

# **YWCA Greenwich, Connecticut, Inc.**

Independent Auditor's Report and Financial Statements

June 30, 2019



# YWCA Greenwich, Connecticut, Inc.

June 30, 2019

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## Independent Auditor's Report

Board of Directors  
YWCA Greenwich, Connecticut, Inc.  
Greenwich, Connecticut

We have audited the accompanying financial statements of YWCA Greenwich, Connecticut, Inc. (YWCA), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of YWCA as of June 30, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Emphasis of Matter**

As described in *Note 1* to the financial statements, in 2019, YWCA adopted ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

**Report on Summarized Comparative Information**

We have previously audited the June 30, 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 1, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018 is consistent, in all material respects, with the audited financial statements from which it has been derived.

**BKD, LLP**

New York, New York  
October 9, 2019

**YWCA Greenwich, Connecticut, Inc.**  
**Statement of Financial Position**  
**June 30, 2019**  
**(With Summarized Financial Information for June 30, 2018)**

	<b>2019</b>	<b>2018</b>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 232,444	\$ 110,687
Investments	9,712,605	9,306,070
Grants and program receivables (net of allowance for doubtful accounts 2019 - \$15,508 and 2018 - \$33,113)	289,942	204,937
Prepaid expenses	95,924	110,512
Investments held for deferred compensation plan	-	126,788
Total current assets	10,330,915	9,858,994
<b>Long-Term and Other Assets</b>		
Investments	850,000	850,000
Property and equipment, net	5,009,281	4,986,099
Total long term and other assets	5,859,281	5,836,099
Total assets	\$ 16,190,196	\$ 15,695,093
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 386,665	\$ 366,429
Deferred revenue	744,189	741,826
Deferred compensation payable	-	126,788
Total liabilities	1,130,854	1,235,043
Total liabilities	1,130,854	1,235,043
<b>Net Assets</b>		
Without donor restrictions	14,209,342	13,610,050
With donor restrictions	850,000	850,000
Total net assets	15,059,342	14,460,050
Total liabilities and net assets	\$ 16,190,196	\$ 15,695,093

# YWCA Greenwich, Connecticut, Inc.

## Statement of Activities

Year Ended June 30, 2019

(With Summarized Financial Information for the Year Ended June 30, 2018)

	2019		Total	2018
	Without Donor Restrictions	With Donor Restrictions		
<b>Operating Revenues and Other Support</b>				
Contributions	\$ 1,041,297	\$ -	\$ 1,041,297	\$ 494,124
United Way	55,000	-	55,000	55,000
Special events revenues	1,553,939	-	1,553,939	1,404,359
Less direct costs of special events	(398,026)	-	(398,026)	(344,857)
Government grants	417,963	-	417,963	513,474
Nongovernmental grants	137,247	-	137,247	93,010
Program service fees (net of financial aid 2019 - \$189,912 and 2018 - \$173,757)	3,123,500	-	3,123,500	3,476,782
Memberships	551,473	-	551,473	614,838
Interest and dividends, net of fees	150,919	-	150,919	184,345
Other income	136,335	-	136,335	132,941
<b>Total operating revenues and other support</b>	<b>6,769,647</b>	<b>-</b>	<b>6,769,647</b>	<b>6,624,016</b>
<b>Operating Expenses</b>				
Program services				
Aquatics	1,225,073	-	1,225,073	1,301,894
Fitness	816,450	-	816,450	831,938
Childhood education	2,010,203	-	2,010,203	2,078,177
Women's economic empowerment and leadership	70,905	-	70,905	30,191
Racial justice	99,476	-	99,476	66,069
Domestic abuse services	860,566	-	860,566	797,704
<b>Total program services</b>	<b>5,082,673</b>	<b>-</b>	<b>5,082,673</b>	<b>5,105,973</b>
Management and general	1,092,308	-	1,092,308	1,039,907
Fund raising	485,990	-	485,990	555,511
<b>Total operating expenses</b>	<b>6,660,971</b>	<b>-</b>	<b>6,660,971</b>	<b>6,701,391</b>
<b>Change in Net Assets from Operations</b>	<b>108,676</b>	<b>-</b>	<b>108,676</b>	<b>(77,375)</b>
Net unrealized and realized gains on investments	490,616	-	490,616	524,221
<b>Change in Net Assets</b>	<b>599,292</b>	<b>-</b>	<b>599,292</b>	<b>446,846</b>
<b>Net Assets, Beginning of Year</b>	<b>13,610,050</b>	<b>850,000</b>	<b>14,460,050</b>	<b>14,013,204</b>
<b>Net Assets, End of Year</b>	<b>\$ 14,209,342</b>	<b>\$ 850,000</b>	<b>\$ 15,059,342</b>	<b>\$ 14,460,050</b>

