



# Young Women's Christian Association of South Hampton Roads

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**Financial Statements and Supplementary Information**

**Years Ended June 30, 2020 and 2019**

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## **Independent Auditors' Report**

Board of Directors  
Young Women's Christian Association of South Hampton Roads  
Norfolk, Virginia

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of Young Women's Christian Association of South Hampton Roads (a nonprofit organization), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

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

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

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits 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 auditors' 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 Young Women's Christian Association of South Hampton Roads as of June 30, 2020 and 2019, 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.

***Other Matters***

***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* is presented for purposes of additional analysis, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 22, 2020, on our consideration of Young Women's Christian Association of South Hampton Roads' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Young Women's Christian Association of South Hampton Roads' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Young Women's Christian Association of South Hampton Roads' internal control over financial reporting and compliance.

*Dixon Hughes Goodman LLP*

Norfolk, Virginia  
October 22, 2020

**Young Women's Christian Association of South Hampton Roads**  
**Statements of Financial Position**  
**June 30, 2020 and 2019**

<b>ASSETS</b>	<b>2020</b>	<b>2019</b>
Current assets:		
Cash and cash equivalents	\$ 602,370	\$ 599,062
Investments, at fair value	991,913	1,008,641
Accounts and grants receivable	210,279	46,122
Promises to give, current	149,492	104,264
Other current assets	3,475	20,517
Total current assets	<b>1,957,529</b>	1,778,606
Long-term promises to give	140,754	-
Property held for sale	169,616	-
Property and equipment, net	745,725	619,770
	<b>\$ 3,013,624</b>	<b>\$ 2,398,376</b>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 27,045	\$ 26,035
Accrued payroll and payroll taxes	111,087	87,126
Contract liability	25,835	-
Line of credit	-	320,998
Total current liabilities	<b>163,967</b>	434,159
Note payable	377,600	-
Net assets:		
Without donor restrictions	1,990,043	1,739,833
Without donor restrictions, Board designated	68,100	68,906
Total net assets without donor restrictions	<b>2,058,143</b>	1,808,739
Net assets with donor restrictions	413,914	155,478
	<b>2,472,057</b>	1,964,217
	<b>\$ 3,013,624</b>	<b>\$ 2,398,376</b>

See accompanying notes.

**Young Women's Christian Association of South Hampton Roads**  
**Statements of Activities**  
**Years Ended June 30, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
Support and revenues without donor restrictions:		
Support:		
United Way	\$ 287,839	\$ 244,727
Program fees	279,539	563,432
Contributions	299,523	142,810
Special events	44,027	144,222
In-kind contributions	63,277	86,653
Foundation grants	-	47,318
Net assets released from restrictions	2,277,193	2,046,033
	<u>3,251,398</u>	<u>3,275,195</u>
Revenue:		
Investment income	24,430	35,113
Net realized and unrealized gain on investments	11,279	19,748
Other revenue	-	1,714
Loss on sale of asset	(1,031)	(6,108)
	<u>34,678</u>	<u>50,467</u>
Total support and revenues without donor restrictions	<u>3,286,076</u>	<u>3,325,662</u>
Expenses:		
Program services	2,501,107	2,645,243
Management and general	306,330	233,025
Fundraising	229,235	230,747
	<u>3,036,672</u>	<u>3,109,015</u>
Change in net assets without donor restrictions	<u>249,404</u>	<u>216,647</u>
Support and revenues with donor restrictions:		
Government grants	2,084,937	1,812,340
Foundation grants	450,692	345,000
Net assets released from restrictions	(2,277,193)	(2,046,033)
	<u>258,436</u>	<u>111,307</u>
Change in net assets with donor restrictions	<u>258,436</u>	<u>111,307</u>
Total change in net assets	<u>507,840</u>	<u>327,954</u>
Net assets, beginning of year	<u>1,964,217</u>	<u>1,636,263</u>
Net assets, end of year	<u>\$ 2,472,057</u>	<u>\$ 1,964,217</u>

See accompanying notes.

