLOCATION   | 32,303                           | 108,518       | 7,134                   | 14,674                             | 55,215                     | -               | 217,844                      | -                            | (226,590)          | -                      | 8,746                        | (217,844)         | -            |  |  |
|   | 115,365                          | 502,659       | 25,284                  | 52,369                             | 197,507                    | 169,134         | 1,062,318                    | (1,093,726)                  | -                  | -                      | 31,408                       | (1,062,318)       | -            |  |  |
| Total expenses  | \$ 838,093                       | \$ 3,101,283  | \$ 250,666              | \$ 315,293                         | \$ 1,148,755               | \$ 920,581      | \$ 6,574,671                 | \$ -                         | \$ -               | \$ -                   | \$ 180,024                   | \$ 180,024        | \$ 6,754,695 |  |  |

See notes to financial statements.

# YWCA CENTRAL MASSACHUSETTS, INC.

## STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED SEPTEMBER 30, 2018 AND 2017

|   | 2018               | 2017             |
|---|--------------------|------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>  |                    |                  |
| Change in net assets  | \$ 2,750,966       | \$ 44,828        |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: |                    |                  |
| Depreciation and amortization   | 212,601            | 205,549          |
| Loss (gain) on disposal of property and equipment   | 962                | (289,319)        |
| Capital grants and contributions  | (5,000)            | (11,350)         |
| Unrealized and realized gains on investments  | (3,143)            | (96,417)         |
| Pledges restricted for capital campaign, net of discount                                    | 3,409,950          | 56,006           |
| Changes in operating assets and liabilities:  |                    |                  |
| Program service fees receivable   | (81,669)           | 3,828            |
| Other accounts receivable   | (6,101)            | (12,635)         |
| Prepaid expenses and other  | 12,050             | 2,648            |
| Accounts payable  | 9,357              | 1,410            |
| Accrued expenses  | 70,204             | 224,062          |
| Deferred revenue  | (14,398)           | (2,411)          |
| Net cash provided by operating activities   | <u>6,355,779</u>   | <u>126,199</u>   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>  |                    |                  |
| Acquisition of property and equipment   | (360,999)          | (406,160)        |
| Proceeds from sale of property and equipment  | -                  | 297,160          |
| Purchases of investments  | (721,801)          | (2,175,089)      |
| Proceeds from sales of investments  | <u>942,298</u>     | <u>2,056,394</u> |
| Net cash used for investing activities  | <u>(140,502)</u>   | <u>(227,695)</u> |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>  |                    |                  |
| Net proceeds from note payable, bank  | 42,199             | 71,250           |
| Proceeds from long-term debt  | 109,631            | 125,000          |
| Payments on long-term debt  | (35,340)           | (33,118)         |
| Repayments on capital lease obligations   | (7,994)            | (7,621)          |
| Capital grants and contributions received   | 5,000              | 11,350           |
| Pledges restricted for capital campaign, net of discount                                    | (3,409,950)        | (56,006)         |
| Change in pledges receivable  | <u>(2,911,268)</u> | <u>(53,006)</u>  |
| Net cash (used for) provided by financing activities  | <u>(6,207,722)</u> | <u>57,849</u>    |
| <b>NET INCREASE (DECREASE) IN CASH</b>  | <b>7,555</b>       | <b>(43,647)</b>  |
| <b>CASH, beginning of year</b>  | <u>62,794</u>      | <u>106,441</u>   |
| <b>CASH, end of year</b>  | <u>\$ 70,349</u>   | <u>\$ 62,794</u> |
| <b>SUPPLEMENTAL DISCLOSURE:</b>   |                    |                  |
| Cash paid for interest  | <u>\$ 54,859</u>   | <u>\$ 42,925</u> |
| <b>NON-CASH INVESTING AND FINANCING TRANSACTIONS:</b>                                       |                    |                  |
| Donated materials and services  | <u>\$ 76,488</u>   | <u>\$ 1,987</u>  |
| Conversion of loan fees to long-term debt   | <u>\$ 6,858</u>    | <u>\$ -</u>      |
| Conversion of accrued interest to long-term debt  | <u>\$ 2,773</u>    | <u>\$ -</u>      |

See notes to financial statements.