**YWCA Greenwich, Connecticut, Inc.**  
**Statement of Functional Expenses**  
**Year Ended June 30, 2019**  
**(With Summarized Financial Information for the Year Ended June 30, 2018)**

	2019									
	Program Services									
	Aquatics	Fitness	Childhood Education	Women's Economic Empowerment & Leadership	Racial Justice	Domestic Abuse Services	Total	Management and General	Fund Raising	Total
Salaries	\$ 567,522	\$ 470,643	\$ 926,275	\$ 50,299	\$ 66,946	\$ 559,886	\$ 2,641,571	\$ 635,510	\$ 285,199	\$ 3,562,280
Payroll taxes and employee benefits	94,952	59,538	217,594	10,282	15,435	116,331	514,132	142,955	63,541	720,628
<b>Total salaries and related expenses</b>	<b>662,474</b>	<b>530,181</b>	<b>1,143,869</b>	<b>60,581</b>	<b>82,381</b>	<b>676,217</b>	<b>3,155,703</b>	<b>778,465</b>	<b>348,740</b>	<b>4,282,908</b>
Occupancy	168,821	119,885	336,255	131	131	49,087	674,310	28,110	50,311	752,731
Supplies	255,520	35,228	183,263	525	2,626	42,750	519,912	15,601	193,270	728,783
Professional fees and instructors	36,557	52,661	124,376	3,049	4,347	28,784	249,774	97,683	205,104	552,561
Depreciation	57,591	46,555	132,783	57	57	21,241	258,284	12,163	21,770	292,217
Bank charges	16,419	14,044	25,984	1,351	1,885	17,202	76,885	17,119	8,914	102,918
Printing and marketing	1,570	413	2,977	4,678	7,311	10,712	27,661	56,142	33,504	117,307
Insurance	14,004	11,774	27,865	520	725	9,606	64,494	8,211	6,509	79,214
Miscellaneous	2,986	1,322	14,663	13	13	2,503	21,500	78,783	15,838	116,121
Telephone	9,131	4,387	18,168	-	-	2,464	34,150	31	56	34,237
<b>Total expenses</b>	<b>1,225,073</b>	<b>816,450</b>	<b>2,010,203</b>	<b>70,905</b>	<b>99,476</b>	<b>860,566</b>	<b>5,082,673</b>	<b>1,092,308</b>	<b>884,016</b>	<b>7,058,997</b>
Less direct costs of special events	-	-	-	-	-	-	-	-	(398,026)	(398,026)
	<u>\$ 1,225,073</u>	<u>\$ 816,450</u>	<u>\$ 2,010,203</u>	<u>\$ 70,905</u>	<u>\$ 99,476</u>	<u>\$ 860,566</u>	<u>\$ 5,082,673</u>	<u>\$ 1,092,308</u>	<u>\$ 485,990</u>	<u>\$ 6,660,971</u>

# YWCA Greenwich, Connecticut, Inc.

## Statement of Functional Expenses (Continued)

Year Ended June 30, 2019

(With Summarized Financial Information for the Year Ended June 30, 2018)

