

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

*Financial Statements for the Years Ended
September 30, 2025 and 2024 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, 2025 and 2024, 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, 2025 and 2024, 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.

Stowe & Degon LLC

January 29, 2026

YWCA CENTRAL MASSACHUSETTS, INC.

STATEMENTS OF FINANCIAL POSITION SEPTEMBER 30, 2025 AND 2024

	2025	2024
ASSETS		
CURRENT ASSETS:		
Cash, cash equivalents and restricted cash	\$ 2,241,503	\$ 1,734,115
Investments	264,668	277,992
Program service fees receivable	629,522	1,066,706
Other accounts receivable	339,653	467,052
Pledges receivable, current	22,025	77,700
Prepaid expenses and other	30,774	10,604
Receivable from Affiliates	<u>201,578</u>	<u>178,450</u>
Total current assets	3,729,723	3,812,619
PLEDGES RECEIVABLE, non-current	-	23,024
PROPERTY AND EQUIPMENT, net	2,188,469	2,343,488
INVESTMENTS, long-term	2,760,875	2,480,503
NOTE RECEIVABLE (Note 3)	13,751,117	13,751,117
INVESTMENT IN AFFILIATES	<u>12,598</u>	<u>12,598</u>
TOTAL ASSETS	<u>\$ 22,442,782</u>	<u>\$ 22,423,349</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable	\$ 46,794	\$ 38,770
Accrued expenses	298,991	301,469
Current portion of long-term debt	34,550	32,883
Deferred revenue	12,963	10,580
Payable to Affiliates	<u>685,886</u>	<u>559,785</u>
Total current liabilities	1,079,184	943,487
LONG-TERM DEBT, net of current portion	225,868	259,971
LONG-TERM RENOVATION PROJECT LOANS	1,042,034	1,084,304
CONTINGENT LOANS (Note 10)	<u>4,070,000</u>	<u>4,070,000</u>
Total liabilities	<u>6,417,086</u>	<u>6,357,762</u>
NET ASSETS:		
Without donor restrictions	14,159,223	14,115,235
With donor restrictions	<u>1,866,473</u>	<u>1,950,352</u>
Total net assets	<u>16,025,696</u>	<u>16,065,587</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 22,442,782</u>	<u>\$ 22,423,349</u>

See notes to financial statements.

YWCA CENTRAL MASSACHUSETTS, INC.

**STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED SEPTEMBER 30, 2025 AND 2024**

	2025			2024		
	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	\$ 6,383,072	\$ -	\$ 6,383,072	\$ 6,823,930	\$ -	\$ 6,823,930
Individuals and other	1,839,232	-	1,839,232	1,757,617	-	1,757,617
Grants and contributions	386,298	274,201	660,499	389,807	450,858	840,665
United Way	115,894	-	115,894	165,455	-	165,455
Special events, net of expenses of \$48,030 and \$37,366 in 2025 and 2024, respectively	72,668	-	72,668	88,956	-	88,956
Investment income, net of fees of \$18,085 and \$15,355 in 2025 and 2024, respectively	96,259	29,935	126,194	91,201	32,367	123,568
Miscellaneous income	22,057	-	22,057	28,198	-	28,198
Membership dues	-	-	-	895	-	895
Capital campaign contributions	-	2,050	2,050	-	10,559	10,559
Net assets released from restrictions	458,863	(458,863)	-	390,706	(390,706)	-
Total revenues and other support	9,374,343	(152,677)	9,221,666	9,736,765	103,078	9,839,843
EXPENSES:						
Program services	6,787,160	-	6,787,160	6,703,451	-	6,703,451
Supporting services	2,162,987	-	2,162,987	2,098,063	-	2,098,063
Total expenses	8,950,147	-	8,950,147	8,801,514	-	8,801,514
Change in net assets from operations	424,196	(152,677)	271,519	935,251	103,078	1,038,329
NONOPERATING ACTIVITIES:						
Realized and unrealized gain on investments, net	141,025	68,798	209,823	76,677	301,940	378,617
Loss on disposal of property and equipment	(771)	-	(771)	(15,286)	-	(15,286)
Interest income on note receivable	137,511	-	137,511	137,511	-	137,511
Service fees from Master Tenant	23,128	-	23,128	22,456	-	22,456
Rent paid to Master Tenant	(452,504)	-	(452,504)	(435,235)	-	(435,235)
Related expenses paid to Master Tenant	(228,597)	-	(228,597)	(194,824)	-	(194,824)
	(380,208)	68,798	(311,410)	(408,701)	301,940	(106,761)
Change in net assets	43,988	(83,879)	(39,891)	526,550	405,018	931,568
NET ASSETS - BEGINNING OF YEAR	14,115,235	1,950,352	16,065,587	13,588,685	1,545,334	15,134,019
NET ASSETS - END OF YEAR	\$ 14,159,223	\$ 1,866,473	\$ 16,025,696	\$ 14,115,235	\$ 1,950,352	\$ 16,065,587

See notes to financial statements.