**Young Women's Christian Association of South Hampton Roads**  
**Statement of Functional Expenses**  
**Year Ended June 30, 2020**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries, wages, and benefits	\$ 1,540,281	\$ 206,337	\$ 157,751	\$ 1,904,369
Specific assistance	318,714	-	-	318,714
Occupancy	242,701	16,441	-	259,142
Payroll taxes	120,555	14,463	12,543	147,561
Computer and copier	53,439	3,279	2,284	59,002
Contract labor	43,702	6,106	5,778	55,586
Supplies	37,236	1,702	235	39,173
United Way fundraising allocation	-	-	37,997	37,997
Professional fees	20,976	12,458	-	33,434
Depreciation	30,182	-	-	30,182
Telecom and internet	27,032	1,465	1,145	29,642
Insurance	15,057	10,495	-	25,552
Conferences and meetings	10,250	7,215	1,251	18,716
Membership and licensing fees	15,537	1,327	325	17,189
Unallocated payments to national YWCA	-	16,106	-	16,106
Vehicle and transportation	13,290	40	476	13,806
Printing and publications	7,451	1,410	2,202	11,063
Interest	-	5,712	-	5,712
Special events	-	-	5,217	5,217
Advertising	4,000	-	-	4,000
Bank fees	480	1,366	1,558	3,404
Postage	224	408	473	1,105
	<u>\$ 2,501,107</u>	<u>\$ 306,330</u>	<u>\$ 229,235</u>	<u>\$ 3,036,672</u>

See accompanying notes.

**Young Women's Christian Association of South Hampton Roads**  
**Statement of Functional Expenses**  
**Year Ended June 30, 2019**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries, wages, and benefits	\$ 1,604,828	\$ 169,145	\$ 109,799	\$ 1,883,772
Specific assistance	378,046	-	-	378,046
Occupancy	199,119	-	220	199,339
Payroll taxes	137,702	2,397	8,458	148,557
Contract labor	107,953	2,054	5,481	115,488
Computer and copier	35,252	3,050	1,583	39,885
Conferences and meetings	28,129	9,631	1,353	39,113
Special events	-	-	38,987	38,987
United Way fundraising allocation	-	-	38,635	38,635
Supplies	26,134	3,946	511	30,591
Professional fees	18,445	8,794	-	27,239
Depreciation	26,487	30	-	26,517
Membership and licensing fees	24,045	1,319	450	25,814
Telecom and internet	21,542	905	782	23,229
Insurance	10,077	8,738	-	18,815
Advertising	-	-	19,622	19,622
Unallocated payments to national YWCA	-	19,235	-	19,235
Vehicle and transportation	16,050	98	218	16,366
Bank fees	6,329	1,228	1,656	9,213
Printing and publications	4,712	1,182	2,509	8,403
Postage	393	431	483	1,307
Miscellaneous	-	842	-	842
	<u>\$ 2,645,243</u>	<u>\$ 233,025</u>	<u>\$ 230,747</u>	<u>\$ 3,109,015</u>

See accompanying notes.

**Young Women's Christian Association of South Hampton Roads**  
**Statements of Cash Flows**  
**Years Ended June 30, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Change in net assets	\$ 507,840	\$ 327,954
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	30,182	26,517
Unrealized loss (gain) on investment	62,012	(22,511)
Realized (gain) loss on investment	(73,291)	2,763
Loss on disposal of assets	1,031	6,108
Change in:		
Accounts and grants receivable	(164,157)	74,636
Promises to give	(185,982)	(101,264)
Other current assets	17,042	(7,919)
Accounts payable and accrued expenses	(3,577)	(2,731)
Accrued payroll and taxes	23,961	(17,276)
Other current liabilities	30,422	-
Net cash provided by operating activities	<u>245,483</u>	<u>286,277</u>
Cash flows from investing activities:		
Purchases of property and equipment	(326,784)	(420,790)
Purchases of investments	(527,950)	(204,039)
Proceeds from sale of investments	<u>555,957</u>	<u>122,342</u>
Net cash used by investing activities	<u>(298,777)</u>	<u>(502,487)</u>
Cash flows from financing activities:		
Net (payment) proceeds on line of credit	(320,998)	320,998
Proceeds on note payable	<u>377,600</u>	<u>-</u>
Net cash provided by financing activities	<u>56,602</u>	<u>320,998</u>
Net increase in cash and cash equivalents	3,308	104,788
Cash and cash equivalents, beginning of year	<u>599,062</u>	<u>494,274</u>
Cash and cash equivalents, end of year	<u>\$ 602,370</u>	<u>\$ 599,062</u>
Supplemental disclosure of cash flow information:		
Interest paid	<u>\$ 5,712</u>	<u>\$ 844</u>
Supplemental disclosure of non-cash investing activities:		
Property and equipment classified as assets held for sale	<u>\$ 169,616</u>	<u>\$ -</u>

See accompanying notes.