	2018									
	Program Services									
	Aquatics	Fitness	Childhood Education	Women's Economic Empowerment & Leadership	Racial Justice	Domestic Abuse Services	Total	Management and General	Fund Raising	Total
Salaries	\$ 589,460	\$ 466,688	\$ 942,718	\$ 21,238	\$ 47,558	\$ 513,014	\$ 2,580,676	\$ 583,212	\$ 313,028	\$ 3,476,916
Payroll taxes and employee benefits	108,285	61,007	230,846	2,670	5,000	114,873	522,681	160,740	66,943	750,364
Total salaries and related expenses	697,745	527,695	1,173,564	23,908	52,558	627,887	3,103,357	743,952	379,971	4,227,280
Occupancy	174,836	122,874	342,501	135	2,099	51,031	693,476	28,974	64,799	787,249
Supplies	271,212	45,203	179,863	359	3,452	57,715	557,804	9,716	269,275	836,795
Professional fees and instructors	38,643	60,609	125,492	871	2,042	14,596	242,253	135,671	-	448,009
Depreciation	54,114	43,481	125,120	53	53	19,966	242,787	11,434	-	274,688
Bank charges	26,511	11,691	53,754	117	286	3,220	95,579	3,493	18,172	117,244
Printing and marketing	1,666	104	1,621	4,499	5,039	9,068	21,997	55,500	41,655	119,152
Insurance	12,698	10,485	24,902	200	491	8,175	56,951	7,430	6,117	70,498
Miscellaneous	7,166	2,514	14,702	48	48	3,639	28,117	43,420	-	100,797
Telephone	17,303	7,282	36,658	1	1	2,407	63,652	317	567	64,536
Total expenses	1,301,894	831,938	2,078,177	30,191	66,069	797,704	5,105,973	1,039,907	900,368	7,046,248
Less direct costs of special events	-	-	-	-	-	-	-	-	(344,857)	(344,857)
	<u>\$ 1,301,894</u>	<u>\$ 831,938</u>	<u>\$ 2,078,177</u>	<u>\$ 30,191</u>	<u>\$ 66,069</u>	<u>\$ 797,704</u>	<u>\$ 5,105,973</u>	<u>\$ 1,039,907</u>	<u>\$ 555,511</u>	<u>\$ 6,701,391</u>



# YWCA Greenwich, Connecticut, Inc.

## Statement of Cash Flows

Year Ended June 30, 2019

(With Summarized Financial Information for the Year Ended June 30, 2018)

	<u>2019</u>	<u>2018</u>
<b>Operating Activities</b>		
Change in net assets	\$ 599,292	\$ 446,846
Items not requiring (providing) operating cash flows		
Depreciation	292,217	274,688
Realized and unrealized gains on investments	(490,616)	(524,221)
Loss on disposal property and equipment	23,892	-
Changes in		
Grants and program receivables	(85,005)	(81,718)
Prepaid expenses	14,588	44,516
Accounts payable and accrued expenses	20,236	29,751
Deferred revenue	2,363	(82,849)
Deferred compensation payable	(126,788)	(230,187)
Net cash provided by (used in) operating activities	<u>250,179</u>	<u>(123,174)</u>
<b>Investing Activities</b>		
Purchase of property and equipment	(339,291)	(249,373)
Purchase of investments	(3,505,381)	(3,816,847)
Proceeds from the sale of investments	<u>3,716,250</u>	<u>4,159,483</u>
Net cash provided by (used in) investing activities	<u>(128,422)</u>	<u>93,263</u>
<b>Increase (Decrease) in Cash and Cash Equivalents</b>	121,757	(29,911)
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>110,687</u>	<u>140,598</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 232,444</u>	<u>\$ 110,687</u>

# **YWCA Greenwich, Connecticut, Inc.**

## **Notes to Financial Statements**

**June 30, 2019**

### **Note 1: Nature of Operations and Summary of Significant Accounting Policies**

#### ***Nature of Operations***

YWCA Greenwich, Connecticut, Inc. (YWCA) operates programs that enhance the lives of women, men and children in our community through fitness and aquatics programs, childhood education programs, domestic abuse services, women's economic empowerment and leadership and racial justice programs. During 2019, approximately 14,000 women, men and children participated in and benefited from YWCA programs and services. Founded in 1919, YWCA continually meets the changing needs of the people it serves. YWCA is funded primarily by program service fees and memberships collected from individuals as well as contributions and special events.

