

YWCA Greenwich, Connecticut, Inc.

Independent Auditor's Report and Financial Statements

June 30, 2020



YWCA Greenwich, Connecticut, Inc.

June 30, 2020

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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, 2020, 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, 2020, 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.

Report on Summarized Comparative Information

We have previously audited YWCA's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 9, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

BKD, LLP

New York, New York
September 30, 2020

YWCA Greenwich, Connecticut, Inc.
Statement of Financial Position
June 30, 2020
(With Summarized Financial Information as of June 30, 2019)

	2020	2019
Assets		
Current Assets		
Cash and cash equivalents	\$ 2,680,245	\$ 232,444
Investments	7,526,672	9,712,605
Grants and program receivables (net of allowance for doubtful accounts of 2020 - \$25,000 and 2019 - \$15,508)	151,133	289,942
Prepaid expenses	119,092	95,924
Total current assets	10,477,142	10,330,915
Long-Term and Other Assets		
Investments	850,000	850,000
Property and equipment, net	4,895,320	5,009,281
Total long-term and other assets	5,745,320	5,859,281
Total assets	\$ 16,222,462	\$ 16,190,196
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	\$ 863,573	\$ 386,665
Deferred revenue	214,895	744,189
Loans payable	196,805	-
Total current liabilities	1,275,273	1,130,854
Long-Term Liabilities		
Loans payable	563,195	-
Total liabilities	1,838,468	1,130,854
Net Assets		
Without donor restrictions	13,533,994	14,209,342
With donor restrictions	850,000	850,000
Total net assets	14,383,994	15,059,342
Total liabilities and net assets	\$ 16,222,462	\$ 16,190,196

YWCA Greenwich, Connecticut, Inc.

Statement of Activities

Year Ended June 30, 2020

(With Summarized Financial Information for the Year Ended June 30, 2019)

	2020		Total	2019
	Without Donor Restrictions	With Donor Restrictions		
Operating Revenues and Other Support				
Contributions	\$ 1,209,352	\$ -	\$ 1,209,352	\$ 1,041,297
United Way	108,000	-	108,000	55,000
Special events revenues	1,105,628	-	1,105,628	1,553,939
Less direct costs of special events	(156,986)	-	(156,986)	(398,026)
Government grants	572,500	-	572,500	417,963
Nongovernmental grants	185,180	-	185,180	137,247
Program service fees (net of financial aid 2020 - \$180,913 and 2019 - \$189,912)	2,439,761	-	2,439,761	3,123,500
Memberships	391,897	-	391,897	551,473
Interest and dividends, net of fees	151,940	-	151,940	150,919
Other income	87,566	-	87,566	136,335
	<u>6,094,838</u>	<u>-</u>	<u>6,094,838</u>	<u>6,769,647</u>
Total operating revenues and other support				
Operating Expenses				
Program services				
Aquatics	1,082,044	-	1,082,044	1,225,073
Fitness	780,341	-	780,341	816,450
Childhood education	2,045,048	-	2,045,048	2,010,203
Women's economic empowerment and leadership	82,615	-	82,615	70,905
Racial justice	109,888	-	109,888	99,476
Domestic abuse services	1,034,177	-	1,034,177	860,566
	<u>5,134,113</u>	<u>-</u>	<u>5,134,113</u>	<u>5,082,673</u>
Total program services				
Management and general	1,091,435	-	1,091,435	1,092,308
Fundraising	464,852	-	464,852	485,990
	<u>6,690,400</u>	<u>-</u>	<u>6,690,400</u>	<u>6,660,971</u>
Total operating expenses				
Change in Net Assets from Operations	(595,562)	-	(595,562)	108,676
Net unrealized and realized gains (loss) on investments	(79,786)	-	(79,786)	490,616
Change in Net Assets	(675,348)	-	(675,348)	599,292
Net Assets, Beginning of Year	<u>14,209,342</u>	<u>850,000</u>	<u>15,059,342</u>	<u>14,460,050</u>
Net Assets, End of Year	<u>\$ 13,533,994</u>	<u>\$ 850,000</u>	<u>\$ 14,383,994</u>	<u>\$ 15,059,342</u>

YWCA Greenwich, Connecticut, Inc.

