

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

*Financial Statements for the Years Ended
September 30, 2019 and 2018 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, 2019 and 2018, 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, 2019 and 2018, 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.



January 30, 2020

YWCA CENTRAL MASSACHUSETTS, INC.

STATEMENTS OF FINANCIAL POSITION SEPTEMBER 30, 2019 AND 2018

| | 2019 | 2018 |
|--|---------------------|---------------------|
| ASSETS | | |
| CURRENT ASSETS: | | |
| Cash and cash equivalents | \$ 707,104 | \$ 70,349 |
| Investments | 93,701 | 57,243 |
| Program service fees receivable | 420,979 | 243,223 |
| Other accounts receivable | 215,391 | 225,466 |
| Pledges receivable, current (Note 3) | 942,147 | 1,297,737 |
| Prepaid expenses and other | 7,470 | 11,738 |
| Total current assets | 2,386,792 | 1,905,756 |
| PLEDGES RECEIVABLE, non-current (Note 3) | 915,599 | 1,666,537 |
| PROPERTY AND EQUIPMENT, net | 3,638,547 | 3,164,367 |
| INVESTMENTS, net of current portion | 1,681,748 | 1,715,523 |
| TOTAL ASSETS | <u>\$ 8,622,686</u> | <u>\$ 8,452,183</u> |
| LIABILITIES AND NET ASSETS | | |
| CURRENT LIABILITIES: | | |
| Accounts payable | \$ 26,831 | \$ 31,512 |
| Accrued expenses (Note 17) | 625,115 | 602,606 |
| Current portion of long-term debt | 413,694 | 246,459 |
| Current portion of capital lease obligations | 1,437 | 8,387 |
| Deferred revenue | 27,274 | 26,586 |
| Total current liabilities | 1,094,351 | 915,550 |
| NOTE PAYABLE, BANK | - | 471,851 |
| LONG-TERM DEBT, net of current portion | 439,163 | 477,615 |
| LONG-TERM PORTION OF CAPITAL LEASE | - | 1,438 |
| Total liabilities | <u>1,533,514</u> | <u>1,866,454</u> |
| NET ASSETS: | | |
| Without donor restrictions | 2,752,857 | 2,693,111 |
| With donor restrictions | 4,336,315 | 3,892,618 |
| Total net assets | <u>7,089,172</u> | <u>6,585,729</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 8,622,686</u> | <u>\$ 8,452,183</u> |

See notes to financial statements.

YWCA CENTRAL MASSACHUSETTS, INC.

STATEMENTS OF ACTIVITIES FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018

| | 2019 | | | 2018 | | |
|---|-------------------------------|----------------------------|--------------|-------------------------------|----------------------------|--------------|
| | Without Donor Restrictions | With Donor Restrictions | Total | Without Donor Restrictions | With Donor Restrictions | Total |
| OPERATING ACTIVITIES: | | | | | | |
| REVENUES AND OTHER SUPPORT: | | | | | | |
| Program service fees: | | | | | | |
| Government contracts | \$ 4,226,687 | \$ - | \$ 4,226,687 | \$ 3,392,101 | \$ - | \$ 3,392,101 |
| Individuals and other | 2,131,408 | - | 2,131,408 | 2,070,005 | - | 2,070,005 |
| Grants and contributions | 215,835 | 298,728 | 514,563 | 256,431 | 275,736 | 532,167 |
| United Way | 206,887 | - | 206,887 | 246,311 | - | 246,311 |
| Special events, net of expenses of \$34,284 and \$32,767 in 2019 and 2018, respectively | 43,555 | - | 43,555 | 38,249 | - | 38,249 |
| Investment income, net of fees of \$17,365 and \$18,932 in 2019 and 2018, respectively | 36,156 | 16,607 | 52,763 | 33,452 | 16,755 | 50,207 |
| Miscellaneous income | 79,371 | - | 79,371 | 76,927 | - | 76,927 |
| Membership dues | 13,383 | - | 13,383 | 21,514 | - | 21,514 |
| Donated materials and services | 2,758 | - | 2,758 | 76,488 | - | 76,488 |
| Capital campaign contributions (Note 17) | - | 824,298 | 824,298 | - | 3,627,366 | 3,627,366 |
| Net assets released from restrictions | 714,202 | (714,202) | - | 940,253 | (940,253) | - |
| Total revenues and other support | 7,670,242 | 425,431 | 8,095,673 | 7,151,731 | 2,979,604 | 10,131,335 |
| EXPENSES: | | | | | | |
| Program services | 5,410,079 | - | 5,410,079 | 5,030,314 | - | 5,030,314 |
| Supporting services | 2,228,415 | - | 2,228,415 | 2,352,236 | - | 2,352,236 |
| Total expenses | 7,638,494 | - | 7,638,494 | 7,382,550 | - | 7,382,550 |
| Change in net assets from operations | 31,748 | 425,431 | 457,179 | (230,819) | 2,979,604 | 2,748,785 |
| NONOPERATING ACTIVITIES: | | | | | | |
| Realized and unrealized gain on investments, net | 28,378 | 18,266 | 46,644 | 2,968 | 175 | 3,143 |
| Loss on disposal of property and equipment | (380) | - | (380) | (962) | - | (962) |
| Total nonoperating activities | 27,998 | 18,266 | 46,264 | 2,006 | 175 | 2,181 |
| Change in net assets | 59,746 | 443,697 | 503,443 | (228,813) | 2,979,779 | 2,750,966 |
| NET ASSETS - BEGINNING | 2,693,111 | 3,892,618 | 6,585,729 | 2,921,924 | 912,839 | 3,834,763 |
| NET ASSETS - ENDING | \$ 2,752,857 | \$ 4,336,315 | \$ 7,089,172 | \$ 2,693,111 | \$ 3,892,618 | \$ 6,585,729 |

See notes to financial statements.

YWCA CENTRAL MASSACHUSETTS, INC.