#### ***Use of Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

#### ***Cash Equivalents***

The YWCA considers all liquid investments with original maturities of three months or less to be cash equivalents. At June 30, 2019 and 2018, cash equivalents consisted primarily of money market funds.

At June 30, 2019, the YWCA's cash accounts exceeded federally insured limits by approximately \$40,000.

#### ***Investments and Net Investment Return***

Investments in equity securities having a readily determinable fair value and in all debt securities are carried at fair value. Other investments are valued at the fair value at time of donation, if acquired by contribution or fair value.

YWCA's investments with long-term maturities have been classified as long-term while the remaining investments have been classified as current based on the availability of these investments to fund current operations as needed.

Investment return includes dividend, interest and other investment income; realized and unrealized gains and losses on investments carried at fair value; and realized gains and losses on other investments, less external and direct internal investment expenses.

# **YWCA Greenwich, Connecticut, Inc.**

## **Notes to Financial Statements**

**June 30, 2019**

Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is included in net assets without donor restrictions. Other investment return is reflected in the statements of activities with or without donor restrictions based upon the existence and nature of any donor or legally imposed restrictions.

### ***Grants and Program Receivables and Allowance for Doubtful Accounts***

YWCA records program services and membership dues as services are provided. Receivables are charged to bad debt expense when they are determined to be uncollectible based upon a periodic review of the accounts by management. Factors used to determine whether an allowance should be recorded include the age of the receivable and a review of payments subsequent to year end. Interest is not accrued or recorded on outstanding accounts receivable.

### ***Property and Equipment***

Property and equipment acquisitions over \$5,000 are stated at cost, less accumulated depreciation. Depreciation is charged to expense on the straight-line basis over the estimated useful life of each asset.

### ***Long-Lived Asset Impairment***

YWCA evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value.

No asset impairment was recognized during the years ended June 30, 2019 and 2018.

### ***Deferred Revenue***

YWCA receives payments for programs in advance. These prepayments are recorded as liabilities and are applied against the period in which they are earned. All deferred revenue is expected to be earned in the next fiscal year.

### ***Net Assets***

Net assets, revenues, gains and losses are classified based on the existence or absence of donor or grantor restrictions.

Net assets without donor restrictions are available for use in general operations and not subject to donor or grantor restrictions.

Net assets with donor restrictions are subject to donor or grantor restrictions. Some restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other restrictions are perpetual in nature, where the donor or grantor stipulates that resources be maintained in perpetuity.

# YWCA Greenwich, Connecticut, Inc.

## Notes to Financial Statements

June 30, 2019

### **Operating Indicator**

Changes in net asset from operations include all revenues and expenses for the reporting period except for net unrealized and realized gains on investments.

### **Government and Nongovernmental Grants**

Support funded by grants is recognized as YWCA meets the conditions prescribed by the grant agreement, performs the contracted services or incurs outlays eligible for reimbursement under the grant agreements. Grant activities and outlays are subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be required.

### **Contributions and Nongovernmental Grants**

Contributions and nongovernmental grants are provided to YWCA either with or without restrictions placed on the gift by the donor or grantor. Revenues and net assets are separately reported to reflect the nature of those gifts – with or without donor restrictions. The value recorded for each unconditional grant and contribution, with or without restriction, is recognized as follows:

<b>Nature of the Gift</b>	<b>Value Recognized</b>
Received at date of gift – cash and other assets	Fair value
Expected to be collected within one year	Net realizable value
Collected in future years	Initially reported at fair value determined using the discounted present value of estimated future cash flows technique

In addition to the amount initially recognized, revenue for unconditional gifts to be collected in future years is also recognized each year as the present-value discount is amortized using the level-yield method.

