

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

*Financial Statements for the Years Ended
September 30, 2021 and 2020 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, 2021 and 2020, 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, 2021 and 2020, 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 27, 2022

YWCA CENTRAL MASSACHUSETTS, INC.

STATEMENTS OF FINANCIAL POSITION SEPTEMBER 30, 2021 AND 2020

	2021	2020
ASSETS		
CURRENT ASSETS:		
Cash, cash equivalents and restricted cash	\$ 1,006,424	\$ 668,639
Investments	35,013	123,221
Program service fees receivable	572,390	494,717
Other accounts receivable	219,360	352,547
Pledges receivable, current	342,886	589,796
Prepaid expenses and other	5,074	5,029
Receivable from Affiliates	32,258	39,178
Total current assets	2,213,405	2,273,127
PLEDGES RECEIVABLE, non-current	227,700	542,611
PROPERTY AND EQUIPMENT, net	1,886,712	2,158,785
INVESTMENTS, net of current portion	2,019,342	1,793,777
NOTE RECEIVABLE (Note 3)	16,620,400	16,620,400
INVESTMENT IN AFFILIATES	12,598	12,598
TOTAL ASSETS	\$ 22,980,157	\$ 23,401,298
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable	\$ 70,583	\$ 31,060
Accrued expenses	268,022	274,187
Current portion of long-term debt	28,841	31,948
Current portion of renovation project loans (Note 10)	891,045	3,820,369
Current portion of capital lease obligations	4,017	3,779
Deferred revenue	10,888	15,257
Payable to Affiliates	241,746	94,918
Total current liabilities	1,515,142	4,271,518
LONG-TERM DEBT, net of current portion	353,135	382,067
LONG-TERM RENOVATION PROJECT LOANS, net of current portion and debt issuance costs of \$ 30,603 and and \$57,962 in 2021 and 2020, respectively (Note 10)	4,739,704	8,031,915
LONG-TERM PORTION OF CAPITAL LEASE	8,422	12,441
PAYCHECK PROTECTION PROGRAM (PPP) LOAN (Note 11)	-	1,039,466
CONTINGENT LOANS (Note 12)	3,290,000	401,729
Total liabilities	9,906,403	14,139,136
NET ASSETS:		
Without donor restrictions	11,291,550	6,943,607
With donor restrictions	1,782,204	2,318,555
Total net assets	13,073,754	9,262,162
TOTAL LIABILITIES AND NET ASSETS	\$ 22,980,157	\$ 23,401,298

See notes to financial statements.

YWCA CENTRAL MASSACHUSETTS, INC.
**STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED SEPTEMBER 30, 2021 AND 2020**

	2021			2020		
	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	\$ 5,249,426	\$ -	\$ 5,249,426	\$ 4,932,889	\$ -	\$ 4,932,889
Individuals and other	1,235,803	-	1,235,803	1,172,570	-	1,172,570
Grants and contributions	405,927	655,060	1,060,987	284,123	770,843	1,054,966
United Way	209,640	-	209,640	266,662	-	266,662
Special events, net of expenses of \$14,105 and \$10,554 in 2021 and 2020, respectively	17,852	-	17,852	20,415	-	20,415
Investment income, net of fees of \$18,098 and \$17,930 in 2021 and 2020, respectively	18,796	13,793	32,589	32,309	15,925	48,234
Miscellaneous income	48,426	-	48,426	33,769	-	33,769
Membership dues	6,259	-	6,259	5,596	-	5,596
Capital campaign contributions	-	1,154,571	1,154,571	-	1,118,944	1,118,944
Net assets released from restrictions	2,440,703	(2,440,703)	-	3,969,516	(3,969,516)	-
Total revenues and other support	9,632,832	(617,279)	9,015,553	10,717,849	(2,063,804)	8,654,045
EXPENSES:						
Program services	5,699,054	-	5,699,054	5,435,479	-	5,435,479
Supporting services	2,598,544	-	2,598,544	2,394,719	-	2,394,719
Total expenses	8,297,598	-	8,297,598	7,830,198	-	7,830,198
Change in net assets from operations	1,335,234	(617,279)	717,955	2,887,651	(2,063,804)	823,847
NONOPERATING ACTIVITIES:						
Realized and unrealized gain on investments, net	139,717	80,928	220,645	73,390	46,044	119,434
(Loss) gain on disposal of property and equipment	(127,230)	-	(127,230)	2,595	-	2,595
Reimbursement of developer's expenses	155,504	-	155,504	1,263,750	-	1,263,750
State historic tax credits	1,944,000	-	1,944,000	-	-	-
Interest income on note receivable	166,204	-	166,204	97,414	-	97,414
Service fees from Master Tenant	20,000	-	20,000	13,334	-	13,334
Rent paid to Master Tenant	(221,902)	-	(221,902)	(211,233)	-	(211,233)
Related expenses paid to Master Tenant	(103,050)	-	(103,050)	(68,514)	-	(68,514)
Government grant - forgiveness of PPP loan (Note 11)	1,039,466	-	1,039,466	-	-	-
	3,012,709	80,928	3,093,637	1,170,736	46,044	1,216,780
Change in net assets	4,347,943	(536,351)	3,811,592	4,058,387	(2,017,760)	2,040,627
NET ASSETS - BEGINNING OF YEAR	6,943,607	2,318,555	9,262,162	2,885,220	4,336,315	7,221,535
NET ASSETS - END OF YEAR	\$ 11,291,550	\$ 1,782,204	\$ 13,073,754	\$ 6,943,607	\$ 2,318,555	\$ 9,262,162

See notes to financial statements.

YWCA CENTRAL MASSACHUSETTS, INC.

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2021
(With Summarized Financial Information for the Year Ended September 20, 2020)**