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2019
(With Summarized Financial Information for the Year Ended September 30, 2018)**

| | 2019 | | | | | | | | | | 2018 | | |
|---|----------------------------|-----------------------|--------------|----------------------|------------------------------|--|--------------|------------------------|------------------------|-----------------|----------------|------------------------|------------------------|
| | PROGRAM SERVICES | | | | | SUPPORT SERVICES | | | | | TOTAL EXPENSES | | |
| | WELLNESS AND HEALTH EQUITY | COMMUNITY IMPROVEMENT | CHILD CARE | TRANSITIONAL HOUSING | WOMEN'S ECONOMIC EMPOWERMENT | DOMESTIC VIOLENCE SERVICES GREATER WORCESTER | NORTH COUNTY | TOTAL PROGRAM SERVICES | MANAGEMENT AND GENERAL | PROGRAM SUPPORT | | FACILITIES DEVELOPMENT | TOTAL SUPPORT SERVICES |
| PERSONNEL AND RELATED: | | | | | | | | | | | | | |
| Salaries | \$ 340,043 | \$ - | \$ 1,785,090 | \$ 81,372 | \$ 162,838 | \$ 716,717 | \$ 483,758 | \$ 3,569,818 | \$ 492,874 | \$ 110,785 | \$ 97,348 | \$ 798,080 | \$ 4,367,898 |
| Employee benefits | 23,193 | - | 248,818 | 10,885 | 23,255 | 122,034 | 96,354 | 524,539 | 60,860 | 7,855 | 12,617 | 93,949 | 618,488 |
| Payroll taxes | 26,325 | - | 133,089 | 6,142 | 12,341 | 54,253 | 35,768 | 267,918 | 37,525 | 8,925 | 7,477 | 60,786 | 328,704 |
| Outside and contracted services | 650 | 181,169 | 9,585 | - | 34,000 | 49,326 | 2,061 | 276,791 | 62,491 | - | - | 62,491 | 339,282 |
| Total payroll and related expenses | 390,211 | 181,169 | 2,176,582 | 98,399 | 232,434 | 942,330 | 617,941 | 4,639,066 | 653,730 | 127,565 | 117,442 | 1,015,306 | 5,654,372 |
| OCCUPANCY: | | | | | | | | | | | | | |
| Rent and utilities | - | - | 87,255 | - | - | 17,809 | 22,968 | 128,032 | 500.00 | - | 245,532 | 246,032 | 374,064 |
| Repairs and maintenance | - | - | 42,789 | - | - | 12,682 | 2,973 | 58,444 | 578 | - | 167,503 | 168,081 | 226,525 |
| Insurance | - | - | 1,623 | - | - | 737 | 924 | 3,284 | 50,866 | - | 9,338 | 60,204 | 63,488 |
| Interest | 289 | - | 619 | - | - | - | 751 | 1,659 | 30,436 | - | - | 30,436 | 32,093 |
| Total occupancy | 289 | - | 132,286 | - | - | 31,228 | 27,616 | 191,419 | 82,380 | - | 422,373 | 504,753 | 696,172 |
| OTHER: | | | | | | | | | | | | | |
| Program supplies | 17,039 | - | 84,699 | 227 | - | 7,973 | 501 | 115,058 | 46,839 | 75 | 1,789 | 305 | 115,058 |
| Miscellaneous | 4,706 | 12,772 | 20,862 | (22,025) | 226,00 | 12,441 | 37,974 | 66,956 | - | - | - | 49,008 | 107,402 |
| Scholarships | - | - | 2,969 | 10,954 | - | 5,000 | - | 18,923 | - | - | - | - | 94,207 |
| Client transportation | - | - | 56,441 | 122 | 1,542 | 1,752 | 4,275 | 64,132 | - | - | - | - | 19,126 |
| Telephone | 843 | 1,473 | 4,759 | 655 | 468 | 7,436 | 11,442 | 27,076 | 1,739 | 468 | 1,596 | 4,177 | 58,612 |
| Printing, dues and subscriptions | 811 | - | 4,502 | 65 | 196,00 | 6,834 | 4,140 | 16,538 | 8,058 | 3,809 | 115 | 14,506 | 23,056 |
| Meals | 1,085 | - | 10,515 | 66 | 6,008 | 2,412 | 5,002 | 25,088 | 4,765 | - | 1,728 | 6,493 | 31,253 |
| Equipment rental and maintenance | 2,817 | - | 1,966 | 36 | - | 1,416 | 2,245 | 8,480 | 259 | 24,073 | 243 | 24,575 | 29,071 |
| Legal and accounting | - | - | - | - | - | - | - | - | 38,228 | - | - | 38,228 | 31,875 |
| Professional contracted services | - | - | - | - | - | - | - | - | 56,072 | 380 | - | 69,364 | 38,816 |
| Advertising | 3,069 | - | 1,865 | - | - | - | - | 4,934 | 1,210 | 2,700 | - | 3,984 | 69,765 |
| Travel | 1,024 | 197 | 1,205 | 42 | 5,924 | 5,022 | 6,317 | 19,731 | 3,903 | - | 1,724 | 5,707 | 12,174 |
| National council assessments | - | - | - | - | - | - | - | - | 40,000 | - | - | 40,000 | 23,169 |
| Office supplies | - | 223 | 979 | 48 | 61 | 694 | 403 | 2,408 | - | 3,182 | - | 40,000 | 40,000 |
| Conferences and meetings | 3,044 | 2,664 | 11,455 | - | - | 805 | 1,413 | 19,381 | 1,794 | - | 296 | 5,272 | 7,680 |
| In-kind expense | - | - | - | - | - | 1,015 | 1,743 | 2,758 | 200 | - | 595 | 840 | 7,297 |
| Postage and shipping | - | - | - | 22 | - | 40 | 7 | 69 | 101 | 4,048 | - | 797 | 14,593 |
| Total other | 34,438 | 17,329 | 202,217 | (9,788) | 19,044 | 52,830 | 75,462 | 391,532 | 203,258 | 38,735 | 7,790 | 267,190 | 7,488 |
| Total expenses before pre-development and capital campaign expenses, depreciation and allocations | 424,938 | 198,498 | 2,511,085 | 88,611 | 251,478 | 1,026,388 | 721,019 | 5,222,017 | 939,388 | 166,300 | 547,605 | 1,787,249 | 7,099,266 |
| PRE-DEVELOPMENT AND CAPITAL CAMPAIGN EXPENSES (NOTE 17) | | | | | | | | | | | | | |
| DEPRECIATION AND AMORTIZATION | 45,561 | - | 92,894 | 23,277 | 3,108 | 14,433 | 8,789 | 188,062 | 416,646 | - | - | 416,646 | 541,828 |
| Total expenses before facilities, program and general allocations | 470,499 | 198,498 | 2,603,979 | 111,888 | 254,586 | 1,040,821 | 729,808 | 5,410,079 | 1,367,032 | 179,215 | 547,605 | 2,228,415 | 7,638,494 |
| FACILITIES ALLOCATION | 183,849 | - | 145,352 | 93,929 | 12,541 | 12,989 | - | 448,660 | 44,930 | 51,485 | (547,605) | (448,660) | - |
| PROGRAM SUPPORT ALLOCATION | 26,682 | - | 111,465 | 6,840 | 13,713 | 61,644 | - | 220,344 | 2,276 | (230,700) | - | (220,344) | - |
| MANAGEMENT AND GENERAL ALLOCATION | 122,817 | - | 679,317 | 31,481 | 63,164 | 284,977 | 195,217 | 1,376,973 | (1,414,218) | - | 37,245 | (1,376,973) | - |
| Total expenses | \$ 803,847 | \$ 198,498 | \$ 3,540,113 | \$ 244,138 | \$ 344,004 | \$ 1,400,431 | \$ 925,025 | \$ 7,456,056 | \$ - | \$ - | \$ - | \$ 182,438 | \$ 7,638,494 |
| | | | | | | | | | | | | | \$ 7,382,550 |