When a donor or grantor stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Absent explicit donor or grantor stipulations for the period of time that long-lived assets must be held, expirations of restrictions for gifts of land, buildings, equipment and other long-lived assets are reported when those assets are placed in service.

Gifts having donor or grantor stipulations which are satisfied in the period the gift is received are reported as revenue and net assets without donor restrictions.

### **Program Service Fees and Membership Revenue**

Revenue from program service fees are recognized as serviced are provided. Membership revenue is recognized over the membership term.

# **YWCA Greenwich, Connecticut, Inc.**

## **Notes to Financial Statements**

**June 30, 2019**

### ***Financial Aid***

The policy of the YWCA has been to award financial aid for services to deserving members in lieu of accepting only members who have the ability to pay for services.

### ***Income Taxes***

The YWCA is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and a similar provision of state law. However, the YWCA is subject to federal income tax on any unrelated business taxable income.

The YWCA files tax returns in the U.S. federal jurisdiction.

### ***Functional Allocation of Expenses***

The costs of supporting the various programs and other activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Certain costs have been allocated among the program, management and general and fundraising categories based on the services benefited and other methods.

### ***Summarized Information***

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the YWCA financial statements for the year June 30, 2018, from which the summarized information was derived.

### ***Reclassifications***

Certain reclassifications have been made to the 2018 financial statements to conform to the 2019 financial statement presentation. These reclassifications had no effect on the change in net assets.

### ***Change in Accounting Principle***

In 2019, YWCA adopted ASU 2016-14, *Not-for-Profit Entities* (Topic 958): *Presentation of Financial Statements of Not-for-Profit Entities*. A summary of the changes is as follows:

#### **Statement of Financial Position**

- The statement of financial position distinguishes between two new classes of net assets—those with donor-imposed restrictions and those without. This is a change from the previously required three classes of net assets—unrestricted, temporarily restricted and permanently restricted.

# YWCA Greenwich, Connecticut, Inc.

## Notes to Financial Statements

June 30, 2019

### Statement of Activities

- Interest and dividends are shown net of external and direct internal investment expenses. Disclosure of the expenses netted against investment income is no longer required.

### Notes to the Financial Statements

- Enhanced quantitative and qualitative disclosures provide additional information useful in assessing liquidity and cash flows available to meet operating expenses for one year from the date of the statement of financial position.

This change had no impact on previously reported total change in net assets.

### Subsequent Events

Subsequent events have been evaluated through October 9, 2019, which is the date the financial statements were available to be issued.

### Note 2: Property and Equipment

	2019	2018	Estimated Useful Lives
Land	\$ 418,982	\$ 418,982	
Buildings	1,475,698	1,475,698	3-50 years
Building improvements	8,368,257	8,090,874	5-40 years
Furniture, fixtures and equipment	395,487	360,308	3-20 years
	<u>10,658,424</u>	<u>10,345,862</u>	
Less accumulated depreciation	(5,649,143)	(5,359,763)	
	<u>\$ 5,009,281</u>	<u>\$ 4,986,099</u>	

### Note 3: Investments and Disclosures About Fair Value of Assets

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. The hierarchy comprises three levels of inputs that may be used to measure fair value:

**Level 1** Quoted prices in active markets for identical assets or liabilities

# YWCA Greenwich, Connecticut, Inc.

## Notes to Financial Statements

June 30, 2019

- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
- Level 3** Unobservable inputs supported by little or no market activity and that are significant to the fair value of the assets or liabilities

### Recurring Measurements

The following table presents the fair value measurements of assets and liabilities recognized in the accompanying statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at June 30, 2019 and 2018:

	Total Fair Value	Fair Value Measurements Using	
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
<b>June 30, 2019</b>			
Government obligations	\$ 811,621	\$ 792,077	\$ 19,544
Corporate obligations	840,121	840,121	-
Common stocks			
Domestic common stocks	2,076,665	2,076,665	-
International common stocks	560,183	560,183	-
Total common stocks	2,636,848	2,636,848	-
Mutual funds			
Domestic	3,166,483	3,166,483	-
International	1,895,528	1,895,528	-
Total mutual funds	5,062,011	5,062,011	-
Real estate investment trusts	600,470	600,470	-
Total investments reported on the fair value hierarchy	\$ 9,951,071	\$ 9,931,527	\$ 19,544
Cash and cash equivalents included in investments	611,534		
Total investments	\$ 10,562,605		

# YWCA Greenwich, Connecticut, Inc.

## Notes to Financial Statements

June 30, 2019

	Total Fair Value	Fair Value Measurements Using	
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
<b>June 30, 2018</b>			
Government obligations	\$ 807,536	\$ -	\$ 807,536
Corporate obligations	805,426	805,426	-
Common stocks			
Domestic common stocks	1,896,734	1,896,734	-
International common stocks	556,414	556,414	-
Total common stocks	2,453,148	2,453,148	-
Mutual funds			
Domestic	3,130,797	3,130,797	-
International	2,271,384	2,271,384	-
Total mutual funds	5,402,181	5,402,181	-
Real estate investment trusts	534,641	534,641	-
Total investments reported on the fair value hierarchy	<u>\$ 10,002,932</u>	<u>\$ 9,195,396</u>	<u>\$ 807,536</u>
Cash and cash equivalents included in investments	153,138		
Total investments	<u>\$ 10,156,070</u>		

Following is a description of the valuation methodologies and inputs used for assets measured at fair value on a recurring basis and recognized in the accompanying statements of financial position, as well as the general classification of such assets pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the year ended June 30, 2019.

### Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy. There were no Level 3 investments as of June 30, 2019 and 2018.



# YWCA Greenwich, Connecticut, Inc.

## Notes to Financial Statements

June 30, 2019

### Note 4: Pension and Other Postretirement Benefit Plans

#### *Multiemployer Pension Plan*

YWCA contributes to a multiemployer cash balance defined benefit pension plan qualified under Section 401(a) of the Internal Revenue Code. The plan is administered by the YWCA Retirement Fund (a separate national corporation). The risks of participating in this multiemployer plan are different from single-employer plans in the following aspects:

- Assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers.
- If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers.
- If YWCA chooses to stop participating in its multiemployer plan, YWCA may be required to pay those plans an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

The actuarial present value of accumulated plan benefits and net assets available for benefits relating to the YWCA's employees is not available because such information is not accumulated for each participating organization. As of December 31, 2018, based on information received from the plan, the plan was approximately 113 percent funded.

Employees become eligible for participation in the plan after two years of service and minimum of 1,000 hours per year. On an annual basis, participating YWCA's can elect to contribute 10 percent, 7.5 percent, 5 percent or 3 percent of the employee's salary. Based on the level of the YWCA's contributions, the YWCA Retirement Fund will match at 4 percent, 3 percent, 2 percent and 1.2 percent, respectively. For the 2019 and 2018 fiscal year ends, YWCA elected the 5 percent contribution rate. The pension expense for the years ended June 30, 2019 and 2018 was \$105,612 and \$145,910, respectively.

#### *Deferred Compensation Plan*

The YWCA had a 457(f) deferred compensation plan for certain key employees that were funded by both the YWCA and its employees. The YWCA no longer offers this plan to its employees. As such, the investments were directed by the employee, but remain as assets of the YWCA until the employee retires. At June 30, 2018, the asset value of the plan and the resulting liability was \$126,788. During 2019, YWCA paid out the remaining liability and liquidated the assets of the plan.