	2021										2020									
	PROGRAM SERVICES										SUPPORT SERVICES									
	WELLNESS AND HEALTH EQUITY	CHILD CARE	TRANSITIONAL HOUSING	WOMEN'S ECONOMIC EMPOWERMENT	DOMESTIC VIOLENCE SERVICES GREATER WORCESTER	NORTH COUNTY	PROGRAM SERVICES	MANAGEMENT AND GENERAL	PROGRAM SUPPORT	FACILITIES DEVELOPMENT	TOTAL SUPPORT SERVICES	TOTAL EXPENSES	TOTAL EXPENSES	TOTAL EXPENSES	TOTAL EXPENSES	TOTAL EXPENSES	TOTAL EXPENSES	TOTAL EXPENSES	TOTAL EXPENSES	TOTAL EXPENSES
PERSONNEL AND RELATED:																				
Salaries	\$ 349,130	\$ 1,896,649	\$ 149,834	\$ 109,514	\$ 878,519	\$ 451,368	\$ 3,835,214	\$ 543,910	\$ 86,960	\$ 106,334	\$ 102,211	\$ 839,415	\$ 4,574,629	\$ 4,594,461	\$ 839,415	\$ 4,574,629	\$ 4,594,461	\$ 839,415	\$ 4,574,629	\$ 4,594,461
Employee benefits	28,532	250,191	20,213	16,269	146,541	75,489	537,235	46,515	3,020	13,249	12,263	75,447	612,682	630,477	75,447	612,682	630,477	75,447	612,682	630,477
Payroll taxes	28,375	145,244	11,536	7,711	66,135	33,519	292,317	41,271	6,881	8,270	7,701	292,317	356,440	347,875	292,317	356,440	347,875	292,317	356,440	347,875
Outside and contracted services	8,604	4,936	15,635	67,500	35,231	2,349	134,255	299,251	16,545	-	3,317,000	453,368	259,906	259,906	453,368	259,906	259,906	453,368	259,906	259,906
Total payroll and related expenses	414,841	2,297,020	197,018	200,994	1,126,426	562,722	4,799,021	931,347	113,406	127,833	125,092	1,298,098	6,097,119	5,832,719	1,298,098	6,097,119	5,832,719	1,298,098	6,097,119	5,832,719
OCCUPANCY:																				
Rent and utilities	-	36,493	-	-	16,653	16,018	69,164	6,550	-	5,139	-	11,689	80,853	187,060	11,689	80,853	187,060	11,689	80,853	187,060
Repairs and maintenance	-	56,768	-	-	38,245	-	95,013	38,245	-	126,850	-	126,850	221,863	194,688	126,850	221,863	194,688	126,850	221,863	194,688
Insurance	-	1,713	-	-	778	343	2,834	53,829	-	9,857	-	63,686	66,520	68,322	63,686	66,520	68,322	63,686	66,520	68,322
Interest	887	158	-	-	-	-	1,045	51,360	-	-	-	51,360	52,405	27,803	51,360	52,405	27,803	51,360	52,405	27,803
Total occupancy	887	95,132	-	-	55,676	16,361	168,056	111,739	-	141,846	-	253,585	421,691	477,873	253,585	421,691	477,873	253,585	421,691	477,873
OTHER:																				
Program supplies	15,327	63,232	322	6,646	173,430	18,790	277,747	80,694	681	-	2,133	2,133	279,880	136,243	2,133	279,880	136,243	2,133	279,880	136,243
Miscellaneous	2,325	111,164	(54,125)	1,399	63,852	16,584	141,199	-	-	101	498	81,974	223,173	108,968	498	223,173	108,968	498	223,173	108,968
Scholarships	-	-	10,000	-	5,000	-	15,000	-	-	-	-	-	15,000	19,000	-	15,000	19,000	-	15,000	19,000
Client transportation	-	30,841	-	430	2,400	709	34,380	-	-	-	-	-	34,380	37,135	-	34,380	37,135	-	34,380	37,135
Telephone	1,038	6,140	1,756	1,718	14,905	10,728	36,285	2,883	577	1,745	461	5,666	41,951	32,703	5,666	41,951	32,703	5,666	41,951	32,703
Printing, dues and subscriptions	568	3,828	-	-	4,718	3,800	12,914	7,065	1,673	25	1,651	10,414	23,328	21,041	1,651	23,328	21,041	1,651	23,328	21,041
Meals	214	8,160	100	1,389	3,622	1,000	14,485	4,277	216	216	5,188	24,166	26,556	26,556	216	24,166	26,556	216	24,166	26,556
Equipment rental and maintenance	1,123	2,308	-	-	2,070	2,220	7,721	42,839	30,514	-	-	30,514	38,235	28,175	30,514	38,235	28,175	30,514	38,235	28,175
Legal and accounting	-	-	892	-	-	-	892	60,311	95	300	14,269	43,139	44,031	45,276	43,139	44,031	45,276	43,139	44,031	45,276
Professional contracted services	-	-	2,400	-	-	-	2,400	-	-	-	-	74,675	77,075	73,983	-	74,675	77,075	-	74,675	73,983
Advertising	30	1,246	-	1,807	1,272	1,035	4,612	159	3,103	1,178	4	3,103	4,379	6,129	3,103	4,379	6,129	3,103	4,379	6,129
Travel	91	395	12,000	-	-	-	12,000	40,000	-	-	-	40,000	5,953	9,916	40,000	5,953	9,916	40,000	5,953	9,916
National council assessments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Office supplies	14	2,326	-	16	4,666	550	7,572	2,034	953	42	42	3,029	10,601	7,908	3,029	10,601	7,908	3,029	10,601	7,908
Conferences and meetings	325	2,426	-	-	6,196	1,200	10,147	130	-	120	65	315	10,462	7,288	315	10,462	7,288	315	10,462	7,288
Postage and shipping	-	-	-	26,000	-	-	26	180	2,507	-	376	3,063	3,069	4,569	2,507	3,063	3,069	2,507	3,063	4,569
Total other	21,055	232,066	(38,643)	13,431	282,131	56,616	566,656	240,572	40,103	3,685	24,687	309,047	875,703	594,890	40,103	309,047	875,703	40,103	309,047	594,890
Total expenses before renovation and capital campaign expenses, depreciation and allocations	436,783	2,624,218	158,375	214,425	1,464,233	635,699	5,533,733	1,283,658	153,509	273,384	150,179	1,860,730	7,394,463	6,905,482	153,509	1,860,730	7,394,463	153,509	1,860,730	6,905,482
RENOVATION AND CAPITAL CAMPAIGN EXPENSES (NOTE 21)																				
DEPRECIATION AND AMORTIZATION																				
Total expenses before facilities, program and general allocations	36,287	90,445	18,539	2,475	16,837	738	165,321	727,966	9,259	-	499	727,966	727,966	714,481	9,259	727,966	727,966	9,259	727,966	714,481
FACILITIES ALLOCATION																				
Facilities depreciation	473,070	2,714,663	176,914	216,900	1,481,070	636,437	5,699,054	2,011,714	162,768	273,384	150,678	2,598,544	8,297,598	7,830,198	162,768	2,598,544	8,297,598	162,768	2,598,544	7,830,198
PROGRAM SUPPORT ALLOCATION																				
Program support allocation	87,500	81,939	44,701	5,968	9,950	-	230,058	20,091	22,026	(273,384)	1,209	(230,058)	-	-	22,026	(230,058)	-	22,026	(230,058)	-
MANAGEMENT AND GENERAL ALLOCATION																				
Management and general allocation	21,767	79,970	7,541	7,203	59,157	175,638	1,979,480	2,536	(184,794)	-	6,620	(175,638)	-	-	6,620	(175,638)	-	6,620	(175,638)	-
Total management and general allocation	180,181	941,748	63,889	59,689	485,789	248,184	1,979,480	(2,034,341)	-	-	54,861	(1,979,480)	-	-	54,861	(1,979,480)	-	54,861	(1,979,480)	-
Total expenses	\$ 762,518	\$ 3,818,320	\$ 293,045	\$ 289,760	\$ 2,035,966	\$ 884,621	\$ 8,084,230	\$ -	\$ -	\$ -	\$ 213,368	\$ 213,368	\$ 8,297,598	\$ 7,830,198	\$ -	\$ 213,368	\$ 8,297,598	\$ -	\$ 213,368	\$ 7,830,198

See notes to financial statements.

YWCA CENTRAL MASSACHUSETTS, INC.