# YWCA CENTRAL MASSACHUSETTS, INC.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED SEPTEMBER 30, 2018 AND 2017

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### 1. ORGANIZATION

YWCA Central Massachusetts, Inc. (the “YWCA”) was incorporated in October 1885. The 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*. The 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 violence 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, one in Central Massachusetts and one in North 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 –**

- **The 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 202 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** – is 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. The program serves approximately 91 children annually. During school vacation weeks and on professional development days, the YWCA provides out-of-school time programming at its One Salem Square location in downtown Worcester from 7:30 a.m. to 5:30 p.m.

## 1. ORGANIZATION (CONTINUED)

- **Camp Wind-in-the-Pines** – is a summer day camp for youth ages 6-15 years on Stiles Reservoir in Leicester, Massachusetts. Approximately 250 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 high school education. The program's main goal is for each participant to obtain educational credentials and become self-sufficient. The program partners with other community based organizations to provide academic instruction preparing teen parents to take the HiSET (high school equivalency test), life skills workshops, parenting education, case management, career and college readiness.
- **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. The program serves approximately 45 girls in Worcester and 45 girls in Leominster.
- **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 supports. 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. The programs also collaborate 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 ("YELP") 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<sup>plus</sup> and Women's Health Network are community based breast and cervical cancer outreach, education, early detection, and support programs 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 and aerobics program for disabled individuals.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Basis 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 that accrues interest at 2.5% per annum and was scheduled to mature in 2015. The Board of Directors voted not to accrue or pay interest on this note during 2018 and 2017. The balance outstanding from the operating net assets as of September 30, 2018 and 2017 is \$244,809.

**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.

**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.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**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, 2018 and 2017, 4% (\$51,328 and \$52,674, 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. Additionally, during 2018, the Board of Directors approved an additional \$200,000 distribution from the unrestricted endowment to fund operations. The YWCA also appropriates for operations investment income earned on permanently restricted funds (see Note 9). The income is used to provide scholarships and counseling services. The YWCA appropriated for operations investment income earned on these funds of \$13,992 and \$8,557 in 2018 and 2017, 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 2018 and 2017. The YWCA considers accounts receivable as of September 30, 2018 and 2017 to be fully collectible.

**Pledges Receivable** – Pledges receivable consist of contributions committed to the capital campaign. Pledges are recorded at their net present value when unconditionally committed.

**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. Repairs and maintenance are charged to expense as they are incurred. Depreciation is provided over the estimated useful lives of the assets, which range from 3 – 40 years, of each class of depreciable asset and is computed using the straight-line method.

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

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**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.

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, 2018 and 2017, a time study was performed to determine the functional allocation of development employees. The allocation of development employee wages, payroll taxes and employee benefits is based on the percentages calculated from the study. For the years ended September 30, 2018 and 2017, 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.

**Donated Material and Services** – During fiscal year 2018 and 2017, the YWCA received donated materials and services in the amount of \$76,488 and \$1,987, respectively. The donations are recorded at the value determined by the donors. During 2018, \$69,000 of donated services was received related to the capital campaign; therefore, \$69,000 of donated services was included with pre-development and capital campaign expenses on the statement of functional expenses for the year ended September 30, 2018.

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 nonprofit 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 2014.

**Advertising Costs** – The YWCA expenses advertising costs as they are incurred. Total advertising expense in 2018 and 2017 was \$12,174 and \$7,421, respectively.

### 3. PLEDGES RECEIVABLE

The YWCA anticipates collection of outstanding pledges receivable as follows at September 30, 2018:

|   |                     |
|---|---------------------|
| Capital campaign, current (Note 17)               | \$ 1,297,737        |
| Restricted to future periods                      | <u>1,885,956</u>    |
| Pledges receivable before<br>unamortized discount | 3,183,693           |
| Less: unamortized discount                        | <u>219,419</u>      |
| Net pledges receivable                            | <u>\$ 2,964,274</u> |

Amounts due in:

|                    |                     |
|--------------------|---------------------|
| Less than one year | \$ 1,297,737        |
| One to five years  | <u>1,885,956</u>    |
|                    | <u>\$ 3,183,693</u> |

Amounts presented above have been discounted to present value using a discount rate of 5.25% in 2018. The discount will be recognized as capital campaign contribution income in fiscal years 2019-2023 as the pledges are received and using the same effective rate for each year.