# YWCA Greenwich, Connecticut, Inc.

## Notes to Financial Statements

June 30, 2019

The following table sets forth by level, within the fair value hierarchy, the assets at fair value as of June 30, 2018:

	<u>Level 1</u>
Cash	\$ 6,054
Mutual funds - domestic	84,026
Exchange-traded and closed-end funds	<u>36,708</u>
Total investments	<u>\$ 126,788</u>

### Note 5: Net Assets and Endowment

In July 2006, the National Conference of Commissioners on Uniform State Laws approved the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as an updated version of the Uniform Management of Institutional Funds Act (UMIFA). UMIFA, in effect in Connecticut since 1973, provided a prudent standard for the spending of the net appreciation of a donor-restricted endowment fund and imposed a spending floor of a fund's book value (referred to as historic dollar value in UMIFA). UPMIFA became law and replaced UMIFA in Connecticut on October 1, 2007 and provides, among other things, expanded spending flexibility by allowing, subject to a standard of prudence, the institution to spend from an endowment fund without regard to the book value of the corpus of the fund. This flexibility under UPMIFA allows an expenditure that lowers the value of the corpus of the fund below its book value, which was not allowed under UMIFA.

As a result, YWCA classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the governing body appropriates such amounts for expenditures. Most of those net assets also are subject to purpose restrictions that must be met before being reclassified as net assets without donor restrictions.

Additionally, in accordance with UPMIFA, YWCA considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. Duration and preservation of the fund
2. Purposes of the Organization and the fund
3. General economic conditions
4. Possible effect of inflation and deflation
5. Expected total return from investment income and appreciation or depreciation of investments
6. Other resources of the Organization
7. Investment policies of the Organization

# YWCA Greenwich, Connecticut, Inc.

## Notes to Financial Statements

June 30, 2019

YWCA's endowment consists of approximately four individual funds established for a variety of purposes. The income from the assets can be used to support the Racial Justice, Women's Economic Advancement, Domestic Abuse programs and making the building handicapped accessible. As required by accounting principles generally accepted in the United States of America (GAAP), net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

As of June 30, 2019 and 2018, net assets with donor restrictions that are subject to NFP endowment spending policy and general appropriation for general use is \$850,000.

Change in endowment net assets for the years ended June 30, 2019 and 2018 were:

	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ -	\$ 850,000	\$ 850,000
Investment return, net	58,504	-	58,504
Appropriation of endowment assets for expenditures	(58,504)	-	(58,504)
Endowment net assets, end of year	\$ -	\$ 850,000	\$ 850,000

	2018		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ -	\$ 850,000	\$ 850,000
Investment return, net	60,175	-	60,175
Appropriation of endowment assets for expenditures	(60,175)	-	(60,175)
Endowment net assets, end of year	\$ -	\$ 850,000	\$ 850,000

### ***Investment and Spending Policies***

YWCA has adopted investment and spending policies regarding its investment assets, including endowment funds, that attempt to provide a predictable stream of funding to programs and other items supported by its investment assets while seeking to maintain the purchasing power of the investment assets. Investment assets include those assets of donor-restricted endowment funds YWCA must hold in perpetuity. The investment policy to achieve this objective is to invest in diversified, low-risk securities. Investment income earned in relation to the endowment funds is recorded as earnings without donor restrictions if it is released from restriction in the year it is earned.

# YWCA Greenwich, Connecticut, Inc.

## Notes to Financial Statements

June 30, 2019

YWCA has a spending policy of appropriating for expenditure each year a percentage of its investments' average fair value over the prior twelve quarters through March 31 of the preceding year in which expenditure is planned. For fiscal year 2019, the percentage was 3.5 percent. In addition, the overall spending policy also allows for the funding of capital expenditures in excess of depreciation and funding other special activities that may arise. The spending policy is reviewed at least annually by the Executive, Finance and Investment Committees. Any amendment to the policy must be approved by the Board of Directors. The Board of Directors approves the planned spending policy amounts during its approval of the upcoming budget.

### ***Underwater Endowments***

At June 30, 2019 and 2018, YWCA does not have any underwater endowment funds.

### **Note 6: Liquidity and Availability**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of June 30, 2019, comprise the following:

Cash and cash equivalents	\$ 232,444
Investments	10,562,605
Grants and program receivables, net	<u>289,942</u>
Total financial assets	11,084,991
Less amounts not available to be used within one year	
Endowments	<u>(850,000)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 10,234,991</u>

YWCA's endowment funds consist of donor-restricted endowments totaling \$850,000. Income from donor-restricted endowments is not available for general use but is used to fund specific expenses authorized by the funds.