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

	2020												
	PROGRAM SERVICES							SUPPORT SERVICES					
	WELLNESS AND HEALTH EQUITY	COMMUNITY HEALTH 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	TOTAL EXPENSES
PERSONNEL AND RELATED:													
Salaries	\$ 281,154	\$ -	\$ 1,900,986	\$ 121,702	\$ 131,559	\$ 861,345	\$ 467,015	\$ 3,763,761	\$ 534,579	\$ 90,487	\$ 105,506	\$ 830,700	\$ 4,594,461
Employee benefits	28,371	-	244,627	12,042	17,589	137,760	88,897	529,286	69,793	6,557	12,673	101,191	630,477
Payroll taxes	22,219	-	142,129	9,235	9,530	65,634	35,578	284,325	40,540	7,259	8,198	63,550	347,875
Outside and contracted services	250	61,219	11,300	-	34,500	50,366	12,917	170,552	80,004	9,350	-	89,354	259,906
Total payroll and related expenses	331,994	61,219	2,299,042	142,979	193,178	1,115,105	604,407	4,747,924	724,916	113,653	126,377	1,084,795	5,832,719
OCCUPANCY:													
Rent and utilities	-	-	57,149	-	-	15,694	19,882	92,725	6,000	-	88,335	94,335	187,060
Repairs and maintenance	-	-	39,525	-	-	16,044	3,214	58,783	-	-	135,905	135,905	194,688
Insurance	-	-	1,821	-	-	827	1,036	3,684	57,010	-	7,628	64,638	68,322
Interest	53	-	411	-	-	-	459	923	26,880	-	-	26,880	27,803
Total occupancy	53	-	98,906	-	-	32,565	24,591	156,115	89,890	-	231,868	321,758	477,873
OTHER:													
Program supplies	6,431	-	30,287	151	2,190	96,373	811	136,243	-	-	-	-	136,243
Miscellaneous	1,205	-	18,528	(26,377)	976	6,198	52,702	53,232	50,865	-	4,716	55,736	108,968
Scholarships	-	-	-	14,000	-	5,000	-	19,000	-	-	-	-	19,000
Client transportation	-	-	33,015	-	17	848	2,543	37,135	-	-	-	-	37,135
Telephone	529	-	4,009	1,563	1,462	11,116	11,024	29,703	1,217	309	1,239	3,000	32,703
Printing, dues and subscriptions	1,891	-	4,890	23	23	3,623	3,502	13,952	2,322	2,923	120	7,089	21,041
Meals	344	-	6,663	114	3,177	5,866	6,566	22,730	2,692	-	1,134	3,826	26,556
Equipment rental and maintenance	450	-	2,787	-	-	180	3,055	6,472	1,038	20,665	-	21,703	28,175
Legal and accounting	-	-	-	1,054	-	-	-	1,054	39,958	-	4,264	44,222	45,276
Professional contracted services	-	-	-	600	-	-	-	600	58,801	100	-	73,383	73,983
Advertising	1,159	-	1,971	-	-	-	-	3,130	475	2,475	-	2,999	6,129
Travel	201	-	412	-	745	3,145	2,066	6,569	1,096	903	1,290	3,347	9,916
National council assessments	-	-	-	-	-	-	-	-	30,000	-	-	30,000	30,000
Office supplies	605	-	788	123	60	2,669	150	4,395	2,103	1,065	1	3,513	7,908
Conferences and meetings	1,377	190	2,724	-	-	1,467	150	5,908	1,300	-	-	1,380	7,288
Postage and shipping	626	-	7	-	-	208	-	841	41	3,461	-	3,728	4,569
Total other	14,818	190	106,081	(8,732)	9,345	136,693	82,569	340,964	191,908	31,901	12,764	253,926	594,890
Total expenses before renovation and capital campaign expenses, depreciation and allocations	346,865	61,409	2,504,029	134,247	202,523	1,284,363	711,567	5,245,003	1,006,714	145,554	371,009	1,660,479	6,905,482
RENOVATION AND CAPITAL CAMPAIGN EXPENSES (NOTE 21)													
DEPRECIATION AND AMORTIZATION	47,067	-	94,574	24,046	3,211	14,249	7,329	190,476	714,481	-	-	714,481	714,481
Total expenses before facilities, program and general allocations	393,932	61,409	2,598,603	158,293	205,734	1,298,612	718,896	5,435,479	1,726,964	158,896	371,009	2,394,719	7,830,198
FACILITIES ALLOCATION	120,172	-	108,601	60,698	8,103	11,758	-	309,332	29,635	30,407	(371,009)	(309,332)	-
PROGRAM SUPPORT ALLOCATION	19,192	-	85,812	7,984	8,592	59,129	-	180,709	1,934	(189,303)	-	(180,709)	-
MANAGEMENT AND GENERAL ALLOCATION	128,738	-	826,169	54,982	62,163	411,372	228,220	1,711,644	(1,758,533)	-	46,889	(1,711,644)	-
Total expenses	\$ 662,034	\$ 61,409	\$ 3,619,185	\$ 281,957	\$ 284,592	\$ 1,780,871	\$ 947,116	\$ 7,637,164	\$ -	\$ -	\$ 193,034	\$ 193,034	\$ 7,830,198

See notes to financial statements.

YWCA CENTRAL MASSACHUSETTS, INC.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED SEPTEMBER 30, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 3,811,592	\$ 2,040,627
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	175,169	210,235
Loss (gain) on disposal of property and equipment	127,230	(2,595)
Capital grants and contributions	(5,000)	(1,600)
Realized gain on investments	(84,211)	(41,321)
Unrealized gain on investments	(136,434)	(78,113)
Pledges restricted for capital campaign, net of discount	(221,698)	(1,118,944)
Amortization of debt issuance costs	27,359	19,572
Stock donations	(107,554)	(51,304)
Extinguishment of debt - PPP loan (Note 11)	(1,039,466)	-
Changes in operating assets and liabilities:		
Program service fees receivable	(77,673)	(73,738)
Other accounts receivable	133,187	(137,156)
Prepaid expenses and other	(45)	2,441
Receivable from Affiliates	6,920	(39,178)
Accounts payable	39,523	4,229
Accrued expenses	(6,165)	(103,302)
Deferred revenue	(4,369)	(12,017)
Payable to Affiliates	146,828	94,918
Net cash provided by operating activities	<u>2,785,193</u>	<u>712,754</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of property and equipment	(30,326)	(54,554)
Proceeds from the sale or transfer of property and equipment	-	1,227,978
Note receivable	-	(16,620,400)
Investment purchases	(204,438)	(883,815)
Proceeds from sale of investments	395,280	913,004
Investment in Affiliates	-	(12,598)
Net cash provided by (used in) for investing activities	<u>160,516</u>	<u>(15,430,385)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayments on long-term debt	(32,039)	(438,842)
Proceeds from long-term renovation project loans	295,615	13,607,480
Repayments on long-term renovation project loans	(6,544,509)	(1,774,768)
Repayments on capital lease obligations	(3,781)	(1,782)
Proceeds from PPP loan	-	1,039,466
Proceeds from contingent loans	2,888,271	401,729
Capital grants and contributions received	5,000	1,600
Cash received from pledges	783,519	1,844,283
Net cash (used in) provide by financing activities	<u>(2,607,924)</u>	<u>14,679,166</u>
NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	337,785	(38,465)
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, BEGINNING OF YEAR	<u>668,639</u>	<u>707,104</u>
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, END OF YEAR	<u>\$ 1,006,424</u>	<u>\$ 668,639</u>
SUPPLEMENTAL DISCLOSURE:		
Cash paid for interest	<u>\$ 553,359</u>	<u>\$ 408,729</u>
NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Acquisition of equipment through capital lease	<u>\$ -</u>	<u>\$ 16,565</u>
Increase in debt - accrued interest	<u>\$ 118,795</u>	<u>\$ -</u>

See notes to financial statements.