YWCA CENTRAL MASSACHUSETTS, INC.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED SEPTEMBER 30, 2025 AND 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (39,891)	\$ 931,568
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	218,899	222,861
Loss on disposal of property and equipment	771	15,286
Capital grants and contributions	(2,050)	(2,131)
Realized gain on investments	(25,158)	(53,316)
Unrealized gain on investments	(184,665)	(325,301)
Stock donations	26,134	-
Pledges restricted for capital campaign, net of discount	-	(8,428)
Bad debt expense - pledges receivable	40,000	7,208
Amortization of debt issuance costs	-	1,492
Changes in operating assets and liabilities:		
Program service fees receivable	437,184	(453,384)
Other accounts receivable	127,399	(167,601)
Prepaid expenses and other	(20,170)	(2,114)
Receivable from Affiliates	(23,128)	(22,456)
Accounts payable	8,024	(12,561)
Accrued expenses	(2,478)	12,448
Deferred revenue	2,383	(90,468)
Payable to Affiliates	126,101	370,260
Net cash provided by operating activities	<u>689,355</u>	<u>423,363</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of property and equipment	(64,651)	(322,978)
Investment purchases	(457,209)	(1,637,817)
Proceeds from sale of investments	373,850	1,337,703
Net cash used in for investing activities	<u>(148,010)</u>	<u>(623,092)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayments on long-term debt	(32,436)	(30,867)
Repayments on long-term renovation project loans	(42,270)	(226,379)
Repayments on capital lease obligations	-	(4,151)
Proceeds from contingent loans	-	306,145
Capital grants and contributions received	2,050	2,131
Cash received from pledges receivables	38,699	89,449
Net cash (used in) provided by financing activities	<u>(33,957)</u>	<u>136,328</u>
NET INCREASE (DECREASE)	507,388	(63,401)
CASH, CASH EQUIVALENTS AND RESTRICTED CASH:		
BEGINNING OF YEAR	<u>1,734,115</u>	<u>1,797,516</u>
END OF YEAR	<u>\$ 2,241,503</u>	<u>\$ 1,734,115</u>
SUPPLEMENTAL DISCLOSURE:		
Cash paid for interest	<u>\$ 68,484</u>	<u>\$ 51,364</u>
RECONCILIATION OF CASH, CASH EQUIVALENTS AND RESTRICTED CASH:		
The following table provides a reconciliation of cash, cash equivalents and restricted cash within the statements of cash flows that sum to the total of the same such amounts shown in the statements of financial position		
Cash and cash equivalents	\$ 1,928,003	\$ 1,441,307
Restricted cash - donor restriction	313,500	292,808
	<u>\$ 2,241,503</u>	<u>\$ 1,734,115</u>

See notes to financial statements.

YWCA CENTRAL MASSACHUSETTS, INC.

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED SEPTEMBER 30, 2025 AND 2024

1. ORGANIZATION

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

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. 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.

YWCA's programs consist of the following:

Domestic Violence Services – The program 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. YWCA operates thirteen rooms of confidential emergency shelter in central Massachusetts. The community outreach and education components educate adults and youth about domestic violence. In addition to direct services, YWCA works with community stakeholders to develop local solutions to prevent domestic violence and promote 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.
- **The 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 is licensed for 91 children annually. During school vacation weeks and on professional development days, 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)

Youth Development – Youth Development programs use evidence-based curricula to provide education, mentorship, and supportive services to children, youth, and young families in the Worcester community. All programming is provided at no cost to participants and is designed to promote personal growth, academic success, and self-sufficiency.

The Young Parents Program provides an alternative education program for TAFDC recipients (ages 14 through 24) who have not completed their high school education. Referrals are made through the Department of Transitional Assistance (DTA). The program works in collaboration with a local community organization to provide additional services that support participants as they work toward self-sufficiency. The program's main goal is for each participant to obtain educational credentials and move toward self-sufficiency. Services include academic preparation for the HiSET and postsecondary pathways through community partnerships, as well as life skills workshops, parenting education, case management, and career readiness support.