See notes to financial statements.

See notes to financial statements.

YWCA CENTRAL MASSACHUSETTS, INC.

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

| | PROGRAM SERVICES | | | | | | SUPPORT SERVICES | | | | | |
|---|----------------------------------|---------------|-------------------------|------------------------------------|--|------------------------------|------------------------------|--------------------|---------------------------|------------------------------|-------------------|--------------|
| | WELLNESS AND HEALTH EQUITY | CHILD CARE | TRANSITIONAL HOUSING | WOMEN'S ECONOMIC EMPOWERMENT | DOMESTIC VIOLENCE SERVICES GREATER WORCESTER | TOTAL PROGRAM SERVICES | MANAGEMENT AND GENERAL | PROGRAM SUPPORT | FACILITIES DEVELOPMENT | TOTAL SUPPORT SERVICES | TOTAL EXPENSES | |
| PERSONNEL AND RELATED: | | | | | | | | | | | | |
| Salaries | \$ 369,350 | \$ 1,691,701 | \$ 78,367 | \$ 109,807 | \$ 634,240 | \$ 3,488,005 | \$ 507,979 | \$ 106,651 | \$ 90,722 | \$ 98,568 | \$ 803,920 | \$ 4,291,925 |
| Employee benefits | 26,092 | 231,190 | 10,910 | 20,781 | 105,810 | 86,820 | 63,441 | 8,428 | 11,834 | 11,949 | 95,652 | 577,255 |
| Payroll taxes | 28,425 | 124,912 | 5,744 | 8,097 | 47,099 | 45,226 | 38,098 | 8,448 | 6,885 | 6,832 | 60,263 | 319,786 |
| Outside and contracted services | 2,700 | 13,904 | - | 10,500 | 29,373 | 160 | 56,637 | 71,212 | - | - | 71,212 | 127,849 |
| Total payroll and related expenses | 426,567 | 2,061,727 | 95,021 | 149,185 | 816,522 | 4,285,768 | 680,730 | 123,527 | 109,441 | 117,349 | 1,031,047 | 5,316,815 |
| OCCUPANCY: | | | | | | | | | | | | |
| Rent and utilities | - | 83,943 | - | - | 16,224 | 30,075 | - | - | 233,871 | - | 233,871 | 364,111 |
| Repairs and maintenance | - | 42,760 | - | - | 12,169 | 6,406 | 625 | - | 160,377 | - | 161,002 | 222,337 |
| Insurance | - | 1,560 | - | - | 708 | 888 | 48,839 | - | 8,976 | - | 57,815 | 60,971 |
| Interest | 681 | 830 | - | - | - | 907 | 48,571 | - | - | - | 48,571 | 50,989 |
| Total occupancy | 681 | 129,093 | - | - | 29,101 | 38,276 | 98,035 | - | 403,224 | - | 501,259 | 698,410 |
| OTHER: | | | | | | | | | | | | |
| Program supplies | 11,242 | 69,533 | 505 | 1,047 | 22,013 | 3,062 | - | - | - | 2,835 | - | 107,402 |
| Miscellaneous | 588 | 14,296 | 12,635 | - | 17,929 | 1,582 | 35,878 | - | 8,464 | - | 47,177 | 94,207 |
| Scholarships | - | 6,071 | 8,071 | - | 4,984 | 1,916 | - | - | - | - | - | 19,126 |
| Client transportation | 1,481 | 53,974 | 52 | 480 | 1,590 | 1,035 | - | - | - | - | - | 58,612 |
| Telephone | 811 | 4,500 | 631 | 451 | 7,377 | 10,881 | 1,448 | 361 | 1,325 | 271 | 3,405 | 28,056 |
| Printing, dues and subscriptions | 1,367 | 5,546 | 72 | - | 6,131 | 3,641 | 8,537 | 2,888 | 465 | 424 | 12,314 | 29,071 |
| Meals | 79 | 9,521 | 120 | 4,036 | 1,547 | 6,041 | 2,776 | 2,888 | 1,950 | 476 | 4,726 | 26,070 |
| Equipment rental and maintenance | 4,470 | 2,638 | - | - | 149 | 2,080 | 309 | 22,182 | 47 | - | 22,538 | 31,875 |
| Legal and accounting | - | - | - | - | - | - | 38,816 | - | - | - | 38,816 | 38,816 |
| Professional contracted services | - | - | - | - | - | - | 56,670 | 8 | - | 13,087 | 69,765 | 69,765 |
| Advertising | 5,053 | 2,713 | - | - | - | 7,766 | 805 | 3,603 | - | 4,408 | 12,174 | 12,174 |
| Travel | 2,358 | 1,344 | - | 2,513 | 4,910 | 7,377 | 2,572 | - | 2,080 | 15 | 4,667 | 23,169 |
| National council assessments | - | - | - | - | - | - | 40,000 | - | - | - | 40,000 | 40,000 |
| Office supplies | 272 | 630 | - | 9 | 1,034 | 397 | 1,076 | 3,912 | (378) | 445 | 5,055 | 7,397 |
| Conferences and meetings | 4,735 | 6,842 | - | - | 578 | 1,926 | 300 | - | - | 212 | 512 | 14,593 |
| In-kind expense | - | - | - | - | 5,937 | 1,551 | - | - | - | - | - | 7,488 |
| Postage and shipping | - | - | - | - | 75 | 136 | 116 | 4,574 | - | 174 | 4,864 | 5,075 |
| Total other | 32,456 | 177,608 | 22,086 | 8,536 | 74,254 | 39,709 | 189,303 | 37,528 | 13,953 | 17,463 | 258,247 | 612,896 |
| 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 | 968,068 | 161,055 | 526,618 | 134,812 | 1,790,553 | 6,628,121 |
| PRE-DEVELOPMENT AND CAPITAL CAMPAIGN EXPENSES (NOTE 17) | | | | | | | | | | | | |
| DEPRECIATION AND AMORTIZATION | | | | | | | | | | | | |
| Total expenses before facilities, program and general allocations | 46,342 | 90,415 | 23,554 | 8,222 | 15,207 | 9,006 | 541,828 | - | - | - | 541,828 | 541,828 |
| FACILITIES ALLOCATION | 506,046 | 2,438,843 | 140,661 | 165,943 | 935,084 | 823,737 | 1,516,205 | 173,966 | 526,618 | 135,447 | 2,352,236 | 7,382,550 |
| PROGRAM SUPPORT ALLOCATION | 175,640 | 142,954 | 89,270 | 31,160 | 12,344 | - | 23,913 | 48,932 | (526,618) | 2,405 | (451,368) | - |
| MANAGEMENT AND GENERAL ALLOCATION | 30,466 | 110,381 | 6,900 | 10,060 | 56,636 | - | - | (222,898) | - | 8,455 | (214,443) | - |
| Total expenses | 151,859 | 719,807 | 34,416 | 49,975 | 281,147 | 1,498,115 | (1,540,118) | - | - | 42,003 | (1,498,115) | - |
| | \$ 864,011 | \$ 3,431,985 | \$ 271,247 | \$ 257,138 | \$ 1,285,211 | \$ 1,084,648 | \$ - | \$ - | \$ - | \$ 188,310 | \$ 188,310 | \$ 7,382,550 |

