



Young Women's Christian Association of South Hampton Roads

Financial Statements and Supplementary Information

Years Ended June 30, 2021 and 2020



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Independent Auditors' Report

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

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, 2021 and 2020, 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, 2021 and 2020, 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 November 18, 2021, 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, VA
November 18, 2021

Young Women's Christian Association of South Hampton Roads
 Statements of Financial Position
 June 30, 2021 and 2020

ASSETS	2021	2020
Current assets:		
Cash and cash equivalents	\$ 2,679,671	\$ 602,370
Investments, at fair value	1,223,407	991,913
Accounts and grants receivable	385,630	210,279
Promises to give, current	20,042	149,492
Other current assets	12,321	3,475
Total current assets	4,321,071	1,957,529
Long-term promises to give	175,500	140,754
Property held for sale	-	169,616
Property and equipment, net	784,439	745,725
	<u>\$ 5,281,010</u>	<u>\$ 3,013,624</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	\$ 51,841	\$ 27,045
Accrued payroll and payroll taxes	151,283	111,087
Contract liability	3,133	25,835
Total current liabilities	206,257	163,967
Note payable	-	377,600
Net assets:		
Without donor restrictions	4,680,896	1,990,043
Without donor restrictions, Board designated	68,106	68,100
Total net assets without donor restrictions	4,749,002	2,058,143
Net assets with donor restrictions	325,751	413,914
	<u>5,074,753</u>	<u>2,472,057</u>
	<u>\$ 5,281,010</u>	<u>\$ 3,013,624</u>

Young Women's Christian Association of South Hampton Roads
Statements of Activities
Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Support and revenues without donor restrictions:		
Support:		
Contributions	\$ 2,145,191	\$ 299,523
United Way	274,086	287,839
Program fees	119,281	279,539
In-kind contributions	33,821	63,277
Special events	22,275	44,027
Net assets released from restrictions	<u>2,452,036</u>	<u>2,277,193</u>
	<u>5,046,690</u>	<u>3,251,398</u>
Revenue:		
Gain on extinguishment of PPP note payable	376,877	-
Gain (loss) on sale of property and equipment	338,520	(1,031)
Net realized and unrealized gain on investments	209,167	11,279
Investment income	<u>29,177</u>	<u>24,430</u>
	<u>953,741</u>	<u>34,678</u>
Total support and revenues without donor restrictions	<u>6,000,431</u>	<u>3,286,076</u>
Expenses:		
Program services	2,809,667	2,501,107
Management and general	309,262	290,224
Fundraising	<u>171,234</u>	<u>229,235</u>
Total functional expenses	<u>3,290,163</u>	<u>3,020,566</u>
Unallocated payments to national YWCA	<u>19,409</u>	<u>16,106</u>
Total expenses	<u>3,309,572</u>	<u>3,036,672</u>
Change in net assets without donor restrictions	<u>2,690,859</u>	<u>249,404</u>
Support and revenues with donor restrictions:		
Government grants	2,282,627	2,084,937
Foundation grants	81,246	450,692
Net assets released from restrictions	<u>(2,452,036)</u>	<u>(2,277,193)</u>
Support and revenues with donor restrictions	<u>(88,163)</u>	<u>258,436</u>
Total change in net assets	<u>2,602,696</u>	<u>507,840</u>
Net assets, beginning of year	<u>2,472,057</u>	<u>1,964,217</u>
Net assets, end of year	<u>\$ 5,074,753</u>	<u>\$ 2,472,057</u>

See accompanying notes.

Young Women's Christian Association of South Hampton Roads
Statement of Functional Expenses
Year Ended June 30, 2021

	Program Services	Management and General	Fundraising	Total
Salaries, wages, and benefits	\$ 1,704,670	\$ 239,945	\$ 113,494	\$ 2,058,109
Specific assistance and award	437,323	-	1,000	438,323
Occupancy	276,834	853	-	277,687
Payroll taxes	135,010	16,070	9,145	160,225
Computer and copier	68,132	249	2,134	70,515
Professional fees	18,260	25,686	-	43,946
Depreciation	38,443	-	-	38,443
United Way fundraising allocation	-	-	30,307	30,307
Contract labor	21,191	2,504	6,504	30,199
Telecom and internet	26,599	1,426	1,491	29,516
Insurance	12,196	10,039	-	22,235
Membership and licensing fees	19,968	1,651	425	22,044
Printing and publications	13,581	3,125	2,816	19,522
Supplies	14,676	3,496	183	18,355
Vehicle and transportation	13,905	5	31	13,941
Conferences and meetings	8,311	1,690	245	10,246
Bank fees	441	1,746	1,432	3,619
Special events	-	-	1,967	1,967
Postage	127	538	60	725
Interest	-	239	-	239
Total functional expenses	<u>\$ 2,809,667</u>	<u>\$ 309,262</u>	<u>\$ 171,234</u>	<u>\$ 3,290,163</u>
Unallocated payments to national YWCA				<u>19,409</u>
Total expenses				<u>\$ 3,309,572</u>

See accompanying notes.