YWCA CENTRAL MASSACHUSETTS, INC.

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED SEPTEMBER 30, 2021 AND 2020

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 girls, 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 navigating through court processes. 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 five 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 Clark Street 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 200 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), and/or obtain college credentials. The program also offers 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.
- **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 collaborates with a number of youth-serving organizations throughout the year to provide physical education and recreational programming for children 6 to 18 years old.
- **Health and Wellness Programs** – ENCORE^{plus}, WoC-C, 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.

Race and Gender Equity – supports YWCA's commitment to dismantling racism in all forms through organizational best practices, research and development, advocacy and public policy, and education. Racial Equity 101 education for staff and volunteers and external audiences help participants develop a better awareness of institutional and structural racism. A variety of community events, activities, and dialogue sessions address the intersection of race, gender, and economic equality. The YWCA's annual STAND Against Racism is a signature campaign of YWCA USA to build community among those who work for racial justice and to raise awareness about the negative impact of institutional and structural racism in our communities. Other events held throughout the year such as International Women's Day and Fall Forum, also bring attention to the ongoing struggles women face in the professional and political arenas.

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.

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, whereby 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 statement of activities.

Measure of operations – The statement of activities reports 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, cash equivalents and restricted cash – 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 recorded 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 statements 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.

Current investments in the accompanying financial statements include highly liquid holdings that can be converted to cash immediately. 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 2021 and 2020. The YWCA considers accounts receivable as of September 30, 2021 and 2020 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 property and equipment, 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.

Debt issuance costs – Debt issuance costs incurred in connection with the issuance of the renovation project loans are capitalized and amortized to interest expense over the terms of the specific loans (from 18 to 46 months) using the straight-line method, which approximates the effective interest method. The unamortized amount is presented as a reduction of the total renovation project loans on the statements of financial position in accordance FASB ASC 835-30. Annual amortization expense is scheduled to be as follows for the next three years:

2022	\$	17,359
2023		11,753
2024		<u>1,491</u>
Total	\$	<u>30,603</u>

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 2021 and 2020, the YWCA did not receive any donated goods or services which required to be recorded.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 2021 and 2020 was \$4,379 and \$6,129, respectively.

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 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.

Reclassification – Certain 2020 amounts have been reclassified to conform to the 2021 presentation.

3. BUILDING RENOVATION AND INVESTMENT

In 2017, the YWCA began a capital campaign with an established goal to raise \$7,500,000 in contributions for the purposes of making much needed improvements and renovations to the Salem Square building in which it operates. During the preliminary construction planning it was determined that the Salem Square building was a historic site and improvements to it could qualify for both federal and state historic tax credits and federal new market tax credits. In order to benefit from the historic and new market tax credits, which are not available to the YWCA due to its non-profit status, a Community Development Corporation (CDC) was created with U.S. Bancorp (USBCDC) acting as the lead investor. U.S. Bancorp in turn invested the funds from the CDC, along with funds from other outside investors, into four separately organized Community Development Entities (CDE's). The investor funds flowing through the CDC and CDE's will be used to complete the construction and renovations of the Salem Square building. Over the next 5-7 years the investors will benefit from the available historic and new market tax credits, receiving both their initial contribution to the CDC/CDE's and an investment return. The creation and management of the Community Development Corporation and the Community Development Entities for tax purposes is complex and requires careful consideration of federal and state tax regulations. After the historic and new market tax credits have been earned and distributed the CDC and CDE's will "unwind" and the improvements resulting from the renovation and construction project will transfer to the YWCA. The expected and approximate time period is 7 years.

The original building was purchased in 1961 and is fully depreciated. The land associated with the building is valued at its original cost of \$113,000. In 1991 the YWCA performed major renovations approximating \$2,000,000, of which approximately \$400,000 remains to be depreciated through 2026.

3. BUILDING RENOVATION AND INVESTMENT (CONTINUED)

The current development project and planned improvements may overlap and replace some of the 1991 improvements, however a detailed listing of the 1991 improvements is not available. The YWCA intends to depreciate the remaining leasehold improvements from 1991 through the end of the original assigned life of 2026. Other significant assets located in Worcester consist of furniture and equipment that will continue to be used during and after the construction project is complete.

In order to facilitate the rehabilitation project, and to provide the investors with the regulatory right and ownership to the historic and new market tax credits, several new legal entities were created. These include the following:

1. YWCA CM QALICB, LLC (“QALICB”) – A qualified active low-income community business organized for the purpose of meeting regulations and requirements needed to obtain the new market tax credits.
2. YWCA CM Master Tenant (“Master Tenant”) – Leases property from the QALICB. Owned 1% by Manager and 99% by the outside investors. Formed for the purpose of permitting its owners to benefit from the historic tax credits.
3. YWCA CM Manager, Inc. (“Manager”) – a separately organized non-profit entity. Formed to hold a 99% interest in the QALICB.

The YWCA has a 1% ownership in the QALICB. On January 31, 2020, the YWCA and the QALICB entered into a long-term lease (99 years) for the Salem Square building at a rate of \$1 per year. The Organization holds a variable interest in the QALICB, the Master Tenant and the Manager. A variable interest entity refers to a legal business structure in which an investor has a controlling interest despite not having a majority of the ownership. The YWCA is involved in the administrative functions of the QALICB and the Master Tenant. In addition, the YWCA has provided guarantees with respect to completing construction and the repayment of investment loans and has provided the Salem Square building as investment collateral. Although a variable interest entity (VIE) relationship may exist, non-profits entities are not required to follow the rules for VIE consolidation. Furthermore, the relationships explained herein will unwind after the historic and new market tax credits are legally earned and distributed to the investors. Management has determined that VIE consolidation of the above entities will serve only to confuse the reader of the financial statements and will diminish the importance of reporting on the community programs it provides. Accordingly, the above VIE’s have not been consolidated into the 2021 and 2020 financial statements presentation.

Activity related to the above affiliated entities and reported in the YWCA statements of financial position and statements of activities as of and for the years ended September 30, 2021 and 2020 is as follows:

Statements of Financial Position as of September 30, 2021 and 2020:

- Note receivable – As part of the investment fund formation the YWCA loaned the USBCDC \$16,620,400 on January 31, 2020. The terms require quarterly interest payment at a rate of 1% through December 15, 2027. Principal payment will only occur beginning March 15, 2028 and only if the investment and return of the developed property to the YWCA does not occur. It is expected that once the property reverts back to the YWCA that the note agreement will terminate.
- Investment in Affiliates – Represents a 1% interest in the Master Tenant and QALICB of \$7,110 and \$5,488, respectively.
- Receivable from Affiliates – Includes \$31,384 and \$33,431 in 2021 and 2020, respectively, owed from the Master Tenant for administrative services provided by the YWCA for the management of the fitness center as well as other expenses paid by the YWCA. Also included is \$874 and \$5,747 in 2021 and 2020, respectively, owed from the QALICB for expenses paid by the YWCA.
- Payable to Affiliates – Represents rent due to the Master Tenant.