See notes to financial statements.

YWCA CENTRAL MASSACHUSETTS, INC.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018

| | 2019 | 2018 |
|---|-------------------|--------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Change in net assets | \$ 503,443 | \$ 2,750,966 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | | |
| Depreciation and amortization | 212,582 | 212,601 |
| Loss on disposal of property and equipment | 380 | 962 |
| Capital grants and contributions | (12,375) | (5,000) |
| Realized loss (gain) on investments | 2,910 | (77,240) |
| Unrealized (gain) loss on investments | (49,554) | 74,097 |
| Pledges restricted for capital campaign, net of discount | 646,651 | 3,409,950 |
| Changes in operating assets and liabilities: | | |
| Program service fees receivable | (177,756) | (81,669) |
| Other accounts receivable | 10,075 | (6,101) |
| Prepaid expenses and other | 4,268 | 12,050 |
| Accounts payable | (4,681) | 9,357 |
| Accrued expenses | 22,509 | 70,204 |
| Deferred revenue | 688 | (14,398) |
| Net cash provided by operating activities | <u>1,159,140</u> | <u>6,355,779</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Acquisition of property and equipment | (521,468) | (360,999) |
| Investment purchases | (717,362) | (721,801) |
| Proceeds from sale of investments | 761,323 | 942,298 |
| Net cash used for investing activities | <u>(477,507)</u> | <u>(140,502)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Net (payments) proceeds from note payable, bank | (471,851) | 42,199 |
| Proceeds from long-term debt | - | 109,631 |
| Payments on long-term debt | (36,891) | (35,340) |
| Repayments on capital lease obligations | (8,388) | (7,994) |
| Capital grants and contributions received | 12,375 | 5,000 |
| Pledges restricted for capital campaign, net of discount | (646,651) | (3,409,950) |
| Change in pledges receivable | 1,106,528 | (2,911,268) |
| Net cash used for financing activities | <u>(44,878)</u> | <u>(6,207,722)</u> |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 636,755 | 7,555 |
| CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR | <u>70,349</u> | <u>62,794</u> |
| CASH AND CASH EQUIVALENTS, END OF YEAR | <u>\$ 707,104</u> | <u>\$ 70,349</u> |
| SUPPLEMENTAL DISCLOSURE: | | |
| Cash paid for interest | <u>\$ 42,437</u> | <u>\$ 54,859</u> |
| NON-CASH INVESTING AND FINANCING ACTIVITIES: | | |
| Donated materials and services | \$ 2,758 | \$ 76,488 |
| Acquisition of property and equipment through long-term debt | \$ 165,674 | \$ - |
| Conversion of loan fees to long-term debt | \$ - | \$ 6,858 |
| Conversion of accrued interest to long-term debt | \$ - | \$ 2,773 |

See notes to financial statements.

YWCA CENTRAL MASSACHUSETTS, INC.

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018

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 thirteen rooms of confidential emergency shelter in Central Massachusetts. The community outreach and education components educate adults and youth about domestic violence and provide tools to help participants deal with conflict without needing to resort to violence. In addition to direct services, the YWCA works with community stakeholders to develop local solutions to preventing domestic violence and promoting healthy relationships.

Child Care Services –

- **The Early Education and Care Program**– 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.
- **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.

