

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

*Financial Statements for the Years Ended
September 30, 2022 and 2021 and
Independent Auditors' Report*

YWCA CENTRAL MASSACHUSETTS, INC.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
YWCA Central Massachusetts, Inc.

Opinion

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, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of YWCA Central Massachusetts, Inc. as of September 30, 2022 and 2021, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of YWCA Central Massachusetts, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about YWCA Central Massachusetts, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

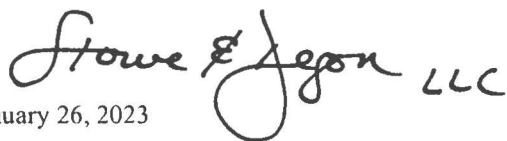
Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of YWCA Central Massachusetts, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about YWCA Central Massachusetts, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

The image shows a handwritten signature in cursive script that reads "Stowe & Degon LLC". The signature is written in black ink and is positioned to the right of the date.

January 26, 2023

YWCA CENTRAL MASSACHUSETTS, INC.

STATEMENTS OF FINANCIAL POSITION SEPTEMBER 30, 2022 AND 2021

	2022	2021
ASSETS		
CURRENT ASSETS:		
Cash, cash equivalents and restricted cash	\$ 1,569,543	\$ 1,006,424
Investments	284,213	35,013
Program service fees receivable	779,493	572,390
Other accounts receivable	149,300	219,360
Pledges receivable, current	300,826	342,886
Prepaid expenses and other	3,165	5,074
Receivable from Affiliates	<u>130,248</u>	<u>32,258</u>
Total current assets	3,216,788	2,213,405
PLEDGES RECEIVABLE, non-current	147,758	227,700
PROPERTY AND EQUIPMENT, net	2,063,281	1,886,712
INVESTMENTS, long-term	1,697,567	2,019,342
NOTE RECEIVABLE (Note 3)	13,751,117	16,620,400
INVESTMENT IN AFFILIATES	<u>12,598</u>	<u>12,598</u>
TOTAL ASSETS	<u>\$ 20,889,109</u>	<u>\$ 22,980,157</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable	\$ 57,730	\$ 70,583
Accrued expenses	342,094	268,022
Current portion of long-term debt	29,363	28,841
Current portion of renovation project loans (Note 10)	841,045	891,045
Current portion of capital lease obligations	4,271	4,017
Deferred revenue	12,923	10,888
Payable to Affiliates	<u>166,449</u>	<u>241,746</u>
Total current liabilities	1,453,875	1,515,142
LONG-TERM DEBT, net of current portion	323,747	353,135
LONG-TERM RENOVATION PROJECT LOANS, net of current portion and debt issuance costs (Note 10)	1,505,100	4,739,704
LONG-TERM PORTION OF CAPITAL LEASE	4,150	8,422
CONTINGENT LOANS (Note 12)	<u>3,340,000</u>	<u>3,290,000</u>
Total liabilities	<u>6,626,872</u>	<u>9,906,403</u>
NET ASSETS:		
Without donor restrictions	12,005,968	11,291,550
With donor restrictions	<u>2,256,269</u>	<u>1,782,204</u>
Total net assets	<u>14,262,237</u>	<u>13,073,754</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 20,889,109</u>	<u>\$ 22,980,157</u>

See notes to financial statements.

YWCA CENTRAL MASSACHUSETTS, INC.

**STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED SEPTEMBER 30, 2022 AND 2021**

	2022			2021		
	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	\$ 6,057,310	\$ 959,421	\$ 7,016,731	\$ 5,249,426	\$ -	\$ 5,249,426
Individuals and other	1,604,998	-	1,604,998	1,235,803	-	1,235,803
Grants and contributions	251,143	1,128,204	1,379,347	405,927	655,060	1,060,987
United Way	370,300	-	370,300	209,640	-	209,640
Special events, net of expenses of \$26,620 and \$14,105 in 2022 and 2021, respectively	33,414	-	33,414	17,852	-	17,852
Investment income, net of fees of \$14,789 and \$18,098 in 2022 and 2021, respectively	28,190	16,548	44,738	18,796	13,793	32,589
Miscellaneous income	47,871	-	47,871	48,426	-	48,426
Membership dues	6,157	-	6,157	6,259	-	6,259
Capital campaign contributions	-	411,565	411,565	-	1,154,571	1,154,571
Net assets released from restrictions	1,885,666	(1,885,666)	-	2,440,703	(2,440,703)	-
Total revenues and other support	10,285,049	630,072	10,915,121	9,632,832	(617,279)	9,015,553
EXPENSES:						
Program services	6,354,141	-	6,354,141	5,699,054	-	5,699,054
Supporting services	2,543,154	-	2,543,154	2,439,070	-	2,439,070
Total expenses	8,897,295	-	8,897,295	8,138,124	-	8,138,124
Change in net assets from operations	1,387,754	630,072	2,017,826	1,494,708	(617,279)	877,429
NONOPERATING ACTIVITIES:						
Realized and unrealized (loss) gain on investments, net	(254,957)	(156,007)	(410,964)	139,717	80,928	220,645
Loss on disposal of property and equipment	(40,899)	-	(40,899)	(127,230)	-	(127,230)
Reimbursement of developer's expenses	-	-	-	155,504	-	155,504
State historic tax credits	-	-	-	1,944,000	-	1,944,000
Interest income on note receivable	166,204	-	166,204	166,204	-	166,204
Service fees from Master Tenant	20,000	-	20,000	20,000	-	20,000
Rent paid to Master Tenant	(402,573)	-	(402,573)	(381,376)	-	(381,376)
Related expenses paid to Master Tenant	(161,111)	-	(161,111)	(103,050)	-	(103,050)
Government grant - forgiveness of PPP loan (Note 11)	-	-	-	1,039,466	-	1,039,466
	(673,336)	(156,007)	(829,343)	2,853,235	80,928	2,934,163
Change in net assets	714,418	474,065	1,188,483	4,347,943	(536,351)	3,811,592
NET ASSETS - BEGINNING OF YEAR	11,291,550	1,782,204	13,073,754	6,943,607	2,318,555	9,262,162
NET ASSETS - END OF YEAR	\$ 12,005,968	\$ 2,256,269	\$ 14,262,237	\$ 11,291,550	\$ 1,782,204	\$ 13,073,754