3. BUILDING RENOVATION AND INVESTMENT (CONTINUED)

In January 2020, the YWCA entered into several development loans to fund the investment note with the USBCDC. The notes which amounted to \$15,823,256 in 2020 are disclosed in Note 10 and are included as a component of long-term renovation project loans. Debt issuance costs of \$77,534 that were paid with the proceeds of the notes are being amortized over the expected payment terms of the loans. During 2021 and 2020 a total of \$27,359 and \$19,572, respectively, of debt issuance costs were amortized and recorded as component interest expense.

Statements of Activities for the years ended September 30, 2021 and 2020:

- Reimbursement of developer's expenses – The YWCA incurred pre and post development costs that were reimbursed by the investment fund. The reimbursement of \$155,504 in 2021 is to continue to fund the building renovation expenses. The reimbursement of \$1,263,750 in 2020 included costs incurred during fiscal years 2020, 2019 and 2018.
- State historic tax credits – Represents state historic tax credits earned by the CDC/CDE's and transferred to the YWCA during 2021 as part of the renovation funding project. \$1,744,000 was used to pay down the state bridge loan (Note 10). The remaining \$200,000 is included with cash, cash equivalents and restricted cash at September 30, 2021.
- Interest on Note Receivable – Represents the 1% interest on the development note receivable held with and due from the USBCDC.
- Service fees from Master Tenant – The YWCA receives a monthly service fee of \$1,667 for facility management and the administration of the wellness and health and domestic violence programmatic services. The monthly fee is subject to a 3% increase on annual basis. The agreement will terminate upon the earlier of the unwinding of the investment fund or 19 years (FY 2039).
- Rent paid to the Master Tenant – The YWCA leases property from the Master Tenant including space for transitional housing, childcare and administrative activities. The lease, which commenced on January 31, 2020, requires quarterly payments of rent established at a monthly rate of \$31,471 during 2021 and \$26,404 during 2020. The lease will terminate upon the earlier of the unwinding of the investment fund or 15 years (FY 2035). The agreement includes annual rent increases. The minimum annual lease obligation for this space over the next five years is \$402,573 – FY 2022, \$418,176 – FY 2023, \$435,234 – FY 2024, \$452,504 – FY 2025, \$465,367 – FY 2026 and thereafter \$477,554.
- Related expenses paid to Master Tenant – The wellness and health program that operates within the space of the fitness center and gym are programs operated by the Master Tenant. Wellness and health program fees of \$103,050 and \$68,514 in 2021 and 2020, respectively, are included within program service fees and also as a reimbursable expense to the Master Tenant.

4. RESTRICTED CASH

Total restricted cash consists of the following at September 30:

	2021	2020
Counseling	\$ 7,115	\$ 7,371
Various programs	35,089	69,355
Fiscal sponsors	248,887	201,609
Capital campaign	-	68,214
	<u>\$ 291,091</u>	<u>\$ 346,549</u>

5. PLEDGES RECEIVABLE

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

	2021	2020
Capital campaign, current (Note 21)	\$ 342,886	\$ 589,796
Restricted to future periods	<u>248,718</u>	<u>598,892</u>
Pledges receivable before unamortized discount	591,604	1,188,688
Less: unamortized discount	<u>21,018</u>	<u>56,281</u>
Net pledges receivable	<u>\$ 570,586</u>	<u>\$ 1,132,407</u>
Amounts due in:		
Less than one year	\$ 342,886	\$ 589,796
One to five years	<u>248,718</u>	<u>598,892</u>
	<u>\$ 591,604</u>	<u>\$ 1,188,688</u>

Amounts presented above have been discounted to present value using a discount rate of 3.25% in 2021 and 2020. The discount will be recognized as capital campaign contribution income in fiscal years 2022-2026 as the pledges are received and using the same effective rate for each year.

6. PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	2021	2020
Worcester:		
Land and improvements	\$ 120,981	\$ 122,381
Building and improvements	2,449,076	4,917,433
Furniture and equipment	362,010	488,714
Total Worcester	<u>2,932,067</u>	<u>5,528,528</u>
Leicester:		
Land and improvements	61,181	61,181
Building and improvements	706,604	702,104
Furniture and equipment	16,741	16,741
Total Leicester	<u>784,526</u>	<u>780,026</u>
Westborough:		
Land and improvements	17,000	17,000
Building and improvements	1,434,417	1,429,307
Furniture and equipment	31,986	33,610
Total Westborough	<u>1,483,403</u>	<u>1,479,917</u>
Greater Worcester - Domestic Violence Services:		
Land and improvements	10,204	13,840
Building and improvements	451,607	452,556
Furniture and equipment	17,563	11,413
Total Greater Worcester	<u>479,374</u>	<u>477,809</u>
North County - Domestic Violence Services:		
Furniture and equipment	<u>7,375</u>	<u>7,375</u>
Construction-in-Progress	<u>-</u>	<u>6,995</u>
Total property and equipment	5,686,745	8,280,650
Less accumulated depreciation	3,800,033	6,121,865
Net property and equipment	<u>\$ 1,886,712</u>	<u>\$ 2,158,785</u>

7. INVESTMENTS

Investments consist of the following at September 30:

	2021		2020	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Money market	\$ 35,013	\$ 35,013	\$ 123,221	\$ 123,221
Exchange-traded funds	1,732,433	2,019,342	1,643,302	1,793,777
	<u>\$ 1,767,446</u>	<u>\$ 2,054,355</u>	<u>\$ 1,766,523</u>	<u>\$ 1,916,998</u>

7. INVESTMENTS (CONTINUED)

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

	2021	2020
Unrealized gain	\$ 136,434	\$ 78,113
Net realized gain		
(based upon original cost)	84,211	41,321
Total net gain for year	<u>\$ 220,645</u>	<u>\$ 119,434</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 year ended September 30, 2021 and 2020, 4% or \$48,077 and \$39,726, 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 was appropriated for operations under this policy. The YWCA also appropriates for operations investment income earned on with donor restrictions - permanent endowment (see Note 13). The income is used to provide scholarships and counseling services. The YWCA appropriated for operations investment income earned on these funds of \$19,004 in 2021 and \$9,926 in 2020.

During 2021, the Board of Directors approved an additional \$30,000 distribution from the without restrictions endowment fund – board designated to fund the search for the new Executive Director.

During 2018, the Board of Directors approved an additional \$200,000 distribution from the without restrictions endowment fund – board designated to fund operations. During 2020, management approved \$50,000 to be transferred back to the investment fund.