1. ORGANIZATION (CONTINUED)

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 young parents to take the HiSET (high school equivalency test), life skills workshops, parenting education, case management and 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 program 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.
- **Health and Wellness Programs** – ENCORE^{plus} 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 an aerobics program for disabled individuals.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation – The financial statements of the YWCA have been prepared in accordance with U.S. generally accepted accounting principles (“US GAAP”), which require the YWCA to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the YWCA. These net assets may be used at the discretion of the YWCA's management and the board of directors.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net assets with donor restrictions – Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the YWCA or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Accounting principle adoption – On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net assets classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The YWCA has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented. The YWCA was required to implement ASU 2016-14 as of October 1, 2018. Changes resulting from the implementation have been applied retroactively to all periods presented.

Measure of operations – The statement of activities report all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to the YWCA's ongoing services provided for women and their families living in the central Massachusetts area. Nonoperating activities are limited to investment return and other activities considered to be of a more unusual or nonrecurring nature.

Cash and cash equivalents – For purposes of the Statement of Cash Flows, the YWCA considers all highly liquid deposits to be cash and cash equivalents. The YWCA maintains its cash in bank deposit accounts, which at times may exceed federally insured limits. The YWCA has not experienced, nor does it anticipate, any losses in such accounts.

Investments – Investments are reported at cost, if purchased, or at fair value, if donated. Thereafter, investments are reported at their fair values in the statements of financial position, and changes in fair value are reported as investment return in the statements of activities. Investment securities are exposed to various risks including, but not limited to, interest rate, 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.

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

Cash and cash equivalent investments 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.

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 2019 and 2018. The YWCA considers accounts receivable as of September 30, 2019 and 2018 to be fully collectible.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pledges receivable – Pledges receivable consist of unconditional promises to give contributions committed to the capital campaign. Pledges receivable that are expected to be collected within one year are recorded at net realizable value. Pledges receivable that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Discount amortization is included in capital campaign contribution revenue.

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. 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.

Revenue recognition – The YWCA recognizes program service fees when the related services are performed. Grants and contributions are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions when cash is received or acknowledgment of intent is received. Contributions of assets other than cash are recorded at their fair value at the date of the gift. Conditional promises to give, which depend on the occurrence of a specified future and uncertain event to bind the promisor, are recognized when the conditions on which they depend are substantially met.

Donated material and services – The YWCA may receive donated goods and services in support of its programs. These goods and services are reflected in the accompanying statements of activities based upon the value assigned to these goods and services by the donating individuals. During fiscal year 2019 and 2018, the YWCA received donated materials and services in the amount of \$2,758 and \$76,488, respectively. 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.

Additionally, the YWCA receives services of volunteers in various aspects of its programs. The 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.

Functional expense allocation – The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities and functional expenses. Accordingly, certain costs have been allocated among program services, management and general, program support, facilities and development. Such allocations are determined by management on the basis of estimates of time and effort.

Use of estimates – The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Advertising costs – The YWCA expenses advertising costs as they are incurred. Total advertising expense in 2019 and 2018 was \$8,918 and \$12,174, respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income tax status – The YWCA is exempt from income tax under IRC section 501(c)(3), though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. The YWCA has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions. The YWCA has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

Reclassifications – Certain prior year amounts have been reclassified to conform to the current year presentation.

3. PLEDGES RECEIVABLE

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

| | 2019 | 2018 |
|---|---------------------|---------------------|
| Capital campaign, current (Note 17) | \$ 942,147 | \$ 1,297,737 |
| Restricted to future periods | <u>1,030,736</u> | <u>1,885,956</u> |
| Pledges receivable before unamortized discount | 1,972,883 | 3,183,693 |
| Less: unamortized discount | <u>115,137</u> | <u>219,419</u> |
| Net pledges receivable | <u>\$ 1,857,746</u> | <u>\$ 2,964,274</u> |
| Amounts due in: | | |
| Less than one year | \$ 942,147 | |
| One to four years | <u>1,030,736</u> | |
| | <u>\$ 1,972,883</u> | |

Amounts presented above have been discounted to present value using a discount rate of 5.25% in 2019 and 2018. The discount will be recognized as capital campaign contribution income in fiscal years 2020-2024 as the pledges are received and using the same effective rate for each year.

4. PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

| | 2019 | 2018 |
|--|---------------------|---------------------|
| Worcester: | | |
| Land and improvements | \$ 122,381 | \$ 122,381 |
| Building and improvements | 5,079,454 | 4,911,202 |
| Furniture and equipment | 543,538 | 535,574 |
| Total Worcester | <u>5,745,373</u> | <u>5,569,157</u> |
| Leicester: | | |
| Land and improvements | 61,181 | 61,181 |
| Building and improvements | 693,450 | 683,165 |
| Furniture and equipment | 9,845 | 9,845 |
| Total Leicester | <u>764,476</u> | <u>754,191</u> |
| Westborough: | | |
| Land and improvements | 17,000 | 17,000 |
| Building and improvements | 1,404,094 | 1,399,684 |
| Furniture and equipment | 33,610 | 36,773 |
| Total Westborough | <u>1,454,704</u> | <u>1,453,457</u> |
| Greater Worcester - Domestic Violence Services: | | |
| Land and improvements | 13,840 | 13,840 |
| Building and improvements | 452,556 | 452,556 |
| Furniture and equipment | 12,233 | 12,998 |
| Total Greater Worcester | <u>478,629</u> | <u>479,394</u> |
| North County - Domestic Violence Services: | | |
| Land and improvements | 45,000 | 45,000 |
| Building and improvements | 249,711 | 249,711 |
| Furniture and equipment | 18,475 | 11,100 |
| Total North County | <u>313,186</u> | <u>305,811</u> |
| Renovation Construction-in-Progress (Note 17) | <u>985,409</u> | <u>401,897</u> |
| Other Construction-in-Progress | <u>-</u> | <u>104,857</u> |
| Total property and equipment | 9,741,777 | 9,068,764 |
| Less accumulated depreciation | 6,103,230 | 5,904,397 |
| Net property and equipment | <u>\$ 3,638,547</u> | <u>\$ 3,164,367</u> |