See notes to financial statements.

YWCA CENTRAL MASSACHUSETTS, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2022
(With Summarized Financial Information for the Year Ended September 30, 2021)

	2022							2021						
	PROGRAM SERVICES							SUPPORT SERVICES						
	WELLNESS AND HEALTH EQUITY	CHILD CARE	TRANSITIONAL HOUSING	WOMEN'S ECONOMIC EMPOWERMENT	DOMESTIC VIOLENCE SERVICES GREATER WORCESTER	NORTH COUNTY	TOTAL PROGRAM SERVICES	MANAGEMENT AND GENERAL	PROGRAM SUPPORT	FACILITIES	DEVELOPMENT	TOTAL SUPPORT SERVICES	TOTAL EXPENSES	TOTAL EXPENSES
PERSONNEL AND RELATED:														
Salaries	\$ 311,832	\$ 2,108,374	\$ 160,183	\$ 222,242	\$ 919,446	\$ 371,488	\$ 4,093,565	\$ 553,146	\$ 98,147	\$ 108,242	\$ 114,686	\$ 874,221	\$ 4,967,786	\$ 4,674,629
Employee benefits	22,977	257,607	21,608	26,714	137,740	72,543	539,189	53,428	2,927	14,696	12,454	83,505	622,694	612,682
Payroll taxes	25,325	161,644	12,172	16,905	70,670	28,437	315,153	43,495	8,336	8,507	8,845	69,183	384,336	356,440
Outside and contracted services	1,389	101,886	74,912	96,759	48,550	493	323,989	409,022	57,027	-	-	466,049	790,038	453,368
Total payroll and related expenses	361,523	2,629,511	268,875	362,620	1,176,406	472,961	5,271,896	1,059,091	166,437	131,445	135,985	1,492,958	6,764,854	6,097,119
OCCUPANCY:														
Rent and utilities	-	74,442	-	-	17,736	16,552	108,730	6,050	-	7,335	-	13,385	122,115	80,853
Repairs and maintenance	-	75,585	-	-	32,086	-	107,671	-	-	150,056	-	150,056	257,727	221,863
Insurance	-	1,996	-	-	906	399	3,301	68,576	-	11,483	-	80,059	83,360	66,520
Interest	651	5	-	-	-	-	656	55,760	-	-	-	55,760	56,416	52,405
Total occupancy	651	152,028	-	-	50,728	16,951	220,358	130,386	-	168,874	-	299,260	519,618	421,641
OTHER:														
Program supplies	20,618	78,397	1,729	4,801	218,976	16,025	340,546	2,049	-	-	-	2,049	342,595	279,880
Miscellaneous	2,353	65,045	4,985	2,535	54,187	641	129,746	274,471	1,050	3,494	805	279,820	409,566	223,173
Scholarships	-	-	11,000	-	5,000	-	16,000	-	-	-	-	-	16,000	15,000
Client transportation	-	80,973	79	1,168	3,648	-	85,868	-	-	-	-	-	85,868	34,380
Telephone	387	14,634	1,615	1,560	13,171	11,618	42,985	917	215	1,122	172	2,426	45,411	41,951
Printing, dues and subscriptions	1,970	6,299	-	930	4,251	3,649	17,099	10,166	587	214	907	11,874	28,973	23,328
Meals	428	9,644	56	6,323	6,286	-	22,737	1,329	-	363	-	1,692	24,429	24,166
Equipment rental and maintenance	675	4,584	-	-	1,987	2,045	9,291	-	16,290	-	-	16,290	25,581	38,235
Legal and accounting	-	-	4,403	-	-	-	4,403	73,391	-	374	-	73,765	78,168	44,031
Professional contracted services	-	-	2,294	-	-	-	2,294	61,924	190	-	15,158	77,272	79,566	77,075
Advertising	45	327	-	-	-	-	372	2,671	1,141	-	1,795	5,607	5,979	4,379
Travel	224	965	31	4,290	5,825	1,650	12,985	1,686	-	1,498	-	3,184	16,169	5,953
National council assessments	-	-	-	-	-	-	-	40,000	-	-	-	40,000	40,000	40,000
Office supplies	355	3,676	161	60	7,569	107	11,928	3,486	4,070	-	2	7,558	19,486	10,601
Conferences and meetings	1,939	2,210	-	-	4,038	530	8,717	14,770	-	225	154	15,149	23,866	10,462
Postage and shipping	-	97	-	-	-	-	97	256	3,032	24	27	3,339	3,436	3,089
Total other	28,994	266,851	26,353	21,667	324,938	36,265	705,068	487,116	26,575	7,314	19,020	540,025	1,245,093	875,703
Total expenses before renovation and capital campaign expenses, depreciation and allocations	391,168	3,048,390	295,228	384,287	1,552,072	526,177	6,197,322	1,676,593	193,012	307,633	155,005	2,332,243	8,529,565	7,394,463
RENOVATION AND CAPITAL CAMPAIGN EXPENSES (NOTE 21)	-	-	-	-	-	-	-	201,916	-	-	-	201,916	201,916	568,492
DEPRECIATION AND AMORTIZATION	33,449	86,831	17,089	2,282	16,430	738	156,819	-	8,535	-	460	8,995	165,814	175,169
Total expenses before facilities, program and general allocations	424,617	3,135,221	312,317	386,569	1,568,502	526,915	6,354,141	1,878,509	201,547	307,633	155,465	2,543,154	8,897,295	8,138,124
FACILITIES ALLOCATION	92,733	74,742	46,477	13,840	12,624	-	240,416	40,484	24,799	(307,633)	1,934	(240,416)	-	-
PROGRAM SUPPORT ALLOCATION	20,712	105,641	11,150	15,300	62,782	-	215,585	2,947	(226,346)	-	7,814	(215,585)	-	-
MANAGEMENT AND GENERAL ALLOCATION	138,185	958,468	74,445	102,385	412,427	179,153	1,865,063	(1,921,940)	-	-	56,877	(1,865,063)	-	-
Total expenses	\$ 676,247	\$ 4,274,072	\$ 444,389	\$ 518,094	\$ 2,056,335	\$ 706,068	\$ 8,675,205	\$ -	\$ -	\$ -	\$ 222,090	\$ 222,090	\$ 8,897,295	\$ 8,138,124