7. INVESTMENTS (CONTINUED)

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 2021 and 2020. The balance outstanding on this inter-YWCA promissory note as of September 30, 2021 and 2020 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, 2021:

	Without Donor Restrictions	With Donor Restrictions		
		Temporarily	Permanently	Total
Donor-restricted endowment funds	\$ -	\$ 351,795	\$ 526,690	\$ 878,485
Board-designated endowment funds	1,175,870	-	-	1,175,870
Total Funds	\$ 1,175,870	\$ 351,795	\$ 526,690	\$ 2,054,355

Change in investments for the year ended September 30, 2021:

	Without Donor Restrictions	With Donor Restrictions		
		Temporarily	Permanently	Total
Investments, beginning of year	\$ 1,119,441	\$ 270,867	\$ 526,690	\$ 1,916,998
Investment return:				
Investment income, net of fees	-	13,793	-	13,793
Net appreciation (realized and unrealized)	139,717	80,928	-	220,645
Total investment return	139,717	94,721	-	234,438
Transfers	(5,211)	5,211	-	-
Appropriation of investment assets for expenditure	(78,077)	(19,004)	-	(97,081)
Investments, end of year	\$ 1,175,870	\$ 351,795	\$ 526,690	\$ 2,054,355

Investments composition as of September 30, 2020:

	Without Donor Restrictions	With Donor Restrictions		
		Temporarily	Permanently	Total
Donor-restricted endowment funds	\$ -	\$ 270,867	\$ 526,690	\$ 797,557
Board-designated endowment funds	1,119,441	-	-	1,119,441
Total Funds	\$ 1,119,441	\$ 270,867	\$ 526,690	\$ 1,916,998

7. INVESTMENTS (CONTINUED)

Change in investments for the year ended September 30, 2020:

	Without Donor Restrictions	With Donor Restrictions		Total
		Temporarily	Permanently	
Investments, beginning of year	\$ 1,023,936	\$ 224,823	\$ 526,690	\$ 1,775,449
Investment return:				
Investment income, net of fees	5,842	15,925	-	21,767
Net appreciation (realized and unrealized)	73,390	46,044	-	119,434
Total investment return	79,232	61,969	-	141,201
Contributions	50,000	-	-	50,000
Transfers	5,999	(5,999)	-	-
Appropriation of investment assets for expenditure	(39,726)	(9,926)	-	(49,652)
Investments, end of year	\$ 1,119,441	\$ 270,867	\$ 526,690	\$ 1,916,998

8. 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 based on the Wall Street Journal prime rate (3.25% at September 30, 2021) with a floor of 3.50%. The line of credit agreement is scheduled to expire on April 27, 2022. There was no outstanding balance on the line of credit at September 30, 2021 and 2020. 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 certain properties. On October 15, 2021, the line of credit agreement was amended to extend the maturity date to April 27, 2024.

9. LONG-TERM DEBT

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

	2021	2020
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.	\$ 381,052	\$ 407,675
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.	924	6,340
Total	381,976	414,015
Less - current portion	28,841	31,948
Long-term debt	<u>\$ 353,135</u>	<u>\$ 382,067</u>

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

2022	\$ 28,841
2023	29,363
2024	30,839
2025	32,883
2026	34,550
Thereafter	<u>225,500</u>
Total	<u>\$ 381,976</u>

10. RENOVATION PROJECT LOANS

The YWCA started a major renovation of its One Salem Square property in January 2020. Planning for the project started in fiscal year ending September 30, 2017 when the YWCA embarked in a \$7,500,000 capital campaign.

Renovation project loans consist of the following at September 30:

	2021	2020
On January 30, 2020, the YWCA entered into a \$3,637,004 capital campaign bridge loan, 5-year note payable to a bank. Interest charged is fixed and based on the Federal Home Loan Bank of Boston rate as published 2 business days immediately prior to the note date plus 2 basis point. The interest rate charged may never be less than 4.25% (4.25% at September 30, 2021). This note requires monthly interest payments and matures on January 30, 2025. The note will be repaid with capital campaign funds (see Note 3). This note is secured by all assets of the YWCA.	\$1,310,027	\$3,019,007
On January 30, 2020, the YWCA entered into a \$4,100,000 grant bridge loan, 18-month note payable to a bank. Interest charged is fixed and based on the Federal Home Loan Bank of Boston rate as published 2 business days immediately prior to the note date plus 2 basis point. The interest rate charged may never be less than 4.25% (4.25% at September 30, 2021). This note required monthly interest payments and matured on July 31, 2021. On December 28, 2021, the maturity date was extended to March 31, 2022. The note is to be repaid with proceeds from contingent loans (see Note 3 and Note 12) and two \$100,000 Community Development Block Grants ("CDBG"). This note is secured by all assets of the YWCA.	610,045	3,698,271
On January 30, 2020, the YWCA entered into a \$2,025,000 state tax credits bridge loan, 21-month note payable to a bank. Interest charged is fixed and based on the Federal Home Loan Bank of Boston rate as published 2 business days immediately prior to the note date plus 2 basis point. The interest rate charged may never be less than 4.25% (4.25% at September 30, 2021). This note requires monthly interest payments and was scheduled to mature on October 20, 2021. On September 9, 2021, the maturity date was extended to May 27, 2022. The note is to be repaid with proceeds from state tax credits earned (see Note 3). This note is secured by all assets of the YWCA.	281,000	2,025,000
On January 31, 2020, the YWCA entered into a \$2,522,813 bridge loan, 36-month note payable to the Life Insurance Community Investment Initiative, LLC, a Massachusetts limited liability company. Interest charged is fixed at 5%. This note does not require monthly interest payments and matures on January 31, 2023 when the entire outstanding principal balance and any accrued interest is due. The note will be repaid with proceeds from federal tax credits earned (see Note 3). This note is secured by all assets of the YWCA.	2,414,665	2,295,870

Continued...

10. RENOVATION PROJECT LOANS (CONTINUED)

On January 30, 2020, the YWCA entered into a maximum \$900,000 bridge loan, 18-month note payable to the MHIC Neighborhood Commerce Fund I LLC ("MHIC"), a Massachusetts limited liability company. Interest charged was fixed at 5.5%. This note required monthly interest payments and matured on June 30, 2021. The note was repaid with proceeds earned from the development project (see Note 3). This note was secured by a pledge and security agreement. This note was paid down in 2021 and 2020 with reimbursement of developer's expense funds received in 2021 and 2020.

- 122,098

On January 30, 2020, the YWCA entered into a \$750,000 7-year note payable to a bank. Interest charged is fixed and based on the Federal Home Loan Bank of Boston rate as published 2 business days immediately prior to the note date plus 2 basis point. The interest rate charged may never be less than 4.50% (4.50% at September 30, 2021). This note requires monthly interest payments and matures on January 30, 2027. This note is secured by all assets of the YWCA. This loan is scheduled to be repaid with income from the YWCA operating activity.

750,000 750,000

On January 30, 2020, the YWCA entered into a \$295,615 federal tax credits bridge loan, 36-month note payable to a bank. Interest charged is fixed and based on the Federal Home Loan Bank of Boston rate as published 2 business days immediately prior to the note date plus 2 basis point. The interest rate charged may never be less than 4.25% (4.25% at September 30, 2021). This note requires monthly interest payments and matures on January 30, 2023. The note will be repaid with proceeds from federal tax credits earned (see Note 3). This note is secured by all assets of the YWCA.