### 4. INVESTMENTS

Investments consist of the following at September 30:

|                           | 2018                |                     | 2017                |                     |
|---------------------------|---------------------|---------------------|---------------------|---------------------|
|                           | <u>Cost</u>         | <u>Fair Value</u>   | <u>Cost</u>         | <u>Fair Value</u>   |
| Cash and cash equivalents | \$ 57,243           | \$ 57,243           | \$ 62,852           | \$ 62,852           |
| Exchange-traded funds     | <u>1,692,715</u>    | <u>1,715,523</u>    | <u>1,830,363</u>    | <u>1,927,268</u>    |
|                           | <u>\$ 1,749,958</u> | <u>\$ 1,772,766</u> | <u>\$ 1,893,215</u> | <u>\$ 1,990,120</u> |

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

|   | 2018            | 2017             |
|---|-----------------|------------------|
| Unrealized loss                                 | \$ (74,097)     | \$ (31,177)      |
| Net realized gain<br>(based upon original cost) | <u>77,240</u>   | <u>127,594</u>   |
| Total net gain for year                         | <u>\$ 3,143</u> | <u>\$ 96,417</u> |

## 5. PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

|  | 2018                | 2017                |
|--|---------------------|---------------------|
| <b>Worcester:</b>                                      |                     |                     |
| Land and improvements                                  | \$ 122,381          | \$ 119,810          |
| Building and improvements                              | 4,911,202           | 4,883,362           |
| Furniture and equipment                                | 535,574             | 535,847             |
| Total Worcester  | <u>5,569,157</u>    | <u>5,539,019</u>    |
| <b>Leicester:</b>                                      |                     |                     |
| Land and improvements                                  | 61,181              | 61,181              |
| Building and improvements                              | 683,165             | 657,866             |
| Furniture and equipment                                | 9,845               | 9,845               |
| Total Leicester  | <u>754,191</u>      | <u>728,892</u>      |
| <b>Westborough:</b>                                    |                     |                     |
| Land and improvements                                  | 17,000              | 17,000              |
| Building and improvements                              | 1,399,684           | 1,366,502           |
| Furniture and equipment                                | 36,773              | 36,773              |
| Total Westborough                                      | <u>1,453,457</u>    | <u>1,420,275</u>    |
| <b>Greater Worcester - Domestic Violence Services:</b> |                     |                     |
| Land and improvements                                  | 13,840              | 13,840              |
| Building and improvements                              | 452,556             | 452,556             |
| Furniture and equipment                                | 12,998              | 12,998              |
| Total Greater Worcester                                | <u>479,394</u>      | <u>479,394</u>      |
| <b>North County - Domestic Violence Services:</b>      |                     |                     |
| Land and improvements                                  | 45,000              | 45,000              |
| Building and improvements                              | 249,711             | 249,711             |
| Furniture and equipment                                | 11,100              | 11,392              |
| Total North County                                     | <u>305,811</u>      | <u>306,103</u>      |
| <b>Renovation Construction-in-Progress (Note 17)</b>   | <u>401,897</u>      | <u>238,607</u>      |
| <b>Other Construction-in-Progress</b>                  | <u>104,857</u>      | <u>29,874</u>       |
| Total property and equipment                           | 9,068,764           | 8,742,164           |
| Less accumulated depreciation                          | 5,904,397           | 5,725,233           |
| Net property and equipment                             | <u>\$ 3,164,367</u> | <u>\$ 3,016,931</u> |

## 6. NOTE PAYABLE TO BANK

On April 27, 2012, the YWCA entered into a line of credit agreement with its primary bank. Since 2012, the line of credit agreement was amended to increase the available borrowings to \$750,000 and to extend the maturity date. Interest is payable monthly at an interest rate equal to the Wall Street Journal prime rate plus .25% (5.50% at September 30, 2018 and 4.50% at September 30, 2017) with a floor rate of 3.50%. The line of credit agreement is scheduled to expire on April 27, 2020. The total outstanding balance of the line of credit as of September 30, 2018 and 2017 was \$471,851 and \$429,652, 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.