5. INVESTMENTS

Investments consist of the following at September 30:

| | 2019 | | 2018 | |
|---------------------------|---------------------|---------------------|---------------------|---------------------|
| | <u>Cost</u> | <u>Fair Value</u> | <u>Cost</u> | <u>Fair Value</u> |
| Cash and cash equivalents | \$ 93,701 | \$ 93,701 | \$ 57,243 | \$ 57,243 |
| Exchange-traded funds | 1,609,386 | 1,681,748 | 1,692,715 | 1,715,523 |
| | <u>\$ 1,703,087</u> | <u>\$ 1,775,449</u> | <u>\$ 1,749,958</u> | <u>\$ 1,772,766</u> |

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

| | 2019 | 2018 |
|--|------------------|-----------------|
| Unrealized gain (loss) | \$ 49,554 | \$ (74,097) |
| Net realized (loss) gain (based upon original cost) | (2,910) | 77,240 |
| Total net gain for year | <u>\$ 46,644</u> | <u>\$ 3,143</u> |

The investment portfolio is a pooled income fund consisting of with restrictions - permanently restricted endowment funds and without restrictions - board designated investment funds.

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 with donor restrictions - permanently restricted net assets (a) the original value of the gifts donated to the with donor restrictions - permanent endowment, (b) the original value of subsequent gifts donated to the with donor restrictions - permanent endowment, and (c) accumulations to the with donor restrictions - 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 with donor restriction endowment fund that is not classified in with donor restrictions – permanent endowment is classified as with donor restrictions - 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 with 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.

The YWCA's Board of Directors has established an investment spending policy which allows a percentage of the without restrictions endowment fund – board designated 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, 2019 and 2018, 4% (\$39,636 and \$51,328, respectively) of the market value of the funds that make up the YWCA's without restrictions endowment fund – board designated at the end of the previous fiscal year were appropriated for operations under this policy and are included in operating activities in the accompanying financial statements. Additionally, during 2018, the Board of Directors approved an additional \$200,000 distribution from the without restrictions endowment fund – board designated to fund operations. The YWCA also appropriates for operations investment

5. INVESTMENTS (CONTINUED)

income earned on with donor restrictions - permanent endowment (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 \$17,613 and \$13,992 in 2019 and 2018, respectively.

During fiscal year 2005, the YWCA's Board of Directors approved an additional \$300,000 distribution from without restrictions – board designated endowment 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 2019 and 2018. The balance outstanding on this inter-YWCA promissory note as of September 30, 2019 and 2018 is \$244,809.

The without restrictions – board designated endowment represents investment funds reported at fair value 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.

Investments composition as of September 30, 2019:

| | Without Donor Restrictions | With Donor Restrictions | | Total |
|----------------------------------|---|--------------------------------|--------------------|---------------------|
| | | Temporarily | Permanently | |
| Donor-restricted endowment funds | \$ - | \$ 224,823 | \$ 526,690 | \$ 751,513 |
| Board-designated endowment funds | 1,023,936 | - | - | 1,023,936 |
| Total Funds | \$ 1,023,936 | \$ 224,823 | \$ 526,690 | \$ 1,775,449 |

Change in investments for the year ended September 30, 2019:

| | Without Donor Restrictions | With Donor Restrictions | | Total |
|--|---|--------------------------------|--------------------|---------------------|
| | | Temporarily | Permanently | |
| Investments, beginning of year | \$ 1,039,519 | \$ 206,557 | \$ 526,690 | \$ 1,772,766 |
| Investment return: | | | | |
| Investment income, net of fees | 10,221 | 16,607 | - | 26,828 |
| Net appreciation (realized and unrealized) | 28,378 | 18,266 | - | 46,644 |
| Total investment return | 38,599 | 34,873 | - | 73,472 |
| Sale of stock contribution | (13,540) | - | - | (13,540) |
| Transfers | (1,006) | 1,006 | - | - |
| Appropriation of investment assets for expenditure | (39,636) | (17,613) | - | (57,249) |
| Investments, end of year | \$ 1,023,936 | \$ 224,823 | \$ 526,690 | \$ 1,775,449 |

5. INVESTMENTS (CONTINUED)

Investments composition as of September 30, 2018:

| | Without Donor Restrictions | With Donor Restrictions | | Total |
|----------------------------------|----------------------------------|-------------------------|-------------------|---------------------|
| | | Temporarily | Permanently | |
| Donor-restricted endowment funds | \$ - | \$ 206,557 | \$ 526,690 | \$ 733,247 |
| Board-designated endowment funds | 1,039,519 | - | - | 1,039,519 |
| Total Funds | \$ 1,039,519 | \$ 206,557 | \$ 526,690 | \$ 1,772,766 |

Change in investments for the year ended September 30, 2018:

| | Without Donor Restrictions | With Donor Restrictions | | Total |
|---|----------------------------------|-------------------------|-------------------|---------------------|
| | | Temporarily | Permanently | |
| Investments, beginning of year | \$ 1,257,048 | \$ 206,382 | \$ 526,690 | \$ 1,990,120 |
| Investment return: | | | | |
| Investment income, net of fees | 14,490 | 16,755 | - | 31,245 |
| Net appreciation (realized and unrealized) | 2,968 | 175 | - | 3,143 |
| Total investment return | 17,458 | 16,930 | - | 34,388 |
| Stock contributions | 13,578 | - | - | 13,578 |
| Transfers | 2,763 | (2,763) | - | - |
| Appropriation of investment assets for expenditure | (251,328) | (13,992) | - | (265,320) |
| Investments, end of year | <u>\$ 1,039,519</u> | <u>\$ 206,557</u> | <u>\$ 526,690</u> | <u>\$ 1,772,766</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. Interest is payable monthly at an interest rate equal to the Wall Street Journal prime rate (5.00% at September 30, 2019) with a floor rate of 3.50%. The line of credit agreement is scheduled to expire on April 27, 2022. The total outstanding balance of the line of credit as of September 30, 2019 and 2018 was \$0 and \$471,851, respectively. The line of credit is secured by a first security interest in all business assets and a negative pledge on without restrictions endowment securities and three properties. Effective September 18, 2019, the bank allowed a \$300,000 mortgage lien to the Community Economic Development Assistance Corporation (CEDAC) to be placed on 1 Salem Square in Worcester, Massachusetts, which the bank holds a negative pledge on.