Statement of Functional Expenses

Year Ended June 30, 2020

(With Summarized Financial Information for the Year Ended June 30, 2019)

	2020									
	Program Services									
	Aquatics	Fitness	Childhood Education	Women's Economic Empowerment & Leadership	Racial Justice	Domestic Abuse Services	Total	Management and General	Fundraising	Total
Salaries	\$ 569,902	\$ 444,522	\$ 964,299	\$ 61,217	\$ 78,423	\$ 675,223	\$ 2,793,586	\$ 613,481	\$ 233,459	\$ 3,640,526
Payroll taxes and employee benefits	86,761	60,485	219,782	13,057	16,425	140,958	537,468	106,330	50,586	694,384
Total salaries and related expenses	656,663	505,007	1,184,081	74,274	94,848	816,181	3,331,054	719,811	284,045	4,334,910
Occupancy	161,637	119,659	347,657	131	1,772	48,979	679,835	28,047	50,200	758,082
Supplies	131,584	40,954	128,274	790	4,032	95,514	401,148	11,305	129,232	541,685
Professional fees and instructors	28,169	33,353	137,457	1,214	1,514	4,981	206,688	178,720	42,526	427,934
Depreciation	62,580	51,141	147,813	62	62	23,446	285,104	13,427	24,031	322,562
Bank charges and payroll fees	15,902	12,557	25,292	1,585	2,106	19,705	77,147	15,238	6,857	99,242
Printing and marketing	1,683	436	2,650	3,882	4,654	8,119	21,424	46,600	36,724	104,748
Insurance	15,024	12,186	29,936	677	900	11,617	70,340	8,249	6,226	84,815
Miscellaneous	3,780	2,214	25,643	-	-	2,755	34,392	70,027	41,980	146,399
Telephone	5,022	2,834	16,245	-	-	2,880	26,981	11	17	27,009
Total expenses	1,082,044	780,341	2,045,048	82,615	109,888	1,034,177	5,134,113	1,091,435	621,838	6,847,386
Less direct costs of special events	-	-	-	-	-	-	-	-	(156,986)	(156,986)
	<u>\$ 1,082,044</u>	<u>\$ 780,341</u>	<u>\$ 2,045,048</u>	<u>\$ 82,615</u>	<u>\$ 109,888</u>	<u>\$ 1,034,177</u>	<u>\$ 5,134,113</u>	<u>\$ 1,091,435</u>	<u>\$ 464,852</u>	<u>\$ 6,690,400</u>

YWCA Greenwich, Connecticut, Inc.

Statement of Functional Expenses (Continued)

Year Ended June 30, 2020

(With Summarized Financial Information for the Year Ended June 30, 2019)

	2019										
	Program Services										
	Aquatics	Fitness	Childhood Education	Women's Economic Empowerment & Leadership	Racial Justice	Domestic Abuse Services	Total	Management and General	Fundraising	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	
Total salaries and related expenses	662,474	530,181	1,143,869	60,581	82,381	676,217	3,155,703	778,465	348,740	4,282,908	
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 and payroll fees	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	
Total expenses	1,225,073	816,450	2,010,203	70,905	99,476	860,566	5,082,673	1,092,308	884,016	7,058,997	
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 Cash Flows

Year Ended June 30, 2020

(With Summarized Financial Information for the Year Ended June 30, 2019)