## 7. LONG-TERM DEBT

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

|  | 2018       | 2017       |
|--|------------|------------|
| 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.  | \$ 456,838 | \$ 479,674 |
| 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.  | 41,147     | 48,908     |
| Note payable to a bank, due in monthly principal and interest installments of \$464, starting in December 2016 through November 2021. This note is secured by all business assets and endowment investment accounts and a negative pledge on certain properties located in Worcester, Leicester and Westborough. Interest charged is fixed at 4.30% per annum.   | 16,458     | 21,201     |
| On May 17, 2017, the YWCA entered into a pre-development loan agreement with the Community Economic Development Assistance Corporation (CEDAC) to borrow funds up to \$400,000 to be used to pay certain site control, technical assistance, and pre-development costs and expenses related to the One Salem Square renovation project (Note 17). As of September 30, 2018, \$200,000 has been authorized by the CEDAC as available for distribution of which \$100,000 is outstanding. The 2018 balance also includes a \$1,000 processing fee. Interest is accrued on the outstanding principal balance at a fixed rate of 7% per annum. CEDAC expects the loan and accrued interest to be repaid in full when financing for the renovation project has been secured and disbursed to the YWCA. The loan is secured by a first mortgage lien and by a security interest in all goods and personal property located or used in connection with the One Salem Square property. | 101,000    | 100,000    |

continued ...



7. **LONG-TERM DEBT (CONTINUED)**

|  | 2018              | 2017              |
|--|-------------------|-------------------|
| <p>On August 22, 2017, the YWCA entered into a \$100,000 pre-development loan agreement with the Massachusetts Development Finance Agency ("MassDevelopment") related to the One Salem Square renovation project (Note 17). In June 13, 2018, the loan was modified to increase the funds available for borrowing to \$402,000. The loan was made available to the YWCA to assist with the payment of pre-development costs including but not limited to architectural and engineering costs, capital campaign and financing consultants, and for the roof replacement at the One Salem Square property. MassDevelopment will reimburse YWCA for project costs incurred and paid. Interest is accrued on the outstanding principal balance at a fixed rate of 4% per annum. Interest only monthly payments are required from August 1, 2018 to July 1, 2023 when the entire unpaid principal and interest shall be due. MassDevelopment expects the loan and accrued interest to be repaid in full by the maturity date unless certain events occur first. These events include the receipt of cash donations, grants, and funding for the renovation project from a bank or other lender above \$5,000,000 and if the property is sold, gifted, or transferred. The loan is secured by all YWCA's assets.</p> |                   |                   |
|  | 108,631           | -                 |
| Total  | 724,074           | 649,783           |
| Less - current portion   | 246,459           | 35,280            |
| Long-term debt   | <u>\$ 477,615</u> | <u>\$ 614,503</u> |

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

|            |                   |
|------------|-------------------|
| 2019       | \$ 246,459 *      |
| 2020       | 38,389            |
| 2021       | 40,160            |
| 2022       | 37,218            |
| 2023       | 37,910            |
| Thereafter | <u>323,938</u>    |
| Total      | <u>\$ 724,074</u> |

\* Repayment of the CEDAC and MassDevelopment loans are expected during fiscal year ending September 30, 2019.

## 8. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are restricted at September 30, 2018 and 2017 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 9):

|                         | <b>2018</b>       | <b>2017</b>       |
|-------------------------|-------------------|-------------------|
| Restricted cash         | \$ 2,812          | \$ 6,032          |
| Unrealized appreciation | 6,405             | 20,636            |
| Realized gains          | <u>159,003</u>    | <u>144,665</u>    |
|                         | <u>\$ 168,220</u> | <u>\$ 171,333</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 9):

|                         | <b>2018</b>      | <b>2017</b>      |
|-------------------------|------------------|------------------|
| Restricted cash         | \$ 6,156         | \$ 5,307         |
| Unrealized appreciation | 3,781            | 11,101           |
| Realized gains          | <u>37,368</u>    | <u>29,980</u>    |
|                         | <u>\$ 47,305</u> | <u>\$ 46,388</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:

|                            | <b>2018</b>         | <b>2017</b>       |
|----------------------------|---------------------|-------------------|
| Purpose restricted         | \$ 78,921           | \$ 72,729         |
| Capital campaign (Note 17) | 3,052,391           | 61,144.00         |
| Fiscal sponsor (Note 15)   | <u>19,091</u>       | <u>34,555</u>     |
|                            | <u>\$ 3,150,403</u> | <u>\$ 168,428</u> |