Transformations is a culturally specific program serving middle school black girls. The program provides mentorship and programming focused on confidence-building, identity development, leadership skills, and healthy relationships in a supportive group setting.

Girls CHOICE (Choosing Hope, Opportunity, and Independence through Career and Education) serves middle school and high school students through two cohorts. The middle school cohort focuses on financial literacy and foundational life skills, while the high school cohort provides broader programming centered on leadership development, college and career exploration, and healthy relationships.

Girls Promoting Safety (GPS) is delivered weekly within partner middle schools and provides workshops on healthy relationships, boundaries, financial literacy, and other life skills.

Family Fun Friday provides structured family-focused programming that promotes engagement, relationship-building, and positive youth development through evening activities offered weekly at the YWCA.

Youth Connect is a summer program that operates for approximately seven to eight weeks in partnership with local community organizations. The program provides a safe and structured environment for youth to participate in enrichment activities and build positive relationships during the summer months.

Transitional Housing Program (THP) – The program consists of a safe, secure, supportive housing for women 18 years of age and older. Support services include case management, advocacy, job search, 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.

Wellness and Health Equity – YWCA's Health and Wellness programs are designed to promote holistic health, healing, and empowerment for women, girls, and families across the central Massachusetts community, with a strong focus on equity and access.

For more than 25 years, the YWCA has supported women impacted by cancer through ENCOREplus®, a free, evidence-informed program offering physical activity, peer support, and emotional wellness for women diagnosed with breast or reproductive cancers, both during treatment and recovery. The program integrates gentle exercise, aquatics, and facilitated peer support to foster healing, connection, and resilience.

In addition, the YWCA offers inclusive fitness and aquatics programming for individuals of all ages and abilities, including swim lessons, water exercise, personal training, and access to a full-service Health and

1. ORGANIZATION (CONTINUED)

Wellness Center. Certified personal trainers provide individualized assessments and customized fitness plans to support members in achieving sustainable health goals. Specialized spaces for community connection, such as Women of Color–centered support groups, create culturally responsive environments where participants can share experiences, build sisterhood, and access resources.

All Health and Wellness services are rooted in the YWCA’s mission to eliminate racism, empower women, and advance health equity. Programs are intentionally designed to reduce barriers, address health disparities, and ensure that high-quality wellness opportunities are accessible to communities that have been historically underserved.

Race and Gender Equity – The program supports the 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. 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 the central Massachusetts community. 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 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases – YWCA records leases under Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 842, *Leases*. Based on ASC 842, an asset is recorded and represents the right to use (right of use) the underlying asset for the lease term (with terms in excess of twelve months), and a corresponding liability, which represents the present value of the YWCA's obligation to make payments arising over the lease term. Right of use assets are amortized on the straight-line basis over the term of the lease. The liabilities for operating leases are amortized using a risk-free interest rate. YWCA has operating lease agreements with the entities formed due to the building renovation and investment (see Note 3). However, due to the terms of the lease agreements, YWCA did not record the operating leases under ASC 842. YWCA records financing leases under ASC 842. Financing lease liability is amortized using the YWCA's borrowing interest rate as the discount rate and the YWCA recognizes the amortization on a straight-line basis over the term of the asset.

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

Program service fees and other accounts receivable – Credit risk on these outstanding balances is evaluated on a periodic review of the aging and collections. YWCA's policy is to write off uncollectible program service fees and other accounts receivable to credit losses expense after significant measures have failed to result in the collection of these accounts. YWCA has not recorded an allowance for credit losses as YWCA considers all accounts receivable as of September 30, 2025 and 2024 to be fully collectible.

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. 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.

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. Pledges receivable are written off as bad debt expense after significant measures have failed to result in the collection of such pledges. During 2025 and 2024, YWCA wrote off \$40,000 and \$7,208, respectively, of pledges receivable to bad debt expense.

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 with FASB ASC 835, *Interest*. The debt issuance costs were fully amortized in 2024.

Revenue recognition – 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 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 2025 and 2024, YWCA did not receive any donated goods or services which were required to be recorded. Additionally, YWCA receives services of volunteers in various aspects of its programs. The value of these services is not reflected in the accompanying financial statements since the value assigned to these services by the donating volunteers is not ascertainable and does not meet the recognition criteria of generally accepted accounting principles for nonprofit organizations.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 2025 and 2024 was \$18,870 and \$7,090, respectively.