	<u>2020</u>	<u>2019</u>
Operating Activities		
Change in net assets	\$ (675,348)	\$ 599,292
Items not requiring (providing) operating cash flows		
Depreciation	322,562	292,217
Realized and unrealized (gains) losses on investments	79,786	(490,616)
Loss on disposal property and equipment	-	23,892
Changes in		
Grants and program receivables	138,809	(85,005)
Prepaid expenses	(23,168)	14,588
Accounts payable and accrued expenses	476,908	20,236
Deferred revenue	(529,294)	2,363
Deferred compensation payable	-	(126,788)
	<u>(209,745)</u>	<u>250,179</u>
Net cash provided by (used in) operating activities		
Investing Activities		
Purchase of property and equipment	(208,601)	(339,291)
Purchase of investments	(4,096,487)	(3,505,381)
Proceeds from the sale of investments	<u>6,202,634</u>	<u>3,716,250</u>
	<u>1,897,546</u>	<u>(128,422)</u>
Net cash provided by (used in) investing activities		
Financing Activities		
Proceeds from loans	<u>760,000</u>	<u>-</u>
	<u>760,000</u>	<u>-</u>
Net cash provided by financing activities		
Increase in Cash and Cash Equivalents	2,447,801	121,757
Cash and Cash Equivalents, Beginning of Year	<u>232,444</u>	<u>110,687</u>
Cash and Cash Equivalents, End of Year	<u>\$ 2,680,245</u>	<u>\$ 232,444</u>

YWCA Greenwich, Connecticut, Inc.

Notes to Financial Statements

June 30, 2020

**(With Summarized Financial Information as of and for the Year Ended
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 2020 and 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.

As a result of the spread of the SARS-CoV-2 virus and the incidence of COVID-19, economic uncertainties negatively affected the financial position, results of operations and cash flows of YWCA. YWCA closed its facility as of March 13, 2020 and did not reopen until June 17, 2020, when it reopened on a limited basis. The closure of the facility resulted in a decrease of program revenues, the return to members of previously collected revenues, and uncertainty in future fundraising activity. As a result, in March and April of 2020, Management and the Board of Directors approved the sale of approximately \$1.5 million of non-cash investments to provide liquidity for the ongoing operations of YWCA. This action was taken before YWCA obtained any financing or engaged in additional fundraising. Approximately \$2 million of investments, which included cash on hand in the investment account, was moved from Wells Fargo, YWCA's Investment Manager, to avoid the negative carrying cost on the management fees. During the remainder of the fiscal year, YWCA was able to obtain \$760,000 in loans through State and Federal COVID-19 relief programs, and it continued fundraising activities.

On July 28, 2020, Management and the Board of Directors approved the return of \$500,000 from cash to investments. This cash was the result of the transfer that occurred from investments to cash providing liquidity during the COVID-19 crisis. The timing of the reinvestment of these funds is at the discretion of Wells Fargo. On September 28, 2020, \$500,000 was returned to Wells Fargo for investment.

Although YWCA staged the reopening of its business lines during the summer 2020 and into the fall, revenues remain weaker due to continued COVID-19 restrictions and concerns. Fundraising is a key focus in order to cover ongoing operational costs.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) 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.

YWCA Greenwich, Connecticut, Inc.

Notes to Financial Statements

June 30, 2020

**(With Summarized Financial Information as of and for the Year Ended
June 30, 2019)**

Cash Equivalents

YWCA considers all liquid investments with original maturities of three months or less to be cash equivalents. Uninvested cash and cash equivalents included in investment accounts, including endowment accounts are not considered to be cash and cash equivalents. At June 30, 2020 and 2019, cash equivalents consisted primarily of money market funds.

At June 30, 2020, YWCA's cash accounts exceeded federally insured limits by approximately \$2,016,000.

Investments

YWCA measures securities, other than investments that qualify for the equity method of accounting, at 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

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. Gains and losses on the sale of securities are recorded on the trade date and are determined using the specific identification method.

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 statement 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.

YWCA Greenwich, Connecticut, Inc.

Notes to Financial Statements

June 30, 2020

**(With Summarized Financial Information as of and for the Year Ended
June 30, 2019)**

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, 2020 and 2019.