See notes to financial statements.

YWCA CENTRAL MASSACHUSETTS, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	PROGRAM SERVICES						SUPPORT SERVICES						TOTAL EXPENSES
	WELLNESS AND HEALTH EQUITY	CHILD CARE	TRANSITIONAL HOUSING	WOMEN'S ECONOMIC EMPOWERMENT	DOMESTIC VIOLENCE SERVICES GREATER WORCESTER	NORTH COUNTY	TOTAL PROGRAM SERVICES	MANAGEMENT AND GENERAL	PROGRAM SUPPORT	FACILITIES	DEVELOPMENT	TOTAL SUPPORT SERVICES	
PERSONNEL AND RELATED:													
Salaries	\$ 349,330	\$ 1,896,649	\$ 149,834	\$ 109,514	\$ 878,519	\$ 451,368	\$ 3,835,214	\$ 543,910	\$ 86,960	\$ 106,334	\$ 102,211	\$ 839,415	\$ 4,674,629
Employee benefits	28,532	250,191	20,213	16,269	146,541	75,489	537,235	46,915	3,020	13,249	12,263	75,447	612,682
Payroll taxes	28,375	145,244	11,336	7,711	66,135	33,516	292,317	41,271	6,881	8,270	7,701	64,123	356,440
Outside and contracted services	8,604	4,936	15,635	67,500	35,231	2,349	134,255	299,251	16,545	-	3,317.00	319,113	453,368
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	127,853	125,492	1,298,098	6,097,119
OCCUPANCY:													
Rent and utilities	-	36,493	-	-	16,653	16,018	69,164	6,550	-	5,139	-	11,689	80,853
Repairs and maintenance	-	56,768	-	-	38,245	-	95,013	-	-	126,850	-	126,850	221,863
Insurance	-	1,713	-	-	778	343	2,834	53,829	-	9,857	-	63,686	66,520
Interest	887	158	-	-	-	-	1,045	51,360	-	-	-	51,360	52,405
Total occupancy	887	95,132	-	-	55,676	16,361	168,056	111,739	-	141,846	-	253,585	421,641
OTHER:													
Program supplies	15,327	63,232	322	6,646	173,430	18,790	277,747	-	-	-	2,133	2,133	279,880
Miscellaneous	2,325	111,164	(54,125)	1,399	63,852	16,584	141,199	80,694	681	101	498	81,974	223,173
Scholarships	-	-	10,000	-	5,000	-	15,000	-	-	-	-	-	15,000
Client transportation	-	30,841	-	430	2,400	709	34,380	-	-	-	-	-	34,380
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
Printing, dues and subscriptions	568	3,828	-	-	4,718	3,800	12,914	7,065	1,673	25	1,651	10,414	23,328
Meals	214	8,160	100	1,389	3,622	1,000	14,485	4,277	-	216	5,188	9,681	24,166
Equipment rental and maintenance	1,123	2,308	-	-	2,070	2,220	7,721	-	30,514	-	-	30,514	38,235
Legal and accounting	-	-	892	-	-	-	892	42,839	-	300	-	43,139	44,031
Professional contracted services	-	-	2,400	-	-	-	2,400	60,311	95	-	14,269	74,675	77,075
Advertising	30	1,246	-	-	-	-	1,276	-	3,103	-	-	3,103	4,379
Travel	91	395	12.00	1,807	1,272	1,035	4,612	159	-	1,178	4	1,341	5,953
National council assessments	-	-	-	-	-	-	-	40,000	-	-	-	40,000	40,000
Office supplies	14	2,326	-	16	4,666	550	7,572	2,034	953	-	42	3,029	10,601
Conferences and meetings	325	2,426	-	-	6,196	1,200	10,147	130	-	120	65	315	10,462
Postage and shipping	-	-	-	26.00	-	-	26	180	2,507	-	376	3,063	3,089
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
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
RENOVATION AND CAPITAL CAMPAIGN EXPENSES (NOTE 21)	-	-	-	-	-	-	-	568,492	-	-	-	568,492	568,492
DEPRECIATION AND AMORTIZATION	36,287	90,445	18,539	2,475	16,837	738	165,321	90	9,259	-	499	9,848	175,169
Total expenses before facilities, program and general allocations	473,070	2,714,663	176,914	216,900	1,481,070	636,437	5,699,054	1,852,240	162,768	273,384	150,678	2,439,070	8,138,124