## **Notes to Financial Statements**

### **1. Organization and Nature of Activities**

The YWCA is the oldest and largest multicultural women's organization in the world and is the preeminent provider of services for victims of domestic and sexual violence in the country. As an affiliate of the YWCA U.S.A., the Young Women's Christian Association of South Hampton Roads (Organization) works locally to implement the mission of the YWCA: Eliminating Racism and Empowering Women. Since 1911, the Organization has served as a source of strength for over a quarter million women and children in the Hampton Roads community.

The Organization serves approximately 10,000 individuals each year through five hallmark programs, including: 1) Domestic Violence Emergency Shelter and Housing Program; 2) Sexual Assault Support Services and Counseling Center; 3) Out of School Time; 4) Norfolk Family Justice Center; and 5) Coordinated Crisis Response hotline. Learn more at [www.ywca-shr.org](http://www.ywca-shr.org).

### **2. Summary of Significant Accounting Policies**

#### ***Adoption of new accounting standards***

During 2020, the Organization adopted the Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") No. 2018-08, Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. ASU 2018-08 assists entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transactions subject to other guidance as described below and (2) determining whether a contribution is conditional.

In May 2014, the FASB issued ASU No. 2014-09: Revenue from Contracts with Customers (Topic 606). ASU 2014-09 and all subsequently issued clarifying ASUs replaced most existing revenue recognition guidance in U.S. GAAP, excluding nonreciprocal contribution transactions describe in Topic 958 and some other specific exclusions such as Leases (Topic 840) and Investments (Topic 320). The ASU No. 2014-09 also requires expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The Organization adopted this new standard effective July 1, 2019, the first day of the Organization's year using the modified retrospective approach.

As part of the adoption of the ASU No. 2014-09, the Organization elected the following transition practical expedients: (i) to reflect the aggregate of all contract modifications that occurred prior to the date of initial application when identifying satisfied and unsatisfied performance obligations, determining the transaction price, and allocating the transaction price; and (ii) to apply the standard only to contracts that are not completed at the initial date of application. Because contract modifications are minimal, there is not a significant impact as a result of electing these practical expedients.

The adoption of these standards did not result in a material difference from the previous policy and therefore, the Organization's beginning net assets has not been adjusted to reflect any adjustments.

#### ***Basis of presentation***

The Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. The classes of net assets are described as follows:

## Young Women's Christian Association of South Hampton Roads Notes to Financial Statements

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**Net assets without donor restrictions** result from receiving unrestricted contributions, rental income, interest income, and income from in-kind donations and services. Net assets without donor restrictions are available for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the Board of Directors.

**Net assets with donor restrictions** result from contributions and other inflows of assets whose use is limited by stipulations imposed by donors and grantors. Such restrictions either expire by the passage of time or are met by actions of the Organization pursuant to those stipulations.

### ***Cash and cash equivalents***

For purposes of the statements of cash flows, the Organization considers cash on hand and highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

### ***Investments***

The Organization invests in marketable securities and records certain equity securities and all debt securities at fair value using quoted market prices. Unrealized gains and losses are included in the statements of activities.

### ***Revenue recognition***

#### Contributions, grants, United Way funds and promises to give

Contributions are generally available for unrestricted use unless specifically restricted by the donor. Grants, United Way funds and other contributions of cash and other assets are reported as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without restrictions and reported in the statements of activities as net assets released from restrictions.

Unconditional promises to give are recorded as they are received. Unconditional promises to give due in the next year are reflected as current promises to give and are recorded at their net realizable value. Unconditional promise to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statements of activities. A promise to give is deemed past due if payments are not received in accordance with the payment terms specified by the donor at the time the promise was made.

#### Special events

Special events revenue includes revenue from contributions including sponsorships and gifts, as well as revenue from exchange transactions including tables and tickets to the event. Exchange transactions related to special events were \$11,025 in 2019, and are recognized at a point in time, when the event is concluded. There were no exchange transactions from special events during 2020.

#### Program fees

The Organization has program fee revenue from its Out-of-School Time (OST) Services program. A contract is created when a child is accepted into the program. An exchange transaction exists when the child is accepted into the program as the Organization consents to provide childcare services and the parent consents to provide the Organization tuition. Revenue is recognized over time, as the organization fulfills the obligation to provide the out-of-school services.

The Organization also receives program fees for counseling services which is recognized at a point in time when the service is provided.