295,615 -

Total renovation project loans

5,661,352 11,910,246

Less - current portion

891,045 3,820,369

Less debt issuance costs

30,603 57,962

Renovation project loans, net of current portion and debt issuance costs

\$4,739,704 \$8,031,915

Aggregate maturities of the renovation project loans over the next five years are as follows:

2022	\$ 891,045
2023	2,710,280
2024	-
2025	1,310,027
2026	-
Thereafter	<u>750,000</u>
Total	<u>\$ 5,661,352</u>

11. PPP LOAN

On April 14, 2020, YWCA entered into a 2-year Paycheck Protection Program (PPP) loan in the amount of \$1,039,466 with a financial institution. The note bears interest at 1% and matures on April 14, 2022. For the first six months, interest and principal payments were deferred. On November 14, 2020, the outstanding principal balance would be amortized for the remaining 18 months and the first monthly payment was due. The loan is secured by the Small Business Administration (SBA) under The Coronavirus Aid, Relief, and Economic Security (CARES) Act. The loan is subject to the loan forgiveness provisions of the CARES Act and SBA interim final rule dated April 2, 2020. YWCA was granted full forgiveness of the PPP loan on August 5, 2021. The loan forgiveness is presented as government grant – forgiveness of PPP loan on the statement of activities for the year ended September 30, 2021.

12. 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 One 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 was contingent on the full financial closing for the entire One Salem Square project renovation within nine months of the award date. During 2021 and 2020, \$548,271 and \$401,729, respectively, was drawn from this grant to fund the renovation of the early education center and the draws were used to pay down the Fidelity Grant Bridge loan (\$4,100,000) (see Note 10). Total outstanding balance on this loan at September 30, 2021 and 2020 is \$950,000 and \$401,729, respectively.

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 a permanent mortgage loan for an amount not to exceed \$600,000 for the renovation of 47 units of rental housing, 12 of which will be HTF assisted and 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 was contingent on the full financial closing for the entire One Salem Square project renovation by January 31, 2020. During 2021, \$540,000 was drawn from this grant to pay down the Fidelity Grant Bridge loan (\$4,100,000) (see Note 10). There were no draws from this grant during 2020. Total outstanding balance on this loan at September 30, 2021 and 2020 is \$540,000 and \$0, respectively.

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 a permanent mortgage loan for an amount not to exceed \$1,000,000 for the renovation of 47 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.

12. CONTINGENT LOANS (CONTINUED)

Collateral for the loan is a mortgage and security agreement on the property included in the project. Disbursement of this grant was contingent on the full financial closing for the entire One Salem Square project renovation by January 31, 2020. During 2021, \$900,000 was drawn from this grant to pay down the Fidelity Grant Bridge loan (\$4,100,000) (see Note 10). There were no draws from this grant during 2020. Total outstanding balance on this loan at September 30, 2021 and 2020 is \$900,000 and \$0, respectively.

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 a permanent mortgage loan for an amount not to exceed \$1,000,000 for the renovation of 47 units of rental housing, all of which will be HSF assisted. Six 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 was contingent on the full financial closing for the entire One Salem Square project renovation by January 31, 2020. During 2021, \$900,000 was drawn from this grant to pay down the Fidelity Grant Bridge loan (\$4,100,000) (see Note 10). There were no draws from this grant during 2020. Total outstanding balance on this loan at September 30, 2021 and 2020 is \$900,000 and \$0, respectively.

Effective January 9, 2020, the City of Worcester through the City of Worcester’s HOME Investment Partnerships Program (“HOME”) awarded the YWCA a HOME grant up to \$300,000 to renovate the YWCA’s housing program. The grant requires the YWCA to provide 11 affordable rental housing units for 20 years. The HOME affordable rental housing will be reserved for individuals or families whose household income are not higher than 60% of the HUD-adjusted median family income for the area. Also at least 20% of the units must be occupied by families with incomes that do not exceed 50% of the HUD-adjusted median. The incomes of the households receiving HUD assistance must not exceed 80% of the area median. HOME income limits are published each year by HUD. The HOME Investment Partnerships Program funding is secured by a grant agreement, mortgage and affordable housing restrictions. Disbursement of this grant was contingent on the full financial closing for the entire One Salem Square project renovation by January 31, 2020. There were no draws from this grant during 2021 and 2020.

13. NET ASSETS

Net assets with donor restrictions were as follows for the year ended September 30:

	2021	2020
Restricted for purpose or time:		
Scholarships	\$ -	\$ 10,470
Counseling services	7,115	5,455
Realized and unrealized gains on permanent restricted endowment	351,795	270,867
Programs - other	77,131	102,843
Capital campaign (Note 21)	570,586	1,200,621
Fiscal sponsors	248,887	201,609
	<u>1,255,514</u>	<u>1,791,865</u>
Restricted into perpetuity:		
The Estate of Irene L. Piper endowment	260,108	260,108
The Estate of Eleanor F. Rowe endowment	198,242	198,242
The Turner endowment	20,023	20,023
The Dorothy B. Arms Trust endowment	48,317	48,317
	<u>526,690</u>	<u>526,690</u>
Total net assets with donor restrictions	<u>\$ 1,782,204</u>	<u>\$ 2,318,555</u>

Restricted into perpetuity net assets consist of the following endowments:

The Estate of Irene L. Piper endowment to 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 endowment to 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 endowment to 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 endowment to be held as a permanent source of income. Income generated from the investment holdings is without restrictions and disbursed at the discretion of YWCA.

Net assets released from net assets with donor restrictions are as follows for the year ending September 30:

	2021	2020
Scholarships	\$ 9,049	\$ 10,470
Counseling services	5,000	5,000
Programs - other	360,835	450,066
Capital campaign	1,784,606	3,378,367
Fiscal sponsors	281,213	125,613
	<u>\$ 2,440,703</u>	<u>\$ 3,969,516</u>

14. CONCENTRATION OF CREDIT RISK

The YWCA receives a significant portion of its total revenues and other support from governmental unit-rates and cost reimbursement contracts.

The YWCA recognizes funding from the following major sources at September 30:

	2021		2020	
	% of Total program service fees receivable and/or other accounts receivable		% of Total program service fees receivable and/or other accounts receivable	
	% of Total revenues and other support		% of Total revenues and other support	
Department of Public Health	20%	20%	17%	14%
Child Care Resources	11%	10%	11%	**
City of Worcester	**	**	**	27%
Massachusetts Office of Victim Assistance	**	17%	**	14%
Department of Early Education and Care	11%	**	**	**

** Not greater than 10%

15. 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 2021 and 2020, 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 \$146,235 and \$136,890 in 2021 and 2020, respectively. These expenses are included in employee benefits in the accompanying financial statements.

16. CAPITAL LEASE

In September 2020, the YWCA entered into a capital lease agreement for fitness equipment. The lease term is four years and expires in August 2024. The lease requires monthly payments of \$389. Future minimum lease obligations at September 30, 2021 are as follows:

Year ending September 30,

	2022	\$	4,668
	2023		4,668
	2024		<u>4,279</u>
Total minimum capital lease repayments			13,615
Less amounts representing interest			<u>1,176</u>
Present value of minimum capital lease payments			12,439
Less current obligation under capital lease			<u>4,017</u>
Long-term capital lease obligation		\$	<u>8,422</u>

The aggregate cost of the equipment as of September 30, 2021 and 2020 is \$16,565, which is reported as a component of Worcester - property and equipment. The net book value of the equipment as of September 30, 2021 and 2020 is \$12,424 and \$16,565, respectively.