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

	Program Services	Management and General	Fundraising	Total
Salaries, wages, and benefits	\$ 1,540,281	\$ 206,337	\$ 157,751	\$ 1,904,369
Specific assistance and award	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
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
Total functional expenses	<u>\$ 2,501,107</u>	<u>\$ 290,224</u>	<u>\$ 229,235</u>	<u>\$ 3,020,566</u>
Unallocated payments to national YWCA				<u>16,106</u>
Total expenses				<u>\$ 3,036,672</u>

See accompanying notes.

Young Women's Christian Association of South Hampton Roads
Statements of Cash Flows
Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Change in net assets	\$ 2,602,696	\$ 507,840
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Discount on long-term promise to give	5,254	9,246
Depreciation	38,443	30,182
Unrealized (gain) loss on investment	(139,783)	62,012
Realized gain on investment	(69,384)	(73,291)
(Gain) loss on disposal of assets	(338,520)	1,031
Gain on extinguishment of PPP note payable	(376,877)	-
Change in:		
Accounts and grants receivable	(175,351)	(164,157)
Promises to give	89,450	(195,228)
Other current assets	(8,846)	17,042
Accounts payable and accrued expenses	24,796	(3,577)
Accrued payroll and taxes	40,196	23,961
Other current liabilities	(22,702)	30,422
Net cash provided by operating activities	<u>1,669,372</u>	<u>245,483</u>
Cash flows from investing activities:		
Purchases of property and equipment	(75,356)	(326,784)
Proceeds from sale of property and equipment	506,335	-
Purchases of investments	(153,832)	(527,950)
Proceeds from sale of investments	131,505	555,957
Net cash provided (used) by investing activities	<u>408,652</u>	<u>(298,777)</u>
Cash flows from financing activities:		
Net payment on line of credit	-	(320,998)
Proceeds from PPP note payable	-	377,600
Payment on PPP note payable	(723)	-
Net cash (used) provided by financing activities	<u>(723)</u>	<u>56,602</u>
Net increase in cash and cash equivalents	2,077,301	3,308
Cash and cash equivalents, beginning of year	<u>602,370</u>	<u>599,062</u>
Cash and cash equivalents, end of year	<u>\$ 2,679,671</u>	<u>\$ 602,370</u>
Supplemental disclosure of cash flow information:		
Interest paid	<u>\$ 239</u>	<u>\$ 5,712</u>
Supplemental disclosure of non-cash investing activities:		
Property and equipment classified as assets held for sale	<u>\$ -</u>	<u>\$ 169,616</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 11,000 individuals each year and is a source of strength, courage, and empowerment for women and families facing crisis. YWCA South Hampton Roads works across racial, gender, religious and social lines with organizations and partners in all sectors to educate about disparities and inequities, advocate for change and provide resources and tools to dismantle oppressive systems. The Organization's areas of focus include Domestic Violence/Sexual Assault Support Services, Emergency Shelter and Housing, Counseling, Norfolk Family Justice Center and Racial/Social Justice Advocacy. During the year ended June 30, 2021 the Organization also provided an Out of School Time program in Norfolk Public Schools.

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:

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.

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

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 promises 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. There were no exchange transactions related to special events in 2020 or 2021. Exchange transactions are recognized at a point in time, when the event is concluded.

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.

Disaggregation of revenue from contracts with customers

	<u>2021</u>	<u>2020</u>
Performance obligations satisfied over time (OST services)	\$ 63,772	\$ 223,819
Performance obligations satisfied at a point in time (counseling and special events)	\$ 17,970	\$ 18,180

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 charges not related to special events. There were contract liabilities related to special events and other revenue of \$3,133 and \$25,835 at June 30, 2021 and 2020, respectively.

There were no contract liabilities or assets related to the OST program at June 30, 2021 and 2020 because the program was not operating due to the COVID-19 pandemic.

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

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, 2021, 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

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, 2021 and 2020, 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.

Young Women’s Christian Association of South Hampton Roads
Notes to 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 \$0 and \$4,000 for 2021 and 2020, 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.