**Young Women’s Christian Association of South Hampton Roads  
Notes to Financial Statements**

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***Disaggregation of revenue from contracts with customers***

	<u>2020</u>	<u>2019</u>
Performance obligations satisfied over time (OST services)	\$ 223,819	\$ 347,014
Performance obligations satisfied at a point in time (counseling and special events)	\$ 18,180	\$ 28,395

***Contract liabilities***

Contract liabilities represent receipts of special event registration fees for which revenue recognition is being deferred until the event is held and other miscellaneous deferred charged not related to special events. There were contract liabilities related to special events of \$25,835 at June 30, 2020. There were no event contract liabilities at June 30, 2019.

There were no contract liabilities or assets related to the OST program at June 30, 2020 because the program was not operating due to the COVID-19 pandemic.

***Accounts receivable***

The Organization records accounts receivable when services are provided.

***Allowance for doubtful accounts***

The Organization establishes an allowance for uncollectible receivables and promises to give based on prior experience and management’s analysis of specific receivable balances. Management believes that all receivables are fully collectible; therefore, no allowance for doubtful accounts has been deemed necessary.

***Concentrations of credit risk***

Financial instruments which potentially expose the Organization to concentrations of credit risk consist primarily of temporary cash investments.

The Organization places their temporary cash investments with high credit quality financial institutions, although at times some amounts may be in excess of the FDIC insurance limits. As of June 30, 2020, the Organization had demand deposits in financial institutions which exceed depositor’s insurance provided by the applicable guaranty agency.

***Property and equipment***

Acquisitions of property and equipment in excess of \$2,500 are capitalized. Property and equipment are recorded at cost. Expenditures for maintenance and repairs are charged against operations. Renewals and betterments are capitalized. The gain or loss on items otherwise disposed of is reflected in income.

Depreciation is being provided on a straight-line basis over estimated useful lives which range as follows.

<u>Asset</u>	<u>Life</u>
Building improvements	5 - 39 years
Buildings	20 - 39 years
Furniture and fixtures	3 - 10 years
Vehicles	5 years

## **Young Women's Christian Association of South Hampton Roads Notes to Financial Statements**

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In accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), management reviews long-lived assets for impairment when circumstances indicate the carrying amount of an asset may not be recoverable based on the undiscounted future cash flows of the asset. If the carrying amount of an asset may not be recoverable a write-down to fair value is recorded. Fair values are determined based on the discounted cash flows, quoted market values, or external appraisals, as applicable. Long-lived assets are reviewed for impairment at the individual assets or the asset group level for which the lowest level of independent cash flows can be identified. At June 30, 2020 and 2019, there were no long-lived assets that were deemed to be impaired.

### ***Contributed services***

Contributions of services that do not require specialized skills or enhance nonfinancial assets are not recorded in the accompanying financial statements because no objective basis is available to measure the value of such services. A substantial number of volunteers have donated significant amounts of their time to the Organization's program services and its fundraising campaigns, the value of which is not recorded in the accompanying financial statements.

### ***Functional expenses***

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the program and supporting services.

### ***Advertising***

The Organization expenses advertising costs as they are incurred. Advertising expense was \$4,000 and \$19,622 for 2020 and 2019, respectively.

### ***Income taxes***

The Organization is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and the statutes of the Commonwealth of Virginia; accordingly, the accompanying financial statements do not reflect a provision or liability for federal and state income taxes.

### ***Estimates***

The preparation of financial statements in conformity with U.S. 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 and expenses during the reporting period. Actual results could differ from those estimates.

### ***Subsequent event***

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through October 22, 2020, the date the financial statements were available to be issued.

**Young Women’s Christian Association of South Hampton Roads  
Notes to Financial Statements**

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**3. Liquidity and Availability**

Financial assets available for general expenditure within one year of the financial position date, consist of the following:

	<u>2020</u>	<u>2019</u>
Unrestricted cash and cash equivalents	\$ 410,602	\$ 478,942
Investments	991,913	1,008,641
Accounts and grants receivable, net	210,279	46,122
Promises to give	140,246	104,264
Assets limited to use:		
Board designated	68,100	68,906
Donor restricted	<u>123,668</u>	<u>51,214</u>
	<u>\$ 2,094,808</u>	<u>\$ 1,696,079</u>

The Organization has certain donor restricted and board designated assets limited to use which are available for general expenditure within one year in the normal course of operations. Accordingly, these assets have been included in the quantitative information above. As part of the Organization’s liquidity management plan, cash in excess of daily requirements is invested in money market funds. The Organization may draw on these money market funds, if necessary, to meet unexpected liquidity needs.

**4. Promises to Give**

Unconditional promises to give are estimated to be collected as follows at June 30, 2020 and 2019.