YWCA manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. Additionally, YWCA has a spending policy that permits them to draw down funds from its investments to meet its operating requirements, fund capital expenditures and fund other approved special activities. YWCA monitors liquidity and cash flows on an ongoing basis to ensure an appropriate amount of cash and cash equivalents are available to meet current expenditure needs. Management reports its financial position regularly to different committees of the Board and to the whole Board.

# YWCA Greenwich, Connecticut, Inc.

## Notes to Financial Statements

June 30, 2019

### Note 7: Operating Leases

Noncancellable operating lease for office equipment expire in December 2022. Future minimum lease payments under operating lease are:

2020	\$	34,428
2021		34,428
2022		34,428
2023		20,083
		<hr/>
	\$	123,367

### Note 8: Significant Estimates and Concentrations

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

#### ***Grants and Contributions***

Approximately 19 percent of all grants and contributions were received from one donor in 2019 and approximately 28 percent and 50 percent of the grant receivables are due from two and three donors as of June 30, 2019 and 2018, respectively.

#### ***Pension Benefit Obligations***

YWCA contributions to a multiemployer defined benefit pension plan whereby it agrees to provide certain postretirement benefits to eligible employees. The benefit obligation is the actuarial present value of all benefits attributed to service rendered prior to the valuation date based on the projected unit credit cost method. It is reasonably possible that events could occur that would change the estimated amount of this liability materially in the near term.

#### ***Investments***

YWCA invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk 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 and that such changes could materially affect the amounts reported in the accompanying statements of financial position.

# YWCA Greenwich, Connecticut, Inc.

## Notes to Financial Statements

June 30, 2019

### Note 9: Future Change in Accounting Principle

#### ***Revenue Recognition***

The Financial Accounting Standards Board amended its standards related to revenue recognition. This amendment replaces all existing revenue recognition guidance and provides a single, comprehensive revenue recognition model for all contracts with customers. The guidance provides a five-step analysis of transactions to determine when and how revenue is recognized. Other major provisions include capitalization of certain contract costs, consideration of the time value of money in the transaction price and allowing estimates of variable consideration to be recognized before contingencies are resolved in certain circumstances. The amendment also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in those judgments and assets recognized from costs incurred to fulfill a contract. The standard allows either full or modified retrospective adoption effective for nonpublic entities for annual periods beginning after December 15, 2018. YWCA is in the process of evaluating the effect the amendment will have on the financial statements.

#### ***Accounting for Grants and Contributions***

The Financial Accounting Standards Board amended its standards related to contributions received and contributions made. The amendment clarifies existing guidance on determining whether a transaction with a resource provider, *e.g.*, the receipt of funds under a government grant or contract, is a contribution or an exchange transaction. The guidance requires all organization to evaluate whether the resource provider is receiving commensurate value in a transfer of assets transaction, and whether contributions are conditional or unconditional. If commensurate value is received by the resource provider, the transaction would be accounted for as an exchange transaction by applying Topic 606, *Revenue from Contracts with Customers*, or other topics. The standards clarifies that a resource provider is not synonymous with the general public. Indirect benefit received by the public as a result of the assets transferred is not equivalent to commensurate value received by the resource provider. If commensurate value is not received by the resource provide, *i.e.*, the transaction is nonexchange, the recipient organization would record the transaction as a contribution under Topic 958 and determine whether the contribution is conditional or unconditional.

FASB expects that the new standard could result in more grants and contracts being accounted for as contributions (often conditional contributions) than under current generally accepted accounting principles. Because of this, it believes the clarifying guidance about whether a contribution is conditional or unconditional, which affects the timing of revenue recognition, is important. Both the recipient and resource provider would equally apply the guidance. The standard will be effective for reporting periods beginning on or after December 15, 2018.