2. Liquidity and Availability

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

	<u>2021</u>	<u>2020</u>
Unrestricted cash and cash equivalents	\$ 2,481,356	\$ 410,602
Investments	1,223,407	991,913
Accounts and grants receivable, net	385,630	210,279
Promises to give, current	20,042	149,492
Assets limited to use:		
Board designated	68,106	68,100
Donor restricted	<u>130,209</u>	<u>123,668</u>
	<u>\$ 4,308,750</u>	<u>\$ 1,954,054</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.

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

3. Promises to Give

Unconditional promises to give are estimated to be collected as follows at June 30, 2021 and 2020.

	<u>2021</u>	<u>2020</u>
Within one year	\$ 20,042	\$ 149,492
In one to five years	<u>190,000</u>	<u>150,000</u>
	210,042	299,492
Less, discount to net present value at a rate of 3.25%	<u>(14,500)</u>	<u>(9,246)</u>
	<u>\$ 195,542</u>	<u>\$ 290,246</u>

Conditional promises to give were \$15,000 and \$53,000 at June 30, 2021 and 2020, respectively. 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.

4. Investments

At June 30, 2021, investments consisted of the following:

	<u>Cost</u>	<u>Fair Market Values</u>	<u>Unrealized Gains</u>
Money Market Fund	\$ 35,601	\$ 35,601	\$ -
Bond Funds	363,280	370,145	6,865
Equity Mutual Funds	<u>616,960</u>	<u>817,661</u>	<u>200,701</u>
	<u>\$ 1,015,841</u>	<u>\$ 1,223,407</u>	<u>\$ 207,566</u>

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>

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

Changes in investment funds for the year were as follows:

	<u>2021</u>	<u>2020</u>
Balance, beginning of year	\$ 991,913	\$ 1,008,641
Purchases	153,832	527,950
Proceeds from sale	(131,505)	(555,957)
Realized gain	69,384	73,291
Unrealized gain (loss)	<u>139,783</u>	<u>(62,012)</u>
Balance, end of year	<u>\$ 1,223,407</u>	<u>\$ 991,913</u>

5. 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 with net proceeds of \$504,535.

Property held for sale at June 30, 2020 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>

There was no property held for sale at June 30, 2021.

6. Property and Equipment

Property and equipment consisted of the following at June 30:

	<u>2021</u>	<u>2020</u>
Building improvements	\$ 298,838	\$ 263,577
Buildings	320,000	320,000
Land	90,000	90,000
Furniture and fixtures	137,274	143,236
Vehicles	<u>40,096</u>	<u>12,328</u>
	886,208	829,141
Less, accumulated depreciation	<u>(101,769)</u>	<u>(83,416)</u>
	<u>\$ 784,439</u>	<u>\$ 745,725</u>

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

Depreciation expense was \$38,443 and \$30,182 for 2021 and 2020, respectively.

7. Line of Credit and Note Payable

Line of Credit

In June 2019, the Organization entered into a \$410,000 line of credit with a bank for the restricted purpose of shelter upgrades and improvements. Interest is stated at one month LIBOR plus 2.5% (2.59% and 2.66% at June 30, 2021 and 2020, respectively). There was no amount outstanding on this line of credit at June 30, 2021 and 2020. The line of credit was closed July 16, 2021.

In June 2021, the Organization entered into a \$500,000 line of credit with a bank. Interest is stated at .50 percentage points below the Wall Street Journal Prime Rate (2.75% at June 30, 2021) and the line of credit is renewed annually. The line of credit is collateralized by all receivables and equipment. There was no amount outstanding on this line of credit at June 30, 2021.

Note Payable

In response to the COVID-19 pandemic (Note 15), 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 Organization received a PPP loan of \$377,600. At June 30, 2020, the Organization had not yet determined how much, if any, of the loan proceeds would be forgiven. Therefore, \$377,600 was recorded as a note payable on the statement of financial position at June 30, 2020. On December 21, 2020, the Organization received forgiveness on the note payable of \$376,877 and repaid \$723. A gain on extinguishment of PPP note payable has been recognized as revenue on the statements of activities at June 30, 2021.