Income tax status – 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. YWCA has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

Subsequent events – YWCA has evaluated all subsequent events through January 29, 2026, the date the financial statements were available to be issued.

3. BUILDING RENOVATION AND INVESTMENT

In 2017, 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. USBCDC in turn invested the funds from the CDC, along with funds from other outside investors, into four separately organized Community Development Entities (CDEs). The investor funds flowing through the CDC and CDEs were 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/CDEs and an investment return. The creation and management of the CDC and the CDEs 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 CDEs 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, YWCA performed major renovations approximating \$2,000,000, of which approximately \$400,000 remains to be depreciated through 2026.

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. 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.

3. BUILDING RENOVATION AND INVESTMENT (CONTINUED)

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.

YWCA has a 1% ownership in QALICB. On January 31, 2020, YWCA and QALICB entered into a long-term lease (99 years) for the Salem Square building at a rate of \$1 per year. YWCA holds a variable interest in 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. YWCA is involved in the administrative functions of the QALICB and the Master Tenant. In addition, YWCA has provided guarantees with respect to the construction and the repayment of investment loans and has provided the One 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 relationship 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 2025 and 2024 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, 2025 and 2024 is as follows:

Statements of Financial Position as of September 30, 2025 and 2024:

- Note Receivable – As part of the investment fund formation, YWCA loaned USBCDC \$16,620,400 on January 31, 2020. The terms require quarterly interest payment at a rate of 1% through December 15, 2027. During 2022, the USBCDC, using proceeds from historic tax credits, made a principal payment of \$2,869,283. These funds were used by the YWCA to pay down the renovation project loans (see Note 9). 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, the note agreement will terminate. The outstanding balance on the note as of September 30, 2025 and 2024 was \$13,751,117.
- Investment in Affiliates – Represents a 1% interest in the Master Tenant and QALICB of \$7,110 and \$5,488, respectively.
- Receivable from Affiliates – Includes \$77,997 and \$54,869 in 2025 and 2024, 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 in 2025 and 2024 owed from the QALICB for operating expenses paid by the YWCA.
- Payable to Affiliates – Represents rent due to the Master Tenant.

3. BUILDING RENOVATION AND INVESTMENT (CONTINUED)

In January 2020, YWCA entered into several development loans to fund the investment note with the USBCDC. The notes which amounted to \$1,042,034 and \$1,084,304 at September 30, 2025 and 2024, respectively, are disclosed in Note 9 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 2025 and 2024 a total of \$0 and \$1,492, respectively, of debt issuance costs were amortized and recorded as a component of interest expense.

Statements of Activities for the years ended September 30, 2025 and 2024:

- 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 – YWCA receives a monthly service fee 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 – 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 \$37,709 during 2025 and \$36,270 during 2024. 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 \$465,367 – FY 2026, \$477,554 – FY 2027, \$1,030,349 – FY 2028, \$1,240,782 – FY 2029, and \$1,278,009 – FY 2030.
- 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 \$228,597 and \$194,824 in 2025 and 2024, respectively, are included within program service fees and also as a reimbursable expense to the Master Tenant.

4. PLEDGES RECEIVABLE

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

	2025	2024
Capital campaign, current (Note 17)	\$ 22,025	\$ 77,700
Restricted to future periods	<u>-</u>	<u>23,024</u>
Total pledges receivable	<u>\$ 22,025</u>	<u>\$ 100,724</u>
Amounts due in:		
Less than one year	\$ 22,025	\$ 77,700
One to four years	<u>-</u>	<u>23,024</u>
	<u>\$ 22,025</u>	<u>\$ 100,724</u>

5. PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	2025	2024
Worcester:		
Land improvements	\$ 465,981	\$ 465,981
Building and improvements	2,484,177	2,450,092
Furniture and equipment	<u>437,694</u>	<u>433,877</u>
Total Worcester	<u>3,387,852</u>	<u>3,349,950</u>
Leicester:		
Land and improvements	61,181	61,181
Building and improvements	731,385	727,935
Furniture and equipment	<u>18,395</u>	<u>18,395</u>
Total Leicester	<u>810,961</u>	<u>807,511</u>
Westborough:		
Land and improvements	17,000	17,000
Building and improvements	1,677,715	1,679,671
Furniture and equipment	<u>112,845</u>	<u>105,384</u>
Total Westborough	<u>1,807,560</u>	<u>1,802,055</u>
Greater Worcester - Domestic Violence Services:		
Land and improvements	10,204	10,204
Building and improvements	532,464	531,739
Furniture and equipment	<u>31,088</u>	<u>27,183</u>
Total Greater Worcester	<u>573,756</u>	<u>569,126</u>
North County - Domestic Violence Services:		
Furniture and equipment	<u>7,375</u>	<u>7,375</u>
Construction-in-Progress	<u>-</u>	<u>4,840</u>
Total property and equipment	6,587,504	6,540,857
Less accumulated depreciation	<u>(4,399,035)</u>	<u>(4,197,369)</u>
Net property and equipment	<u>\$ 2,188,469</u>	<u>\$ 2,343,488</u>

6. INVESTMENTS

Investments consist of the following at September 30:

	2025		2024	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Money market	\$ 264,668	\$ 264,668	\$ 277,992	\$ 277,992
Exchange-traded funds	<u>2,317,116</u>	<u>2,760,875</u>	<u>2,221,409</u>	<u>2,480,503</u>
	<u>\$ 2,581,784</u>	<u>\$ 3,025,543</u>	<u>\$ 2,499,401</u>	<u>\$ 2,758,495</u>

6. INVESTMENTS (CONTINUED)

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

	2025	2024
Unrealized gain	\$ 184,665	\$ 325,301
Net realized gain (based upon original cost)	<u>25,158</u>	<u>53,316</u>
Total net gain for year	<u>\$ 209,823</u>	<u>\$ 378,617</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 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, 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, 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.

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.

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. The Board of Directors elected not to appropriate any funds from the endowment during 2025 and 2024.

YWCA also appropriates for operations investment income earned on with donor restrictions - permanent endowment (see Note 11). The income is used to provide scholarships and counseling services. YWCA appropriated for operations investment income earned on these funds of \$0 in 2025 and \$5,000 in 2024.

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. During 2024, the Board of Directors approved to pay the \$244,809 remaining note balance in full in March 2024 with a transfer from cash and cash equivalent to the without donor restrictions investments fund.

6. INVESTMENTS (CONTINUED)

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, 2025:

	Without Donor Restrictions	With Donor Restrictions		Total
		Temporarily	Permanently	
Donor-restricted endowment funds	\$ -	\$ 891,237	\$ 526,690	\$ 1,417,927
Board-designated endowment funds	<u>1,607,616</u>	<u>-</u>	<u>-</u>	<u>1,607,616</u>
Total Funds	<u>\$ 1,607,616</u>	<u>\$ 891,237</u>	<u>\$ 526,690</u>	<u>\$ 3,025,543</u>

Change in investments for the year ended September 30, 2025:

	Without Donor Restrictions	With Donor Restrictions		Total
		Temporarily	Permanently	
Investments, beginning of year	<u>\$ 1,439,301</u>	<u>\$ 792,504</u>	<u>\$ 526,690</u>	<u>\$ 2,758,495</u>
Investment return:				
Investment income, net of fees	27,290	29,935	-	57,225
Net appreciation (realized and unrealized)	<u>141,025</u>	<u>68,798</u>	<u>-</u>	<u>209,823</u>
Total investment return	<u>168,315</u>	<u>98,733</u>	<u>-</u>	<u>267,048</u>
Investments, end of year	<u>\$ 1,607,616</u>	<u>\$ 891,237</u>	<u>\$ 526,690</u>	<u>\$ 3,025,543</u>

Investments composition as of September 30, 2024:

	Without Donor Restrictions	With Donor Restrictions		Total
		Temporarily	Permanently	
Donor-restricted endowment funds	\$ -	\$ 792,504	\$ 526,690	\$ 1,319,194
Board-designated endowment funds	<u>1,439,301</u>	<u>-</u>	<u>-</u>	<u>1,439,301</u>
Total Funds	<u>\$ 1,439,301</u>	<u>\$ 792,504</u>	<u>\$ 526,690</u>	<u>\$ 2,758,495</u>

6. INVESTMENTS (CONTINUED)

Change in investments for the year ended September 30, 2024:

	Without Donor Restrictions	With Donor Restrictions		Total
		Temporarily	Permanently	
Investments, beginning of year	\$ 1,089,877	\$ 463,197	\$ 526,690	\$ 2,079,764
Additions	<u>244,809</u>	<u>-</u>	<u>-</u>	<u>244,809</u>
Investment return:				
Investment income, net of fees	27,938	32,367	-	60,305
Net appreciation (realized and unrealized)	<u>76,677</u>	<u>301,940</u>	<u>-</u>	<u>378,617</u>
Total investment return	<u>104,615</u>	<u>334,307</u>	<u>-</u>	<u>438,922</u>
Appropriation of investment assets for expenditure	<u>-</u>	<u>(5,000)</u>	<u>-</u>	<u>(5,000)</u>
Investments, end of year	<u>\$ 1,439,301</u>	<u>\$ 792,504</u>	<u>\$ 526,690</u>	<u>\$ 2,758,495</u>

7. NOTE PAYABLE TO BANK

The YWCA has available a line of credit, with its primary bank, for a borrowings up to \$750,000. Interest is payable monthly at an interest rate based on the Wall Street Journal prime rate (7.25% at September 30, 2025) with a floor of 3.50%. On September 3, 2023, the line of credit agreement was amended to extend the maturity date to April 30, 2026. There was no outstanding balance on the line of credit at September 30, 2025 and 2024. YWCA did not draw from the line of credit in 2025 or 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.

8. LONG-TERM DEBT

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

	2025	2024
On April 27, 2012, the YWCA entered into a 20-year note payable with a bank. This note requires monthly installments of \$3,881 which includes principal and interest. Interest was fixed at 4.99% for the first ten years and was scheduled to reset on April 27, 2022 to the Federal Home Loan Bank 10/20 amortizing rate plus 3%, until maturity. The reset did not occur and the lending institution allowed the rate to remain at 4.99%. 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.	\$ 260,418	\$ 292,854
Less - current portion	<u>34,550</u>	<u>32,883</u>
Long-term debt	<u>\$ 225,868</u>	<u>\$ 259,971</u>

8. LONG-TERM DEBT (CONTINUED)

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

2026	\$ 34,550
2027	36,302
2028	38,143
2029	40,076
2030	42,018
Thereafter	<u>69,329</u>
Total	<u>\$ 260,418</u>

9. RENOVATION PROJECT LOANS

In connection with the renovation of its One Salem Square property, the YWCA entered into the following renovation project loans. Renovation project loans consist of the following at September 30:

	2025	2024
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 required only annual interest payments starting December 1, 2022. The note matures on December 1, 2026 at which time the 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.	\$ 292,034	\$ 334,304
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, 2025). This note requires monthly interest payments and matures on January 30, 2027. This note is secured by all assets of the YWCA.	<u>750,000</u>	<u>750,000</u>
Total renovation project loans	<u>\$ 1,042,034</u>	<u>\$ 1,084,304</u>

10. 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. Total outstanding balance on this grant at September 30, 2025 and 2024 is \$1,000,000.

10. CONTINGENT LOANS (CONTINUED)

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 are 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. Total outstanding balance on this loan at September 30, 2025 and 2024 is \$600,000. This loan is not required to be repaid and no interest is due until maturity as long as the YWCA continues to provide rental units to the population stipulated in the mortgage loan agreement.

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 are HIF assisted. A minimum of 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. Collateral for the loan is a mortgage and security agreement on the property included in the project. On March 2, 2023, the mortgage loan agreement was amended to increase the total award to \$1,030,000. Total outstanding balance on this loan at September 30, 2025 and 2024 is \$1,030,000. This loan is not required to be repaid and no interest is due until maturity as long as the YWCA continues to provide rental units to the population stipulated in the mortgage loan agreement.

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 are 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. 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. During 2024, \$100,000 was drawn from the loan. Total outstanding balance on this loan at September 30, 2025 and 2024 is \$1,000,000. This loan is not required to be repaid and no interest is due until maturity as long as the YWCA continues to provide rental units to the population stipulated in the mortgage loan agreement.

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. On March 2, 2023, the grant was amended to increase the total award to \$440,000.

10. CONTINGENT LOANS (CONTINUED)

During 2024, \$206,145 was drawn on this grant. Total outstanding balance on this loan at September 30, 2025 and 2024 is \$440,000. This loan is not required to be repaid and no interest is due until maturity as long as the YWCA continues to provide rental units to the population stipulated in the mortgage loan agreement.