17. 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 which was scheduled to expire on February 28, 2021. In February 2021, the lease was extended for an additional 3 years expiring February 28, 2024.

For the year ended September 30, 2021 and 2020, the YWCA incurred rent expense of \$15,480 and \$50,073, respectively. Rent expense is included in occupancy in the accompanying financial statements.

The YWCA leases office equipment under numerous operating leases expiring in June 2026. Operating office equipment lease expense was \$16,894 and \$16,146 in 2021 and 2020, respectively.

Future minimum lease payments under the operating leases for office space and equipment at September 30, 2021 are as follows:

2022	\$	35,230
2023		35,230
2024		<u>24,570</u>
Total	\$	<u>95,030</u>

The YWCA also leases building space at One Salem Square. This obligation is discussed in Note 3 Building Renovation and Investment.

18. 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, 2021 and 2020.

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, 2021:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market	\$ 35,013	\$ -	\$ -	\$ 35,013
Exchange-traded funds:				
Communications	67,533	-	-	67,533
Consumer	95,125	-	-	95,125
Technology	173,215	-	-	173,215
Health	79,753	-	-	79,753
Diversified	120,988	-	-	120,988
Materials	21,201	-	-	21,201
Real Estate	9,225	-	-	9,225
Energy	23,440	-	-	23,440
Industrial	56,083	-	-	56,083
Utilities	3,292	-	-	3,292
Financial	78,389	-	-	78,389
Other	292,778	-	-	292,778
Bonds	998,320	-	-	998,320
Total exchange-traded funds	2,019,342	-	-	2,019,342
	<u>\$ 2,054,355</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,054,355</u>

18. FAIR VALUE MEASUREMENTS (CONTINUED)

The following items are measured at fair value on a recurring basis at September 30, 2020:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market	\$ 123,221	\$ -	\$ -	\$ 123,221
Exchange-traded funds:				
Communications	79,061	-	-	79,061
Consumer	120,203	-	-	120,203
Technology	190,849	-	-	190,849
Health	92,217	-	-	92,217
Diversified	58,555	-	-	58,555
Materials	9,673	-	-	9,673
Real Estate	4,797	-	-	4,797
Energy	7,337	-	-	7,337
Industrial	47,881	-	-	47,881
Utilities	6,830	-	-	6,830
Financial	83,417	-	-	83,417
Other	227,777	-	-	227,777
Bonds	865,180	-	-	865,180
Total exchange-traded funds	1,793,777	-	-	1,793,777
	<u>\$ 1,916,998</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,916,998</u>

19. AVAILABILITY AND LIQUIDITY

The following represents the YWCA's financial assets at September 30, 2021:

Financial assets at year end:

Cash, cash equivalents and restricted cash	\$1,006,424
Program service fees receivable	572,390
Other accounts receivable	219,360
Investments	<u>2,054,355</u>
Total financial assets	<u>3,852,529</u>

Less amounts not available to be used within one year:

Net assets with donor restrictions	1,782,204
Less net assets with purpose restrictions to be met in less than a year	<u>(1,255,514)</u>
	<u>526,690</u>

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

\$3,325,839

The YWCA's goal is generally to maintain financial assets to meet 90 days of operating expenses (approximately \$2 million). The YWCA has a \$750,000 line of credit available to meet cash flow needs.

20. FISCAL SPONSOR

The YWCA agreed to serve as the fiscal sponsor for the OurStory Edutainment in January 2021, Worcester Voter Registration Initiative in November 2020, Massachusetts Women of Color Coalition in October 2016, and for the Healthy Greater Worcester in June 2015. 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 2021 and 2020 amounted to \$328,491 and \$274,076, respectively. Total expense for these programs during 2021 and 2020 amounted to \$281,213 and \$125,613, respectively. A total of \$248,887 and \$201,609 is included as restricted for purpose or time net assets for these programs as of September 30, 2021 and 2020.

21. 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 was budgeted at approximately \$23,500,000. Planned funding for the total project included 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 (see Note 3). During 2021 and 2020, a total of \$1,119,308 and \$1,177,800 was raised in contributions and pledges towards the capital campaign. Total contributions and pledges net of unamortized discount was \$1,154,571 and \$1,118,944 in 2021 and 2020, respectively. The renovation construction project was completed in January 2021. As of September 30, 2021 and 2020, a total of \$6,907,341 and \$5,905,745, 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 \$727,966 and \$714,481 in renovation and capital campaign expenses were incurred in 2021 and 2020, respectively and reported as renovation and capital campaign expenses in the statements of functional expenses for the years ended September 30, 2021 and 2020.

22. RISKS AND UNCERTAINTIES

On March 11, 2020, the World Health Organization declared the outbreak of coronavirus (COVID-19) a pandemic. As a result, the YWCA's programs were either temporarily closed, offered remotely, or continued to operate on-site with safety precautions. The pandemic continued throughout fiscal year 2021, however; all of the YWCA's programs have re-opened and safety precautions continue throughout the organization.

Also, due to the pandemic, economic uncertainties have arisen which have resulted in significant volatility in the investment markets, resulting in a potential decline in the value of investments. These uncertainties may negatively impact financial operations in the near future. The eventual effect of this pandemic is unknown at this time.

23. SUBSEQUENT EVENT

From October 1, 2021 to January 21, 2022, the YWCA raised approximately \$242,000 in additional pledges and contributions from foundations and community members toward the capital campaign goal. The new pledges are scheduled to be received in one to five years from pledge dates.

In October 2021, the YWCA paid down \$50,000 of the \$610,045 September 30, 2021 outstanding balance on the grant bridge loan (Note 10) from receipts from contingent loans (Note 12).

23. SUBSEQUENT EVENT (CONTINUED)

On December 1, 2021, the YWCA secured a \$500,000 five-year mortgage note with UMASS Memorial Health Care, Inc. Interest rate is fixed at 2% and the loan requires only monthly interest payments starting December 1, 2022 and annually thereafter every December 1. The loan matures on December 1, 2026 at which time the remaining outstanding principal and any accrued interest balances will be due. The loan is secured by a second mortgage on the YWCA's real property and building located at One Salem Square, Worcester, Massachusetts.

Additionally, in December 2021, the YWCA paid down \$500,000 of the \$1,310,027 September 30, 2021 outstanding balance on the capital campaign bridge loan (Note 11) from proceeds from the December 1, 2021 \$500,000 mortgage loan with UMASS Memorial Health Care, Inc.

Additionally, as of January 21, 2022, the YWCA paid down \$382,735 of the \$1,310,027 September 30, 2021 outstanding balance on the capital campaign bridge loan (Note 10) from receipts on pledge receivables outstanding as of September 30, 2021 and/or new pledges received subsequent to year-end.

The YWCA has evaluated all subsequent events through January 27, 2022, the date the financial statements were available to be issued.