	<u>2020</u>	<u>2019</u>
Within one year	\$ 149,492	\$ 104,264
In one to five years	<u>150,000</u>	<u>-</u>
	299,492	104,264
Less: discount to net present value at a rate of 3.5%	<u>(9,246)</u>	<u>-</u>
	<u>\$ 290,246</u>	<u>\$ 104,264</u>

Conditional promises to give were \$53,000 at June 30, 2020. These promises are conditioned on raising matching gifts from individual donors by December 31, 2021. Conditional promises to give are not included in promises to give in the statement of financial position, and no revenue has been recognized for conditional promises to give.

**Young Women’s Christian Association of South Hampton Roads  
Notes to Financial Statements**

**5. Investments**

At June 30, 2020, investments consisted of the following:

	<u>Cost</u>	<u>Fair Market Values</u>	<u>Unrealized Gains</u>
Money Market Fund	\$ 26,991	\$ 26,991	\$ -
Bond Funds	282,934	300,613	17,679
Equity Mutual Funds	<u>614,074</u>	<u>664,309</u>	<u>50,235</u>
	<u>\$ 923,999</u>	<u>\$ 991,913</u>	<u>\$ 67,914</u>

At June 30, 2019, investments consisted of the following:

	<u>Cost</u>	<u>Fair Market Values</u>	<u>Unrealized Gains</u>
Money Market Fund	\$ 13,790	\$ 13,790	\$ -
Long-term Certificate of Deposit	50,830	50,830	-
Bond Funds	356,423	369,729	13,306
Equity Mutual Funds	<u>457,246</u>	<u>574,292</u>	<u>117,046</u>
	<u>\$ 878,289</u>	<u>\$ 1,008,641</u>	<u>\$ 130,352</u>

Changes in investment funds for the year were as follows:

	<u>2020</u>	<u>2019</u>
Balance, beginning of year	\$ 1,008,641	\$ 907,196
Purchases	527,950	204,039
Proceeds from sale	(555,957)	(122,342)
Realized gain (loss)	73,291	(2,763)
Unrealized (loss) gain	<u>(62,012)</u>	<u>22,511</u>
Balance, end of year	<u>\$ 991,913</u>	<u>\$ 1,008,641</u>

**6. Property Held for Sale**

During fiscal year 2020, the Organization purchased a larger shelter facility to provide temporary shelter for victims of violence who are in imminent danger. As part of this decision, the Organization decided to sell the two existing, smaller shelters and use the proceeds from the sales to pay off the line of credit used to obtain the new facility. The Organization closed on the sale of the two shelters on July 17, 2020 and August 21, 2020 at a price, net of closing costs, of \$514,250.

**Young Women’s Christian Association of South Hampton Roads**  
**Notes to Financial Statements**

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Property held for sale consists of the following:

Land	\$ 44,631
Buildings	151,948
Improvements	564,821
Furnishings	<u>3,408</u>
	764,808
Less, accumulated depreciation	<u>(595,192)</u>
Net book value	<u>\$ 169,616</u>

**7. Property and Equipment**

Property and equipment consisted of the following at June 30:

	<u>2020</u>	<u>2019</u>
Building improvements	\$ 263,577	\$ 566,521
Buildings	320,000	471,948
Land	90,000	134,631
Furniture and fixtures	143,236	90,032
Vehicles	<u>12,328</u>	<u>12,328</u>
	829,141	1,275,460
Less, accumulated depreciation	<u>(83,416)</u>	<u>(655,690)</u>
	<u>\$ 745,725</u>	<u>\$ 619,770</u>

Depreciation expense was \$30,182 and \$26,517 for 2020 and 2019, respectively.

**8. Note Payable and Line of Credit**

In June 2019, the Organization entered into a \$410,000 line of credit for the restricted purpose of shelter upgrades and improvements. Interest is stated at one month LIBOR plus 2.5% (2.66% at June 30, 2020). There was no amount outstanding on this line of credit at June 30, 2020. There was \$320,998 outstanding on this line of credit at June 30, 2019. The line is collateralized by certain investments owned by the Organization. The line of credit expires June 27, 2021.

In response to the COVID-19 pandemic, the Coronavirus Aid, Relief and Economic Security (CARES) Act was signed into law on March 27, 2020. One provision of the CARES Act is the establishment of the Paycheck Protection Program (PPP) under the Small Business Administration’s 7(a) program. The PPP provides for loans to be made to small businesses effected by the COVID-19 pandemic. If certain criteria are met, small businesses receiving PPP loans may have all or a portion of the loans forgiven, effectively converting the outstanding balance and accrued interest to a grant. Any portion of PPP loans not forgiven have a term of five years and bear interest at 1.0%, with repayments deferred for six months. In April 2020, the Company received a PPP loan of \$377,600. The Organization has not yet determined how much, if any, of the loan proceeds will be forgiven. Therefore, \$377,600 has been recorded as a note payable on the statement of financial position at June 30, 2020.