11. NET ASSETS

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

	2025	2024
Restricted for purpose or time:		
Counseling services	\$ 14,073	\$ 11,730
Scholarship	21,979	14,002
Realized and unrealized gains on permanent restricted endowment	601,961	533,163
Programs - other	695,099	761,643
Capital campaign (Note 17)	3,986	100,724
Fiscal sponsor	<u>2,685</u>	<u>2,400</u>
	<u>1,339,783</u>	<u>1,423,662</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>\$ 1,866,473</u>	<u>\$ 1,950,352</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.

11. NET ASSETS (CONTINUED)

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

	2025	2024
Scholarships	\$ 7,004	\$ 7,000
Counseling services	5,000	5,000
Programs - other	348,071	279,918
Capital campaign	<u>98,788</u>	<u>98,788</u>
	<u>\$ 458,863</u>	<u>\$ 390,706</u>

12. CONCENTRATION OF CREDIT RISK

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

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

	2025		2024	
	% 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	24%	33%	21%	25%
Child Care Resources	17%	**	14%	**
Executive Office of Housing and Economic Development	**	**	**	18%
Department of Early Education and Care	20%	20%	20%	**

** Not greater than 10%

13. PENSION PLAN

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 YWCA to contribute a percentage of eligible employees' annual compensation. During fiscal year 2025 and 2024, 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 YWCA. All contributions vest immediately.

YWCA's policy is to fund retirement costs as they are incurred. Retirement expense was \$170,560 and \$158,048 in 2025 and 2024, respectively. These expenses are included in employee benefits in the accompanying financial statements.

14. FAIR VALUE MEASUREMENTS

FASB ASC 820, *Fair Value Measurement*, 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 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, 2025 and 2024.

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

Certificate of deposit: valued at the most recent closing price reported in U.S. and foreign financial markets where market trading is less frequent than daily.

Exchange-traded funds: valued at the net asset value of shares held by 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, 2025:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market	\$ 264,668	\$ -	\$ -	\$ 264,668
Exchange-traded funds:				
Diversified	1,297,218	-	-	1,297,218
Other	547,780	-	-	547,780
Bonds	915,877	-	-	915,877
Total exchange-traded funds	<u>2,760,875</u>	<u>-</u>	<u>-</u>	<u>2,760,875</u>
	<u>\$ 3,025,543</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,025,543</u>

14. FAIR VALUE MEASUREMENTS (CONTINUED)

The following items are measured at fair value on a recurring basis at September 30, 2024:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market	\$ 277,992	\$ -	\$ -	\$ 277,992
Exchange-traded funds:				
Diversified	1,167,539	-	-	1,167,539
Other	447,740	-	-	447,740
Bonds	865,224	-	-	865,224
Total exchange-traded funds	<u>2,480,503</u>	<u>-</u>	<u>-</u>	<u>2,480,503</u>
	<u>\$ 2,758,495</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,758,495</u>

15. AVAILABILITY AND LIQUIDITY

The following represents the YWCA's financial assets at September 30, 2025:

Financial assets at year end:

Cash, cash equivalents and restricted cash	\$2,241,503
Program service fees receivable	629,522
Other accounts receivable	339,653
Pledges receivable, current	22,025
Investments	<u>3,025,543</u>
Total financial assets	<u>6,258,246</u>

Less amounts not available to be used within one year:

Net assets with donor restrictions	1,866,473
Less net assets with purpose restrictions to be met in less than a year	<u>(1,339,783)</u>
	<u>526,690</u>

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

\$5,731,556

YWCA's goal is generally to maintain financial assets to meet 90 days of operating expenses (approximately \$2,183,000). Additionally, YWCA has a \$750,000 line of credit available to meet cash flow needs.

16. FISCAL SPONSOR

YWCA agreed to serve as the fiscal sponsor for the Worcester Voter Registration Initiative in November 2020 and Black Artist Collective of New England in May 2025. 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 was \$285 and \$0 in 2025 and 2024, respectively. There were no expenses for these programs in 2025 and 2024. A total of \$2,685 in 2025 and \$2,400 in 2024 is included as restricted for purpose or time net assets for these programs as of September 30, 2025 and 2024.

17. CAPITAL CAMPAIGN

During 2017, 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 2025 and 2024, a total of \$2,050 and \$10,559 was raised in contributions and pledges, net of unamortized discount, towards the capital campaign. The renovation construction project was completed in January 2021. As of September 30, 2025 and 2024, a total of \$7,400,700 and \$7,398,650 has been raised for the capital campaign.