FACILITIES ALLOCATION	87,500	81,939	44,701	5,968	9,950	-	230,058	20,091	22,026	(273,384)	1,209	(230,058)	-
PROGRAM SUPPORT ALLOCATION	21,767	79,970	7,541	7,203	59,157	-	175,638	2,536	(184,794)	-	6,620	(175,638)	-
MANAGEMENT AND GENERAL ALLOCATION	166,056	867,923	58,881	55,010	443,407	228,729	1,820,006	(1,874,867)	-	-	54,861	(1,820,006)	-
Total expenses	\$ 748,393	\$ 3,744,495	\$ 288,037	\$ 285,081	\$ 1,993,584	\$ 865,166	\$ 7,924,756	\$ -	\$ -	\$ -	\$ 213,368	\$ 213,368	\$ 8,138,124

See notes to financial statements.

YWCA CENTRAL MASSACHUSETTS, INC.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED SEPTEMBER 30, 2022 AND 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 1,188,483	\$ 3,811,592
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	165,814	175,169
Loss on disposal of property and equipment	40,899	127,230
Capital grants and contributions	(210,830)	(5,000)
Realized gain on investments	(44,786)	(84,211)
Unrealized loss (gain) on investments	455,750	(136,434)
Pledges restricted for capital campaign, net of discount	(182,695)	(221,698)
Amortization of debt issuance costs	20,162	27,359
Stock donations	-	(107,554)
Extinguishment of debt - PPP loan (Note 11)	-	(1,039,466)
Changes in operating assets and liabilities:		
Program service fees receivable	(207,103)	(77,673)
Other accounts receivable	70,060	133,187
Prepaid expenses and other	1,909	(45)
Receivable from Affiliates	(97,990)	6,920
Accounts payable	(12,853)	39,523
Accrued expenses	74,072	(6,165)
Deferred revenue	2,035	(4,369)
Payable to Affiliates	(75,297)	146,828
Net cash provided by operating activities	<u>1,187,630</u>	<u>2,785,193</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of property and equipment	(383,282)	(30,326)
Investment purchases	(1,015,597)	(204,438)
Proceeds from sale of investments	677,208	395,280
Net cash (used in) provided by for investing activities	<u>(721,671)</u>	<u>160,516</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayments on long-term debt	(28,866)	(32,039)
Proceeds from long-term renovation project loans	500,000	295,615
Repayments on long-term renovation project loans	(935,483)	(6,544,509)
Repayments on capital lease obligations	(4,018)	(3,781)
Proceeds from contingent loans	50,000	2,888,271
Capital grants and contributions received	210,830	5,000
Cash received from pledges	304,697	783,519
Net cash provided by (used in) financing activities	<u>97,160</u>	<u>(2,607,924)</u>
NET INCREASE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	563,119	337,785
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, BEGINNING OF YEAR	<u>1,006,424</u>	<u>668,639</u>
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, END OF YEAR	<u>\$ 1,569,543</u>	<u>\$ 1,006,424</u>
SUPPLEMENTAL DISCLOSURE:		
Cash paid for interest	<u>\$ 236,828</u>	<u>\$ 553,359</u>
NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Federal historic credits used directly to paydown renovation project loans	<u>\$ 2,869,283</u>	<u>\$ -</u>
Increase in debt - accrued interest	<u>\$ -</u>	<u>\$ 118,795</u>

See notes to financial statements.