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.

Operating Indicator

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

YWCA Greenwich, Connecticut, Inc.

Notes to Financial Statements

June 30, 2020

(With Summarized Financial Information as of and for the Year Ended
June 30, 2019)

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:

Nature of the Gift	Value Recognized
<i>Conditional gifts, with or without restriction</i>	
Gifts that depend on YWCA overcoming a donor-imposed barrier to be entitled to the funds	Not recognized until the gift becomes unconditional, <i>i.e.</i> , the donor-imposed barrier is met
<i>Unconditional gifts, with or without restriction</i>	
Received at date of gift – cash and other assets	Fair value
Received at date of gift – property, equipment and long-lived assets	Estimated 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 statement 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.

Conditional contributions having donor stipulations which are satisfied in the period the gift is received are recorded as revenue and net assets without donor restrictions.

YWCA Greenwich, Connecticut, Inc.

Notes to Financial Statements

June 30, 2020

**(With Summarized Financial Information as of and for the Year Ended
June 30, 2019)**

Program Service Fees and Membership Revenue

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

Financial Aid

The policy of 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

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

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 YWCA financial statements for the year June 30, 2019, from which the summarized information was derived.

Change in Accounting Principle

During 2020, YWCA adopted the Financial Accounting Standards Board (FASB) Accounting Standards Board (ASU) 2018-08 (Topic 958), *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The core guidance in ASU 2018-08 is to clarify 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 adoption had no impact on change in net assets.

YWCA Greenwich, Connecticut, Inc.

Notes to Financial Statements

June 30, 2020

(With Summarized Financial Information as of and for the Year Ended
June 30, 2019)

Note 2: Property and Equipment

	<u>2020</u>	<u>2019</u>	<u>Estimated Useful Lives</u>
Land	\$ 418,982	\$ 418,982	
Buildings	1,475,698	1,475,698	3-50 years
Building improvements	8,506,271	8,368,257	5-40 years
Furniture, fixtures and equipment	<u>423,206</u>	<u>395,487</u>	3-20 years
	10,824,157	10,658,424	
Less accumulated depreciation	<u>(5,928,837)</u>	<u>(5,649,143)</u>	
	<u>\$ 4,895,320</u>	<u>\$ 5,009,281</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
- 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

YWCA Greenwich, Connecticut, Inc.

Notes to Financial Statements

June 30, 2020

(With Summarized Financial Information as of and for the Year Ended
June 30, 2019)

Recurring Measurements

The following tables present 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, 2020 and 2019:

	Total Fair Value	Fair Value Measurements Using Quoted Prices in Active Markets for Identical Assets (Level 1)
June 30, 2020		
Government obligations	\$ 554,922	\$ 554,922
Corporate obligations	836,757	836,757
Common stocks		
Domestic common stocks	1,843,839	1,843,839
International common stocks	795,446	795,446
Total common stocks	2,639,285	2,639,285
Mutual funds		
Domestic	2,926,226	2,926,226
International	516,233	516,233
Total mutual funds	3,442,459	3,442,459
Real estate investment trusts	420,084	420,084
Total investments reported on the fair value hierarchy	7,893,507	<u>\$ 7,893,507</u>
Cash and cash equivalents included in investments	483,165	
Total investments	<u>\$ 8,376,672</u>	

YWCA Greenwich, Connecticut, Inc.

Notes to Financial Statements

June 30, 2020

(With Summarized Financial Information as of and for the Year Ended
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)
June 30, 2019			
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, 2020

(With Summarized Financial Information as of and for the Year Ended
June 30, 2019)

The 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 years ended June 30, 2020 and 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, 2020 and 2019.