**Young Women’s Christian Association of South Hampton Roads  
Notes to Financial Statements**

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**9. Net Assets**

Net assets at June 30 consist of the following:

	<u>2020</u>	<u>2019</u>
Without donor restrictions:		
General purposes	\$ 1,990,043	\$ 1,739,833
Board designated, shelter upgrades and improvements	<u>68,100</u>	<u>68,906</u>
	<u>\$ 2,058,143</u>	<u>\$ 1,808,739</u>
With donor restrictions:		
Promise to give	\$ 290,246	\$ 104,264
Victim assistance fund	70,000	-
Emergency housing and shelter program	43,668	50,645
Family Justice Center fund	10,000	-
Alliance for Hope conference	<u>-</u>	<u>569</u>
	<u>\$ 413,914</u>	<u>\$ 155,478</u>

**11. Grant Revenue**

Grant revenue is summarized as follows:

	<u>2020</u>	<u>2019</u>
Virginia Department of Criminal Justice	\$ 1,619,752	\$ 1,231,385
Virginia Department of Social Services	156,362	260,996
Other government organizations	245,776	248,626
City of Norfolk	<u>63,047</u>	<u>71,333</u>
	<u>2,084,937</u>	<u>1,812,340</u>
Other private foundations	<u>450,692</u>	<u>345,000</u>
	<u>\$ 2,535,629</u>	<u>\$ 2,157,340</u>

Grant revenue was 72% and 63% of total revenue in 2020 and 2019, respectively.

**12. Lease Commitments**

The Organization has non-cancelable equipment leases expiring at various dates through February 2025. Rental expense for equipment leases for 2020 and 2019 was \$5,558 and \$4,895, respectively.

The Organization’s office lease extends until October 2022 with an option to renew. Lease payments are \$12,495 per month as of June 30, 2019 with additional rental space added in October 2019 of \$10,075 per month with escalating payments in future years. The 2020 lease payments are partially offset with funding from the City of Norfolk. Rental expense for 2020 and 2019 was \$164,986 and \$149,944, respectively.

**Young Women’s Christian Association of South Hampton Roads  
Notes to Financial Statements**

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Future minimum rental payments for these leases are as follows:

Year Ending <u>June 30,</u>	
2021	\$ 259,371
2022	268,110
2023	94,453
2024	6,487
2025	<u>4,325</u>
	<u>\$ 632,746</u>

**13. United Way Fundraising Costs**

The Organization, as part of a requirement of receiving support from the United Way, shares in the costs to acquire the funds in proportion to the amount of support received from the United Way. The allocated fundraising costs for 2020 and 2019 was \$37,997 and \$38,635, respectively. This has been recorded as an in-kind donation and United Way fundraising allocation in the statements of activities.

**14. Retirement Plan**

The Organization participates in a cash balance defined benefit pension plan which is available to all eligible employees. Employees are enrolled after they complete two years of service with at least 1,000 hours per year. Participants can contribute up to 10% of their annual compensation. Annually, the Organization elects to contribute 3%, 5%, 7.5% or 10% of the employee’s gross annual compensation determined by the Board of Directors each year. The YWCA Retirement Fund matches the Organization’s contribution at 40%. For 2020 and 2019, the Organization elected to contribute 3% of each eligible employees’ gross wages. The YWCA Retirement Fund contributed 1.4% and 1.2% of gross wages for each eligible employee in 2020 and 2019, respectively. The Organization contributed \$24,901 and \$22,714 for 2020 and 2019, respectively. This amount is included in salaries, wages and benefits on the statements of functional expenses.

**15. Payments to Affiliated Organizations**

In accordance with the affiliation agreement with its national association (YWCA USA), the Organization remits monthly support fees to the national association. These support fees are calculated based upon the prior year Form 990 and audited financial statements. The fees for the months of April through June 2020 were waived by YWCA USA in response to the COVID-19 pandemic. Dues to the national association expensed for the year 2020 and 2019 were \$16,106 and \$19,235, respectively.

**16. Fair Value Measurements**

FASB Accounting Standard Codification (ASC) 820, *Fair Value Measurements and Disclosures*, defines fair value as 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.