YWCA CENTRAL MASSACHUSETTS, INC.

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED SEPTEMBER 30, 2022 AND 2021

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 (that is, when stipulated time restriction ends or purpose restriction is accomplished), 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 2022 and 2021. The YWCA considers accounts receivable as of September 30, 2022 and 2021 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 represents 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:

2023	\$	8,950
2024		<u>1,491</u>
Total	\$	<u>10,441</u>

Revenue recognition – The YWCA recognizes program service fees from federal, state, local agencies and individuals, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts are recognized as revenue when the YWCA has performed the service or incurred the expense in compliance with specific contract or grant provisions and has requested reimbursement. Grants and contributions are recognized when cash, securities or other assets, or an unconditional promise to give is received. Conditional promises to give, that is, those with a measurable performance or other barrier and a right of return are not recognized until the conditions on which they depend have been met. Contributions of assets other than cash are recorded at their fair value at the date of the gift. During 2022 and 2021, 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 2022 and 2021 was \$5,979 and \$4,379, 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 2021 amounts have been reclassified to conform to the 2022 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 (expected FY2027).

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 YWCA 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 2022 and 2021 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, 2022 and 2021 is as follows:

Statements of Financial Position as of September 30, 2022 and 2021:

- 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. USBCDC was scheduled to make a lump sum principal payment in the amount of federal historic tax credits received in 2022. A total of \$2,869,283 was received and used to pay down renovation project loans (see Note 10) during 2022. The remaining principal balance repayments 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. The outstanding balance on the note as of September 30, 2022 and 2021 was \$13,751,117 and \$16,620,400, respectively.
- Investment in Affiliates – Represents a 1% interest in the Master Tenant and QALICB of \$7,110 and \$5,488, respectively.

3. BUILDING RENOVATION AND INVESTMENT (CONTINUED)

- Receivable from Affiliates – Includes \$6,667 and \$31,384 in 2022 and 2021, 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 \$123,581 and \$874 in 2022 and 2021, respectively, owed from the QALICB for operating expenses paid by the YWCA.
- Payable to Affiliates – Represents rent due to the Master Tenant.

In January 2020, the YWCA entered into several development loans to fund the investment note with the USBCDC. The notes which amounted to \$2,346,145 and \$5,630,749 at September 30, 2022 and 2021, respectively, 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 2022 and 2021 a total of \$20,162 and \$27,359, respectively, of debt issuance costs were amortized and recorded as a component of interest expense.

Statements of Activities for the years ended September 30, 2022 and 2021:

- 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 was to continue to fund the building renovation expenses.
- 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 was included with cash, cash equivalents and restricted cash at September 30, 2021. During 2022, the \$200,000 was used to pay interest expense on the renovation project loans.
- Interest income 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 \$33,548 during 2022 and \$31,471 during 2021. 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 \$418,176 – FY 2023, \$435,234 – FY 2024, \$452,504 – FY 2025, \$465,367 – FY 2026 and \$477,554 – FY2027.
- 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 \$161,111 and \$103,050 in 2022 and 2021, 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:

	2022	2021
Counseling	\$ 7,738	\$ 7,115
Various programs	637,406	35,089
Fiscal sponsors	<u>186,569</u>	<u>248,887</u>
	<u>\$ 831,713</u>	<u>\$ 291,091</u>

5. PLEDGES RECEIVABLE

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

	2022	2021
Capital campaign, current (Note 21)	\$ 300,826	\$ 342,886
Restricted to future periods	<u>161,831</u>	<u>248,718</u>
Pledges receivable before unamortized discount	462,657	591,604
Less: unamortized discount	<u>14,073</u>	<u>21,018</u>
Net pledges receivable	<u>\$ 448,584</u>	<u>\$ 570,586</u>
Amounts due in:		
Less than one year	\$ 300,826	\$ 342,886
One to four years	<u>161,831</u>	<u>248,718</u>
	<u>\$ 462,657</u>	<u>\$ 591,604</u>

Amounts presented above have been discounted to present value using a discount rate of 6.25% in 2022 and 3.25% in 2021. The discount will be recognized as capital campaign contribution income in fiscal years 2023-2026 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:

	2022	2021
Worcester:		
Land and improvements	\$ 120,981	\$ 120,981
Building and improvements	2,451,546	2,449,076
Furniture and equipment	<u>360,065</u>	<u>362,010</u>
Total Worcester	<u>2,932,592</u>	<u>2,932,067</u>
Leicester:		
Land and improvements	61,181	61,181
Building and improvements	706,604	706,604
Furniture and equipment	<u>16,741</u>	<u>16,741</u>
Total Leicester	<u>784,526</u>	<u>784,526</u>
Westborough:		
Land and improvements	17,000	17,000
Building and improvements	1,521,718	1,434,417
Furniture and equipment	<u>33,706</u>	<u>31,986</u>
Total Westborough	<u>1,572,424</u>	<u>1,483,403</u>
Greater Worcester - Domestic Violence Services:		
Land and improvements	10,204	10,204
Building and improvements	465,182	451,607
Furniture and equipment	<u>17,563</u>	<u>17,563</u>
Total Greater Worcester	<u>492,949</u>	<u>479,374</u>
North County - Domestic Violence Services:		
Furniture and equipment	<u>7,375</u>	<u>7,375</u>
Construction-in-Progress	<u>160,561</u>	<u>-</u>
Total property and equipment	5,950,427	5,686,745
Less accumulated depreciation	<u>3,887,146</u>	<u>3,800,033</u>
Net property and equipment	<u>\$ 2,063,281</u>	<u>\$ 1,886,712</u>

7. INVESTMENTS

Investments consist of the following at September 30:

	2022		2021	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Money market	\$ 284,213	\$ 284,213	\$ 35,013	\$ 35,013
Exchange-traded funds	<u>1,866,408</u>	<u>1,697,567</u>	<u>1,732,433</u>	<u>2,019,342</u>
	<u>\$ 2,150,621</u>	<u>\$ 1,981,780</u>	<u>\$ 1,767,446</u>	<u>\$ 2,054,355</u>

7. INVESTMENTS (CONTINUED)

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

	2022	2021
Unrealized (loss) gain	\$ (455,750)	\$ 136,434
Net realized gain (based upon original cost)	<u>44,786</u>	<u>84,211</u>
Total net (loss) gain for year	<u>\$ (410,964)</u>	<u>\$ 220,645</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, 2022 and 2021, 4% or \$45,483 and \$48,077, 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. During 2022, the YWCA also appropriated \$2,600 from without restrictions endowment fund - board designated to fund maintenance costs at the YWCA's camp property located in Leicester, Massachusetts. 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 \$5,000 in 2022 and \$19,004 in 2021.

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

7. INVESTMENTS (CONTINUED)

\$50,000 to be transferred back to the investment fund. During 2022, management approved the remaining \$150,000 to be transferred back to the investment fund.

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 2022 and 2021. The balance outstanding on this inter-YWCA promissory note as of September 30, 2022 and 2021 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, 2022:

	Without Donor Restrictions	With Donor Restrictions		Total
		Temporarily	Permanently	
Donor-restricted endowment funds	\$ -	\$ 420,107	\$ 526,690	\$ 946,797
Board-designated endowment funds	1,034,983	-	-	1,034,983
Total Funds	\$ 1,034,983	\$ 420,107	\$ 526,690	\$ 1,981,780

Change in investments for the year ended September 30, 2022:

	Without Donor Restrictions	With Donor Restrictions		Total
		Temporarily	Permanently	
Investments, beginning of year	\$ 1,175,870	\$ 351,795	\$ 526,690	\$ 2,054,355
Additions	150,000	212,771	-	362,771
Investment return:				
Investment income, net of fees	12,153	16,548	-	28,701
Net depreciation (realized and unrealized)	(254,957)	(156,007)	-	(410,964)
Total investment return	(242,804)	(139,459)	-	(382,263)
Appropriation of investment assets for expenditure	(48,083)	(5,000)	-	(53,083)
Investments, end of year	\$ 1,034,983	\$ 420,107	\$ 526,690	\$ 1,981,780

Investments composition as of September 30, 2021:

	Without Donor Restrictions	With Donor Restrictions		Total
		Temporarily	Permanently	
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

7. INVESTMENTS (CONTINUED)

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

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>		<u>Total</u>
		<u>Temporarily</u>	<u>Permanently</u>	
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

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 (6.25% at September 30, 2022) with a floor of 3.50%. There was no outstanding balance on the line of credit at September 30, 2022 and 2021. On October 15, 2021, the line of credit agreement was amended to extend the maturity date to April 27, 2024. 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.