Note 4: Loans Payable

On March 27, 2020, President Trump signed into law the *Coronavirus Aid, Relief, and Economic Security Act*. On April 20, 2020, YWCA received a loan in the amount of \$750,000 pursuant to the Paycheck Protection Program. YWCA has elected to account for the funding as a loan in accordance with ACS Topic 470, *Debt*. The loan is due two years from the date of the first disbursement under the loan and has a fixed interest rate of 1 percent per year. Any forgiveness of the loan will be recognized as a gain in the financial statements in the period the debt is legally released. PPP loans are subject to audit and acceptance by the U.S. Department of Treasury, Small Business Administration, or lender; as a result of such audit, adjustments could be required to any gain recognized.

On May 14, 2020, YWCA received a \$10,000 interest free loan from the State of Connecticut. The principal is due one year from the receipts date. The maturity date may be extended by the Commissioner of Connecticut for additional six months.

Annual maturities of loans payable as of June 30, 2020 are:

2021	\$	196,805
2022		<u>563,195</u>
	\$	<u><u>760,000</u></u>

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Note 5: 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 YWCA's 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 YWCA's employees is not available because such information is not accumulated for each participating organization. As of December 31, 2019, based on information received from the plan, the plan was approximately 103 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 YWCA's contributions, YWCA's 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, 2020 and 2019 was \$119,012 and \$105,612, respectively.

Note 6: 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.

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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'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 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, 2020 and 2019, net assets with donor restrictions that are subject to not-for-profit endowment spending policy and general appropriation for general use is \$850,000.

Change in endowment net assets for the years ended June 30, 2020 and 2019 were:

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ -	\$ 850,000	\$ 850,000
Investment return, net	22,847	-	22,847
Appropriation of endowment assets for expenditures	(22,847)	-	(22,847)
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 850,000</u>	<u>\$ 850,000</u>

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	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	<u>\$ -</u>	<u>\$ 850,000</u>	<u>\$ 850,000</u>

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 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 2020 and 2019, the percentage was 4.0 and 3.5 percent, respectively. 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, 2020 and 2019, YWCA does not have any underwater endowment funds.

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Note 7: Liquidity and Availability

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

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 2,680,245	\$ 232,444
Investments	8,376,672	10,562,605
Grants and program receivables, net	<u>151,133</u>	<u>289,942</u>
Total financial assets	11,208,050	11,084,991
Less amounts not available to be used within one year		
Endowments	<u>(850,000)</u>	<u>(850,000)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 10,358,050</u>	<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.

Note 8: Operating Leases

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

2021	\$ 34,428
2022	34,428
2023	<u>20,083</u>
	<u>\$ 88,939</u>

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Note 9: Significant Estimates and Concentrations

GAAP 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 2020 and 2019. Approximately, 47 and 29 percent of the grant receivables are due from two donors as of June 30, 2020 and 2019, 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.

Note 10: Subsequent Events

Subsequent events have been evaluated through September 30, 2020, which is the date the financial statements were available to be issued.

On July 28, 2020, Management and the Board of Directors approved the return of \$500,000 from cash to investments. This cash was the result of the transfer that occurred from investments to cash to provide liquidity that might be needed during the COVID-19 crisis. The timing of the reinvestment of these funds is at the discretion of Wells Fargo, YWCA's Investment Manager. On September 28, 2020, \$500,000 was returned to Wells Fargo for investment.

In September 2020, YWCA entered into a \$2 Million Revolving Line of Credit Note with Wells Fargo Bank, N.A.. YWCA's obligations under the Note are secured by a pledge of certain unrestricted investment assets. There are no fees charged on the Note other than interest on any amounts drawn on the line of credit. The interest rate on the Note is one and two-fifths percent (1.40000 percent) above Daily One Month LIBOR. The Note matures on July 31, 2021 and can be renewed prior to maturity. Currently, no funds have been drawn under the credit facility.

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Note 11: Future Changes in Accounting Principles

Revenue Recognition

FASB 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, 2019. YWCA is in the process of evaluating the effect the amendment will have on the financial statements.