## 9. **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, 2018 and 2017:

### **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**

The donor's permanent restrictions require that \$48,317 principal be held as a permanent source of income. Income generated from the investment holdings is available on an unrestricted basis.

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.

## 10. FUNDING

The YWCA receives a significant portion of its total operating revenues and public support (approximately 14% in fiscal year 2018 and 20% in fiscal year 2017) from the Massachusetts Department of Public Health (DPH) under unit-rate and cost reimbursable contracts. These reimbursements are subject to audit by DPH. 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, 2018 and 2017, or on the changes in its net assets for the years then ended. Approximately 24% and 29% of the YWCA's program service fees receivable and other accounts receivable at September 30, 2018 and 2017 was due from DPH.

## 11. 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 2018 and 2017, 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.

The YWCA's policy is to fund retirement costs as they are incurred. Retirement expense was \$135,917 and \$133,078 for fiscal years 2018 and 2017, respectively. These expenses are included in employee benefits in the accompanying financial statements.

## 12. 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, 2018 are as follows:

|   |                 |
|---|-----------------|
| Year ending September 30,                       |                 |
| 2019  | \$ 8,676        |
| 2020  | <u>1,447</u>    |
| Total minimum capital lease repayments          | 10,123          |
| Less amounts representing interest              | <u>298</u>      |
| Present value of minimum capital lease payments | 9,825           |
| Less current obligation under capital lease     | <u>8,387</u>    |
| Long-term capital lease obligation              | <u>\$ 1,438</u> |

The aggregate cost of the equipment as of September 30, 2018 and 2017, which is reported as a component of Worcester - property and equipment is \$31,644. Net book value on such equipment was \$15,822 and \$23,733 at September 30, 2018 and 2017, respectively. Depreciation expense on the capital equipment, included in depreciation and amortization expense, was \$7,911 at September 30, 2018 and 2017, respectively.

### 13. 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, 2021.

For the years ended September 30, 2018 and 2017, the YWCA incurred rent expense of approximately \$71,124 and \$68,700, respectively. These expenses are included in occupancy in the accompanying financial statements.

The YWCA leases office equipment under numerous operating leases expiring in November 2023. Operating office equipment lease expense was approximately \$17,300 in 2018 and \$15,400 in 2017, respectively.

Future minimum lease payments under the operating leases for office space and equipment at September 30, 2018 are as follows:

|            |    |               |
|------------|----|---------------|
| 2019       | \$ | 32,708        |
| 2020       |    | 18,806        |
| 2021       |    | 14,089        |
| 2022       |    | 1,956         |
| 2023       |    | 1,956         |
| Thereafter |    | 326           |
| Total      | \$ | <u>69,841</u> |

### 14. 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 other than prices quoted in Level 1, such as prices quoted for similar financial assets and liabilities in active markets, prices for identical assets and liabilities in markets that are not active or other inputs that are observable or can be corroborated by observable market data.
- 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.

#### 14. FAIR VALUE MEASUREMENTS (CONTINUED)

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, 2018 and 2017.

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

*Exchange-traded funds:* valued at the net asset value of shares held by the YWCA at year end as reported on the active market on which the shares are traded.