7. LONG-TERM DEBT

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

| | 2019 | 2018 |
|---|------------|------------|
| 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. | \$ 432,820 | \$ 456,838 |
| 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. | 33,229 | 41,147 |
| 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. | 11,503 | 16,458 |
| 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, 2019, \$200,000 has been authorized by the CEDAC as available for distribution of which \$101,000 is outstanding. 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 | 101,000 |

continued ...

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

| | 2019 | 2018 |
|---|-------------------|-------------------|
| 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. | | |
| | 274,305 | 108,631 |
| Total | 852,857 | 724,074 |
| Less - current portion | 413,694 | 246,459 |
| Long-term debt | <u>\$ 439,163</u> | <u>\$ 477,615</u> |

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

| | |
|------------|-------------------|
| 2020 | \$ 413,694 |
| 2021 | 40,160 |
| 2022 | 37,218 |
| 2023 | 37,910 |
| 2024 | 30,896 |
| Thereafter | <u>292,979</u> |
| Total | <u>\$ 852,857</u> |

* Repayment of the CEDAC and MassDevelopment loans are expected during fiscal year ending September 30, 2020.

8. CONTINGENT LOANS

Effective July 5, 2019, the Commonwealth of Massachusetts through the Department of Early Education and Care awarded the YWCA a grant not to exceed \$1,000,000 for the reconfiguration and renovation of the early education center as part of the YWCA 1 Salem Square childcare renovation project to improve the early education program targeted to serve up to 147 children. This grant is not required to be repaid and no interest is due as long as the early education center continues to serve a minimum enrollment of 50% low income children per described guidelines for at least 25 years. Disbursement of this grant is contingent on the full financial closing for the entire 1 Salem Square project renovation within nine months of the award date.

Effective May 13, 2019, the Commonwealth of Massachusetts through the Department of Housing and Community Development ("DHCD") and the National Housing Trust Fund ("HTF") awarded the YWCA one permanent mortgage loan for an amount not to exceed \$600,000 for the renovation of 45 units of rental housing, 12 of which will be HTF assisted which will be reserved for individuals and families whose incomes are not higher than 30% of the area median. The loan term will be thirty years and may be extended under certain conditions with approval of the DHCD. The loan carries an interest rate determined by the developer and DHCD and may be the "applicable federal rate." The loan will be paid at maturity representing the balance of the loan, although DHCD reserves the right to require repayment of the HTF loan out of cash flow. Collateral for the loan is a mortgage and security agreement on the property included in the project. Disbursement of this grant is contingent on the full financial closing for the entire 1 Salem Square project renovation by January 31, 2020.

Effective May 13, 2019, the Commonwealth of Massachusetts through the Department of Housing and Community Development ("DHCD") and the Housing Innovations Fund Program ("HIF") awarded the YWCA one permanent mortgage loan for an amount not to exceed \$1,000,000 for the renovation of 45 units of rental housing, all of which will be HIF assisted. A minimum of the 50% of the total units must be reserved for low-income individuals or families with household income below 80% of the area median and at least 50% of those units (25% total) must be reserved for extremely low-income individuals or families with household incomes below 30% of area median. The loan term will be thirty years and may be extended under certain conditions with approval of the DHCD. Except in the event of default by YWCA, the loan will not accrue interest and no periodic payments will be due under the loan. Collateral for the loan is a mortgage and security agreement on the property included in the project. Disbursement of this grant is contingent on the full financial closing for the entire 1 Salem Square project renovation by January 31, 2020.

Effective May 13, 2019, the Commonwealth of Massachusetts through the Department of Housing and Community Development ("DHCD") and the Housing Stabilization Fund Program ("HSF") awarded the YWCA one permanent mortgage loan for an amount not to exceed \$1,000,000 for the renovation of 45 units of rental housing, all of which will be HSF assisted. 6 HSF assisted units will be reserved for individuals or families whose household income are no higher than 80% of the area median and 12 HSF assisted units will be reserved for individuals or families whose household incomes are no higher than 30% of area median. The loan term will be fifty years and may be extended under certain conditions with approval of the DHCD. The loan may be without interest or an interest rate acceptable to DHCD which will be determined prior to closing. Typically, there will be one payment due at maturity, in an amount representing the entire balance of the loan. Collateral for the loan is a mortgage and security agreement on the property included in the project. Disbursement of this grant is contingent on the full financial closing for the entire 1 Salem Square project renovation by January 31, 2020.

9. NET ASSETS

Net assets with donor restrictions were as follows for the years ended September 30, 2019 and 2018:

Permanently restricted net assets amounted to \$526,690 in 2019 and 2018 and consist of the following endowments:

The Estate of Irene L. Piper permanent restricted endowment requires 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.

The Estate of Eleanor F. Rowe permanent restricted endowment requires 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.

The Turner permanent restricted endowment requires that \$20,023 principal be held as a permanent source of income. Income generated from the investment holdings is available for scholarships at the discretion of YWCA.

The Dorothy B. Arms Trust permanent restricted endowment requires that \$48,317 principal be held as a permanent source of income. Income generated from the investment holdings is without restrictions and disbursed at the discretion of YWCA.

Temporarily restricted net assets are available for the following purposes:

| | 2019 | 2018 |
|---|---------------------|---------------------|
| Scholarships | \$ - | \$ 2,812 |
| Counseling services | 6,916 | 6,156 |
| Realized and unrealized gain on permanent restricted endowment | 224,823 | 206,557 |
| Purpose restricted | 64,696 | 78,921 |
| Capital campaign (Note 17) | 3,460,044 | 3,052,391 |
| Fiscal sponsors | 53,146 | 19,091 |
| | <u>\$ 3,809,625</u> | <u>\$ 3,365,928</u> |

Net assets released from net assets with donor restrictions are as follows:

| | 2019 | 2018 |
|---------------------|-------------------|-------------------|
| Scholarships | \$ 13,659 | \$ 14,142 |
| Counseling services | 5,000 | 4,984 |
| Purpose | 266,523 | 280,008 |
| Capital | 12,375 | 5,000 |
| Capital campaign | 416,645 | 636,119 |
| | <u>\$ 714,202</u> | <u>\$ 940,253</u> |