9. LONG-TERM DEBT

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

	2022	2021
<p>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 was scheduled to be reset to the Federal Home Loan Bank 10/20 amortizing rate plus 3% until maturity. Monthly payments of principal and interest would 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. On April 27, 2022, there was no change in the interest rate or the monthly payments. 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.</p>	\$ 353,110	\$ 381,052
<p>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. Note payable was paid off in November 2021.</p>	-	924
Total	353,110	381,976
Less - current portion	29,363	28,841
Long-term debt	<u>\$ 323,747</u>	<u>\$ 353,135</u>

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

2023	\$ 29,363
2024	30,839
2025	32,883
2026	34,550
2027	36,302
Thereafter	<u>189,173</u>
Total	<u>\$ 353,110</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:

	2022	2021
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 points. The interest rate charged may never be less than 4.25% (4.25% at September 30, 2022). 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.	\$ 265,541	\$ 1,310,027
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 points. The interest rate charged may never be less than 4.25% (4.25% at September 30, 2022). This note required monthly interest payments and matured on July 31, 2021. The maturity date was extended two times since July 31, 2021 and on October 5, 2022, the maturity date was extended to March 30, 2023. The note is to be repaid with proceeds from contingent loans (see Note 12) and two \$100,000 Community Development Block Grants (CDBG). This note is secured by all assets of the YWCA.	560,045	610,045
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 points. The interest rate charged may never be less than 4.25% (4.25% at September 30, 2022). This note requires monthly interest payments and was scheduled to mature on October 20, 2021. The maturity date was extended to September 20, 2022 and on October 5, 2022, the maturity date was extended to March 30, 2023. 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	281,000

Continued...

10. RENOVATION PROJECT LOANS (CONTINUED)

	2022	2021
<p>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 was fixed at 5%. This note did not require monthly interest payments and matured on January 31, 2023 when the entire outstanding principal balance and any accrued interest was due. The note was to be repaid with proceeds from federal tax credits earned (see Note 3). This note was secured by all assets of the YWCA. The note was paid off in August 2022.</p>	\$ -	\$2,414,665
<p>On December 1, 2021, the YWCA entered into a \$500,000 5-year mortgage note with UMASS Memorial Health Care, Inc. Interest charged is fixed at 2% and the note requires only annual interest payments starting December 1, 2022. The note matures on December 1, 2026 at which time the remaining outstanding principal and any accrued interest will be due. The proceeds from this loan were used to pay down the capital campaign bridge loan. This note is secured by a second mortgage on the YWCA's real property and building located at One Salem Square, Worcester, Massachusetts.</p>	500,000	-
<p>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 points. The interest rate charged may never be less than 4.50% (4.50% at September 30, 2022). 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.</p>	750,000	750,000
<p>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 was 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 points. The interest rate charged may never be less than 4.25%. This note required monthly interest payments and matured on January 30, 2023. The note was to be repaid with proceeds from federal tax credits earned (see Note 3). This note was secured by all assets of the YWCA. The note was paid off in August 2022.</p>	-	295,615
Total renovation project loans	2,356,586	5,661,352
Less - current portion	841,045	891,045
Less debt issuance costs	10,441	30,603
Renovation project loans, net of current portion and debt issuance costs	<u>\$1,505,100</u>	<u>\$4,739,704</u>

10. RENOVATION PROJECT LOANS (CONTINUED)

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

2023	\$ 841,045
2024	-
2025	265,541
2026	-
2027	<u>1,250,000</u>
Total	<u>\$ 2,356,586</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 was scheduled to mature on April 14, 2022. 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 2022 and 2021, \$50,000 and \$548,271, respectively, was drawn from this grant and used to pay down the Fidelity Grant Bridge loan (\$4,100,000) (see Note 10). Total outstanding balance on this loan at September 30, 2022 and 2021 is \$1,000,000 and \$950,000, 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 2022. Total outstanding balance on this loan at September 30, 2022 and 2021 is \$540,000.

12. CONTINGENT LOANS (CONTINUED)

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. 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 2022. Total outstanding balance on this loan at September 30, 2022 and 2021 is \$900,000.

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 2022. Total outstanding balance on this loan at September 30, 2022 and 2021 is \$900,000.

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 2022 and 2021. On November 28, 2022, \$233,855 was drawn from this grant to pay down the Fidelity Grant Bridge loan (\$4,100,000) (see Note 10).

13. NET ASSETS

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

	2022	2021
Restricted for purpose or time:		
Counseling services	\$ 7,738	\$ 7,115
Realized and unrealized gains on permanent restricted endowment	195,788	351,795
Programs - other	890,900	77,131
Capital campaign (Note 21)	448,584	570,586
Fiscal sponsors	<u>186,569</u>	<u>248,887</u>
	<u>1,729,579</u>	<u>1,255,514</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	<u>48,317</u>	<u>48,317</u>
	<u>526,690</u>	<u>526,690</u>
Total net assets with donor restrictions	<u>\$ 2,256,269</u>	<u>\$ 1,782,204</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:

	2022	2021
Scholarships	\$ 10,925	\$ 9,049
Counseling services	5,000	5,000
Programs - other	894,565	360,835
Capital campaign	533,567	1,784,606
Fiscal sponsors	<u>441,609</u>	<u>281,213</u>
	<u>\$ 1,885,666</u>	<u>\$ 2,440,703</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:

	2022		2021	
	% of Total revenues and other support	% of Total program service fees receivable and/or other accounts receivable	% of Total revenues and other support	% of Total program service fees receivable and/or other accounts receivable
Department of Public Health	17%	21%	20%	20%
Child Care Resources	**	**	11%	10%
City of Worcester	**	21%	**	**
Massachusetts Office of Victim Assistance	**	13%	**	17%
Department of Early Education and Care	16%	**	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 2022 and 2021, 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 \$165,436 and \$146,235 in 2022 and 2021, 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, 2022 are as follows:

Year ending September 30,		
	2023	\$ 4,668
	2024	<u>4,278</u>
Total minimum capital lease repayments		8,946
Less amounts representing interest		<u>525</u>
Present value of minimum capital lease payments		8,421
Less current obligation under capital lease		<u>4,271</u>
Long-term capital lease obligation		<u>\$ 4,150</u>

The aggregate cost of the equipment as of September 30, 2022 and 2021 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, 2022 and 2021 is \$8,283 and \$12,424, 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 is scheduled to expire on February 28, 2024.

For the years ended September 30, 2022 and 2021, the YWCA incurred rent expense of \$15,480. 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 \$19,750 and \$16,894 in 2022 and 2021, respectively.

Future minimum lease payments under the operating leases for office space and equipment at September 30, 2022 are as follows:

2023	\$	35,230
2024		24,570
2025		14,584
2026		<u>2,723</u>
Total	\$	<u>77,107</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, 2022 and 2021.

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, 2022:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market	\$ 284,213	\$ -	\$ -	\$ 284,213
Exchange-traded funds:				
Communications	32,183	-	-	32,183
Consumer	79,119	-	-	79,119
Technology	134,078	-	-	134,078
Health	76,536	-	-	76,536
Diversified	161,750	-	-	161,750
Materials	7,957	-	-	7,957
Real Estate	19,203	-	-	19,203
Energy	29,920	-	-	29,920
Industrial	39,775	-	-	39,775
Utilities	19,590	-	-	19,590
Financial	59,260	-	-	59,260
Other	110,680	-	-	110,680
Bonds	927,516	-	-	927,516
Total exchange-traded funds	<u>1,697,567</u>	<u>-</u>	<u>-</u>	<u>1,697,567</u>
	<u>\$ 1,981,780</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,981,780</u>

18. FAIR VALUE MEASUREMENTS (CONTINUED)

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	<u>2,019,342</u>	<u>-</u>	<u>-</u>	<u>2,019,342</u>
	<u>\$ 2,054,355</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,054,355</u>

19. AVAILABILITY AND LIQUIDITY

The following represents the YWCA's financial assets at September 30, 2022:

Financial assets at year end:

Cash, cash equivalents and restricted cash	\$1,569,543
Program service fees receivable	779,493
Other accounts receivable	149,300
Investments	<u>1,981,780</u>
Total financial assets	<u>4,480,116</u>

Less amounts not available to be used within one year:

Net assets with donor restrictions	2,256,269
Less net assets with purpose restrictions to be met in less than a year	<u>(1,729,579)</u>
	<u>526,690</u>

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

\$3,953,426

The YWCA's goal is generally to maintain financial assets to meet 90 days of operating expenses (approximately \$2,200,000). Additionally, 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 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. Fiscal sponsorship agreements were terminated for OurStory Edutainment and Massachusetts Women of Color Coalition during 2022 and all remaining cash was distributed to both organizations in 2022. Total revenue for these programs during 2022 and 2021 amounted to \$379,291 and \$328,491, respectively. Total expense for these programs during 2022 and 2021 amounted to \$441,609 and \$281,213, respectively. A total of \$186,569 and \$248,887 is included as restricted for purpose or time net assets for these programs as of September 30, 2022 and 2021. In October 2022, the fiscal sponsorship agreement with Healthy Greater Worcester was terminated and all remaining cash was distributed to Healthy Greater Worcester's new fiscal sponsor.

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 2022 and 2021, a total of \$418,510 and \$1,119,308 was raised in contributions and pledges towards the capital campaign. Total contributions and pledges net of unamortized discount was \$411,565 and \$1,154,571 in 2022 and 2021, respectively. The renovation construction project was completed in January 2021. As of September 30, 2022 and 2021, a total of \$7,325,851 and \$6,907,341, 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 \$376,066 and \$727,966 in renovation and capital campaign expenses were incurred in 2022 and 2021, respectively and reported as renovation and capital campaign expenses in the statements of functional expenses for the years ended September 30, 2022 and 2021.

22. SUBSEQUENT EVENT

From October 1, 2022 to January 13, 2023, the YWCA raised approximately \$75,000 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 the pledge dates.

In November 2022, the YWCA paid down \$233,855 of the \$560,045 September 30, 2022 outstanding balance remaining on the grant bridge loan (Note 10) from receipts from contingent loans (Note 12).

Additionally, in January 2023, the YWCA paid down \$259,264 of the \$265,541 September 30, 2022 outstanding balance remaining on the capital campaign bridge loan (Note 10).

The YWCA has evaluated all subsequent events through January 26, 2023, the date the financial statements were available to be issued.