**Young Women’s Christian Association of South Hampton Roads**  
**Notes to Financial Statements**

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FASB ASC 820 classifies the inputs used to measure fair value in the following hierarchy:

- Level 1:** Unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.
- Level 2:** Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the same term of the financial instrument.
- Level 3:** Inputs are unobservable for the asset or liability and include situations where there is little, if any, market activity for the asset or liability. The inputs used in the determination of fair value are based upon the best information in the circumstances and may require significant management judgment or estimation.

Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Organization’s assessment of the significance of a particular input to the fair value measurement requires judgment, and may affect the valuation of fair value assets and liabilities and their placement within the fair value hierarchy levels.

When quoted prices are available in active markets for identical instruments, investment securities are classified within Level 1 of the fair value hierarchy. Level 1 investments include mutual funds.

Investments included in the statements of financial position at June 30, 2020, are measured at the reporting date using Level 1 inputs as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual Funds:				
Money Market	\$ 26,991	\$ -	\$ -	\$ 26,991
Bond Funds:				
Corporate	129,676	-	-	129,676
Domestic	170,937	-	-	170,937
Equity Mutual Funds:				
Emerging Markets	121,855	-	-	121,855
International	78,455	-	-	78,455
Large Cap Blend	263,856	-	-	263,856
Large Cap Growth	105,219	-	-	105,219
Mid Cap Blend	23,716	-	-	23,716
Mid Cap Value	17,426	-	-	17,426
Small Cap Blend	32,502	-	-	32,502
Small Cap Growth	<u>21,280</u>	<u>-</u>	<u>-</u>	<u>21,280</u>
	<u>\$ 991,913</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 991,913</u>

**Young Women’s Christian Association of South Hampton Roads**  
**Notes to Financial Statements**

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Investments included in the statements of financial position at June 30, 2019, are measured at the reporting date using Level 1 inputs as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Long-term Certificate of Deposit	\$ 50,830	\$ -	\$ -	\$ 50,830
Mutual Funds:				
Money Market	13,790	-	-	13,790
Bond Funds:				
Corporate	122,151	-	-	122,151
Domestic	247,578	-	-	247,578
Equity Mutual Funds:				
Alternative	48,316	-	-	48,316
Emerging Markets	80,738	-	-	80,738
International	62,753	-	-	62,753
Large Cap Blend	233,120	-	-	233,120
Large Cap Growth	17,675	-	-	17,675
Mid Cap Growth	35,495	-	-	35,495
Mid Cap Value	32,830	-	-	32,830
Small Cap Blend	35,299	-	-	35,299
Small Cap Growth	28,066	-	-	28,066
	<u>\$ 1,008,641</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,008,641</u>

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

**17. Uncertainty**

In March 2020 the outbreak and spread of the COVID-19 virus was classified as a pandemic by the World Health Organization. The spread of the virus may disrupt the Organization’s programs, fundraising events, donor’s giving and investment earnings. The economic uncertainty caused by the virus has not been fully determined but could have a significant impact on the Organization’s financial condition, changes in net assets, and cash flows. The financial statements do not reflect any adjustments as a result of the subsequent increase in economic uncertainty.

***Young Women's Christian  
Association of South Hampton Roads  
Supplementary Information  
Year Ended June 30, 2020***

**Young Women's Christian Association of South Hampton Roads  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2020**

**(Continued)**

<u>Federal Grantor/Pass Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Grant Number/ Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>	<u>Expenditures To Subrecipients</u>
<b>U.S. Department of Criminal Justice Services</b>				
<u>Virginia Department of Criminal Justice Services</u>				
VOCA Victims Services Grant Program	16.575	20-A3478VP18	\$ 1,320,000	\$ -
Child/Abuse Neglect Treatment Program	16.575	20-A4797VD18	112,923	-
Total Crime Victim Assistance Program			1,432,923	-
<u>Virginia Department of Criminal Justice Services</u>				
Sexual Assault Services Program	16.017	19-J2215SP18	12,655	-
Violence Against Women's Act - VAWA Victims Services	16.588	19-V9860VA18	25,402	-
Violence Against Women's Act - VAWA Victims Services	16.588	20-W9860VA19	28,888	-
Total Violence Against Women's Act - VAWA Victims Services			54,290	-
Total U.S. Department of Criminal Justice Services			1,499,868	-

**Young Women's Christian Association of South Hampton Roads  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2020**