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

|                             | 2018                |                |                |                     |
|-----------------------------|---------------------|----------------|----------------|---------------------|
|                             | <u>Level 1</u>      | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u>        |
| Money market                | \$ 57,243           | \$ -           | \$ -           | \$ 57,243           |
| Exchange-traded funds:      |                     |                |                |                     |
| Growth                      | 181,165             | -              | -              | 181,165             |
| Value                       | 185,171             | -              | -              | 185,171             |
| Blended                     | 377,809             | -              | -              | 377,809             |
| International               | 881,249             | -              | -              | 881,249             |
| Fixed income                | 76,551              | -              | -              | 76,551              |
| Other                       | 13,578              | -              | -              | 13,578              |
| Total exchange-traded funds | 1,715,523           | -              | -              | 1,715,523           |
|                             | <u>\$ 1,772,766</u> | <u>\$ -</u>    | <u>\$ -</u>    | <u>\$ 1,772,766</u> |
|                             | 2017                |                |                |                     |
|                             | <u>Level 1</u>      | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u>        |
| Money market                | \$ 62,852           | \$ -           | \$ -           | \$ 62,852           |
| Exchange-traded funds:      |                     |                |                |                     |
| Growth                      | 197,821             | -              | -              | 197,821             |
| Value                       | 293,352             | -              | -              | 293,352             |
| Blended                     | 305,018             | -              | -              | 305,018             |
| International               | 84,973              | -              | -              | 84,973              |
| Fixed income                | 1,024,356           | -              | -              | 1,024,356           |
| Other                       | 21,748              | -              | -              | 21,748              |
| Total exchange-traded funds | 1,927,268           | -              | -              | 1,927,268           |
|                             | <u>\$ 1,990,120</u> | <u>\$ -</u>    | <u>\$ -</u>    | <u>\$ 1,990,120</u> |

#### 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. FISCAL SPONSOR**

The YWCA agreed to serve as the fiscal sponsor for the Massachusetts Women of Color Coalition (“MAWOCC”) in October 2016, for the Healthy Greater Worcester (“CHNA8”) in June 2015 and for the Tri-Town Domestic Violence Task Force during 2013. During 2018, the Tri-Town Domestic Violence Task Force obtained its own 501(c)(3) exempt status and terminated the fiscal sponsorship as it was no longer needed. The YWCA maintains legal and fiduciary responsibilities for all activities of the organizations it serves as fiscal sponsor. 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 2018 and 2017 amounted to \$84,236 and \$37,993, respectively. Total expense for these programs during 2018 and 2017 amounted to \$99,700 and \$89,470, respectively. A total of \$19,091 and \$34,555 is included as temporarily restricted net assets for these programs as of September 30, 2018 and 2017.

## **17. CAPITAL CAMPAIGN**

During 2017, the YWCA embarked on a \$7,500,000 capital campaign to renovate its One Salem Square location in downtown Worcester. The total project cost is budgeted at approximately \$23,500,000. Planned funding for the total project includes not only the capital campaign contributions, but also federal new market and historic tax credits, state historic tax credits, grants from the Commonwealth of Massachusetts and the City of Worcester, funds from the Commonwealth’s Department of Housing and Community Development, and a mortgage. During 2017, the YWCA secured two pre-development loans (see Note 7) as part of its strategy to start the renovation project. During 2018 and 2017, a total of \$3,842,286 and \$90,644, respectively, was raised in contributions and pledges (see Note 3) towards the capital campaign. Total contributions and pledges net of unamortized discount was \$3,627,366 and \$86,144 in 2018 and 2017, respectively. The renovation construction project is expected to be completed by December 2020.

The YWCA has incurred significant expenses associated with the planning and construction stages of the renovation project. A total of \$541,828 and \$217,962 in pre-development and capital campaign expenses were incurred in 2018 and 2017, respectively, and reported as pre-development and capital campaign expenses in the statements of functional expenses for the years ended September 30, 2018 and 2017. Additionally, \$401,897 and \$238,607 in costs have been incurred and are included and reported with property and equipment as renovation construction-in-progress on the statements of financial position as of September 30, 2018 and 2017, respectively. Also, approximately \$311,000 and \$228,000 in renovation costs are included and reported with accrued expenses on the statements of financial position as of September 30, 2018 and 2017, respectively.

## **18. SUBSEQUENT EVENT**

From October 2018 to January 31, 2019, the YWCA raised approximately \$373,000 in additional pledges and contributions from foundations and community members toward the capital campaign goal. The new pledges are scheduled to be paid in one to five years from pledge dates.

The YWCA has evaluated all subsequent events through January 31, 2019, the date the financial statements were evaluated to be issued.