9. NET ASSETS (CONTINUED)

Net assets without donor restrictions for the years ended September 30, 2019 and 2018 are as follows:

| | 2019 | 2018 |
|--|---------------------|---------------------|
| Cummulative operating loss | \$ (1,264,927) | \$ (915,143) |
| Board designated investments at fair value | 1,023,936 | 1,039,519 |
| Property and equipment, net of debt | <u>2,993,848</u> | <u>2,568,735</u> |
| | <u>\$ 2,752,857</u> | <u>\$ 2,693,111</u> |

10. FUNDING

The YWCA receives a significant portion of its total revenues and other support from governmental unit-rates and cost reimbursement contracts. During 2019 and 2018, revenues and other support from the Massachusetts Department of Public Health (DPH) amounted to approximately 19% and 14% in 2019 and 2018, respectively, of the total revenues and other support. During 2019, revenues and other support from Child Care Resources amounted to approximately 11% of total revenues and other support. Additionally, approximately 38% and 24% of the YWCA's program service fees receivable and other accounts receivable at September 30, 2019 and 2018 was due from DPH. At September 30, 2019, approximately 16% of YWCA's program service fees receivable and other accounts receivable was due from the Massachusetts Office for Victim Assistance.

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 2019 and 2018, 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 \$134,959 and \$135,917 for fiscal years 2019 and 2018, 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. In November 2019 at the maturity date of the lease, the ownership of the leased equipment was transferred to the YWCA. Future minimum lease obligations at September 30, 2019 are as follows:

| | |
|---|--------------|
| Year ending September 30, 2020 | \$ 1,446 |
| Total minimum capital lease repayments | 1,446 |
| Less amounts representing interest | <u>9</u> |
| Present value of minimum capital lease payments | 1,437 |
| Less current obligation under capital lease | <u>1,437</u> |
| Long-term capital lease obligation | <u>\$ -</u> |

The aggregate cost of the equipment as of September 30, 2019 and 2018, which is reported as a component of Worcester - property and equipment is \$31,644. Net book value on such equipment was \$7,911 and \$15,822 at September 30, 2019 and 2018, respectively. Depreciation expense on the capital equipment, included in depreciation and amortization expense, was \$7,911 at September 30, 2019 and 2018, respectively.

13. OPERATING LEASES

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, 2019 and 2018, the YWCA incurred rent expense of \$71,053 and \$71,124, 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 \$17,230 in 2019 and \$17,377 in 2018, respectively.

Future minimum lease payments under the operating leases for office space and equipment at September 30, 2019 are as follows:

| | |
|-------|------------------|
| 2020 | \$ 32,208 |
| 2021 | 18,981 |
| 2022 | 1,956 |
| 2023 | 1,956 |
| 2024 | <u>326</u> |
| Total | <u>\$ 55,427</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.

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, 2019 and 2018.

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:

| | 2019 | | | |
|-----------------------------|---------------------|----------------|----------------|---------------------|
| | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
| Money market | \$ 93,701 | \$ - | \$ - | \$ 93,701 |
| Exchange-traded funds: | | | | |
| Growth | 342,718 | - | - | 342,718 |
| Value | 203,369 | - | - | 203,369 |
| Blended | 884 | - | - | 884 |
| Bonds | 950,081 | - | - | 950,081 |
| Fixed income | 966 | - | - | 966 |
| International | 183,730 | - | - | 183,730 |
| Total exchange-traded funds | 1,681,748 | - | - | 1,681,748 |
| | <u>\$ 1,775,449</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,775,449</u> |

14. FAIR VALUE MEASUREMENTS (CONTINUED)

| | 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 |
| Bonds | 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> |

15. AVAILABILITY AND LIQUIDITY

The following represents the YWCA's financial assets at September 30, 2019:

Financial assets at year end:

| | |
|---------------------------------|------------------|
| Cash and cash equivalents | \$ 707,104 |
| Program service fees receivable | 420,979 |
| Other accounts receivable | 215,391 |
| Pledges receivable, current | 942,147 |
| Investments | <u>1,775,449</u> |
| Total financial assets | <u>4,061,070</u> |

Less amounts not available to be used within one year:

| | |
|--|--------------------|
| Net assets with donor restrictions | 4,336,315 |
| Less net assets with purpose restrictions to be met in less than a year | <u>(3,809,625)</u> |
| | <u>526,690</u> |

Financial assets available to meet general expenditures
over the next twelve months

\$3,534,380

The YWCA's goal is generally to maintain financial assets to meet 90 days of operating expenses (approximately \$1.9 million). The YWCA has a \$750,000 line of credit available to meet cash flow needs.

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 2019 and 2018 amounted to \$121,022 and \$84,236, respectively. Total expense for these programs during 2019 and 2018 amounted to \$86,967 and \$99,700, respectively. A total of \$53,146 and \$19,091 is included as temporarily restricted net assets for these programs as of September 30, 2019 and 2018.

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 2019 and 2018, a total of \$824,298 and \$3,842,286, respectively, was raised in contributions and pledges (see Note 3) towards the capital campaign. Total contributions and pledges net of unamortized discount was \$720,015 and \$3,627,366 in 2019 and 2018, respectively. The renovation construction project is expected to be completed by December 2020. As of September 30, 2019, a total of \$4,727,945, excluding the unamortized discount, has been raised for the capital campaign.

The YWCA has incurred significant expenses associated with the planning and construction stages of the renovation project. A total of \$416,646 and \$541,828 in pre-development and capital campaign expenses were incurred in 2019 and 2018, respectively, and reported as pre-development and capital campaign expenses in the statements of functional expenses for the years ended September 30, 2019 and 2018. Additionally, \$985,409 and \$401,897 in cumulative 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, 2019 and 2018, respectively. Also, approximately \$267,000 and \$311,000 in renovation costs are included and reported with accrued expenses on the statements of financial position as of September 30, 2019 and 2018, respectively.

18. SUBSEQUENT EVENT

From October 2019 to January 14, 2020, the YWCA raised approximately \$524,000 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 30, 2020, the date the financial statements were evaluated to be issued.