**(Continued)**

<u>Federal Grantor/Pass Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Grant Number/ Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>	<u>Expenditures To Subrecipients</u>
<b>U. S. Department of Housing and Urban Development</b>				
Continuum of Care Program	14.267	VA0016L3F011808	103,053	-
<u>City of Norfolk Department of Human Services</u>				
Emergency Solutions Grant	14.231	2275 32 8007 9453 5307 FY20	34,246	-
Total U.S. Department of Housing and Urban Development			137,299	-
<b>U.S. Department of Homeland Security</b>				
<u>United Way of South Hampton Roads</u>				
Emergency Food and Shelter Program	97.024	882400-0010	3,905	-
Total U.S. Department of Homeland Security			3,905	-
<b>U.S. Department of Health and Human Services</b>				
<u>Virginia Department of Social Services</u>				
Domestic Violence Prevention and Services	93.671	CVS-16-056	92,300	-
<u>Temporary Assistance for Needy Families Cluster (TANF)</u>				
<u>Virginia Department of Social Services</u>				
Domestic Violence Prevention and Services	93.558	CVS-16-056-50	20,000	-
Total TANF Cluster			20,000	-
Total U.S. Department of Health and Human Service			112,300	-
			<u>\$ 1,753,372</u>	<u>\$ -</u>

See independent auditors' report.

## **Notes to Schedule of Expenditures of Federal Awards**

### **Note 1 - Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Young Women's Christian Association of South Hampton Roads (Organization) under programs of the federal government for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CRF) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented or used in the preparation of the basic financial statements. Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

### **Note 2 - Summary of Significant Accounting Policies**

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

The Organization has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**Young Women's Christian Association of South Hampton Roads  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2020**

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**1. Summary of Auditors' Results**

- A. The auditors' report expresses an unmodified opinion on the financial statements of the Organization.
- B. There were no material weaknesses or significant deficiencies in internal control over financial reporting reported.
- C. No instances of noncompliance material to the financial statements of the Organization, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed in the audit.
- D. There were no significant deficiencies or material weaknesses in internal control over major federal award programs disclosed by the audit.
- E. The auditors' report on compliance for the major federal award programs for the Organization expresses an unmodified opinion on all major federal programs.
- F. The audit disclosed no compliance findings required to be reported.
- G. The program tested as major was:  
  
The Crime Victim Assistance grant (CFDA Numbers 16.575)
- H. The threshold used to distinguish between Type A and Type B programs was \$750,000.
- I. The Organization qualifies as a low-risk auditee.

**2. Findings - Financial Statement Audit**

No findings noted

**3. Findings and Questioned Costs - Major Federal Award Programs Audit**

No findings noted.

**4. Status of Prior Year Findings**

No findings in prior year.

***Young Women's Christian  
Association of South Hampton Roads***

***Compliance Reports***

***June 30, 2020***

## **Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

Board of Directors  
Young Women's Christian Association of South Hampton Roads  
Norfolk, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Young Women's Christian Association of South Hampton Roads, 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, and have issued our report thereon dated October 22, 2020.

### ***Internal Control over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Young Women's Christian Association of South Hampton Roads' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Young Women's Christian Association of South Hampton Roads' internal control. Accordingly, we do not express an opinion on the effectiveness of the Young Women's Christian Association of South Hampton Roads' internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Young Women's Christian Association of South Hampton Roads' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

***Purpose of this Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Dixon Hughes Goodman LLP*

**Norfolk, Virginia  
October 22, 2020**

## **Independent Auditors' Report on Compliance for the Major Program and on Internal Control over Compliance Required by the Uniform Guidance**

Board of Directors  
Young Women's Christian Association of South Hampton Roads  
Norfolk, Virginia

### ***Report on Compliance for the Major Federal Program***

We have audited the Young Women's Christian Association of South Hampton Roads compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Young Women's Christian Association of South Hampton Roads' major federal program for the year ended June 30, 2020. The Young Women's Christian Association of South Hampton Roads' major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

### ***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for the Young Women's Christian Association of South Hampton Roads' major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Young Women's Christian Association of South Hampton Roads' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the Young Women's Christian Association of South Hampton Roads' compliance.

### ***Opinion on the Major Federal Program***

In our opinion, the Young Women's Christian Association of South Hampton Roads complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the major federal program for the year ended June 30, 2020.

***Report on Internal Control over Compliance***

Management of Young Women's Christian Association of South Hampton Roads is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Young Women's Christian Association of South Hampton Roads' internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Young Women's Christian Association of South Hampton Roads' internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Dixon Hughes Goodman LLP*

**Norfolk, Virginia**  
**October 22, 2020**