8. Net Assets

Net assets at June 30 consist of the following:

	<u>2021</u>	<u>2020</u>
Without donor restrictions:		
General purposes	\$ 4,680,896	\$ 1,990,043
Board designated, shelter	<u>68,106</u>	<u>68,100</u>
	<u>\$ 4,749,002</u>	<u>\$ 2,058,143</u>
With donor restrictions:		
Promise to give, long-term	\$ 195,542	\$ 290,246
Victim assistance fund	77,571	70,000
AMEND Program	12,000	-
Emergency housing and shelter program	10,638	43,668
Family Justice Center fund	10,000	10,000
Racial justice	10,000	-
Overhead expense assistance	<u>10,000</u>	<u>-</u>
	<u>\$ 325,751</u>	<u>\$ 413,914</u>

9. Grant Revenue

Grant revenue is summarized as follows:

	<u>2021</u>	<u>2020</u>
Virginia Department of Criminal Justice	\$ 1,651,514	\$ 1,619,752
Virginia Department of Social Services	175,397	156,362
Other government organizations	312,488	245,776
City of Norfolk	<u>143,228</u>	<u>63,047</u>
	2,282,627	2,084,937
Other private foundations	<u>81,246</u>	<u>450,692</u>
	<u>\$ 2,363,873</u>	<u>\$ 2,535,629</u>

Grant revenue was 40% and 72% of total revenue in 2021 and 2020, respectively.

10. Lease Commitments

The Organization has non-cancelable equipment leases expiring at various dates through February 2025. Rental expense for equipment leases for 2021 and 2020 was \$6,487 and \$5,558, respectively.

The Organization’s office lease extends until October 2022 with an option to renew. Lease payments are \$21,423 per month as of June 30, 2021 with escalating payments for the final year. The 2021 and 2020 lease payments are partially offset with funding from the City of Norfolk. Rental expense for 2021 and 2020 was \$208,229 and \$164,986, respectively.

Future minimum rental payments for these leases are as follows:

<u>Year Ending June 30,</u>	
2022	\$ 268,110
2023	94,453
2024	6,487
2025	<u>4,325</u>
	<u>\$ 373,375</u>

11. 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 2021 and 2020 was \$30,307 and \$37,997, respectively. This has been recorded as an in-kind donation and United Way fundraising allocation in the statements of activities.

12. 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 2021 and 2020, the Organization elected to contribute 3% of each eligible employees' gross wages. The YWCA Retirement Fund contributed 1.2% of gross wages for each eligible employee in 2021 and 2020. The Organization contributed \$25,930 and \$24,901 for 2021 and 2020, respectively. This amount is included in salaries, wages and benefits on the statements of functional expenses.

13. 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 2021 and 2020 were \$19,409 and \$16,106, respectively.

14. 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.

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.

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

Investments included in the statements of financial position at June 30, 2021, 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	\$ 35,601	\$ -	\$ -	\$ 35,601
Bond Funds:				
Corporate	126,517	-	-	126,517
Domestic	243,628	-	-	243,628
Equity Mutual Funds:				
Emerging Markets	156,885	-	-	156,885
International	110,839	-	-	110,839
Large Cap Blend	248,369	-	-	248,369
Large Cap Growth	133,957	-	-	133,957
Mid Cap Blend	49,926	-	-	49,926
Mid Cap Value	26,336	-	-	26,336
Small Cap Blend	52,065	-	-	52,065
Small Cap Growth	39,284	-	-	39,284
	<u>\$ 1,223,407</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,223,407</u>

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	21,280	-	-	21,280
	<u>\$ 991,913</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 991,913</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.

15. COVID-19

In March 2020, the World Health Organization declared the outbreak and spread of COVID-19, a novel strain of Coronavirus, a pandemic. The coronavirus outbreak has had far reaching and unpredictable impacts on the global economy, supply chains, financial markets, and global business operations of a variety of industries. Governments have taken substantial action to contain the spread of the virus including mandating social distancing, suspension of certain gatherings, and shuttering of certain nonessential businesses.

The COVID-19 pandemic has disrupted the operational and financial performance of the Organization and there is uncertainty in the nature and degree of its continued effects on the Organization over time. The extent to which it will impact the Organization going forward will depend on a variety of factors including the duration and continued spread of the outbreak, impact on our clients, donors and employees, as well as governmental, regulatory and private sector responses. Further, the pandemic may have a significant impact on management's accounting estimates and assumptions.

16. Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through November 18, 2021, the date the financial statements were available to be issued.



Supplementary Information

Young Women's Christian Association of South Hampton Roads
 Schedule of Expenditures of Federal Awards
 Year Ended June 30, 2021

<i>Federal Grantor/Pass Through Grantor/Program or Cluster Title</i>	Federal CFDA Number	Grant Number/ Pass-Through Entity Identifying Number	Federal Expenditures	Expenditures To Subrecipients
U.S. Department of Criminal Justice Services				
<i>Virginia Department of Criminal Justice Services</i>				
VOCA Victims Services Grant Program	16.575	21-B3478VP19	\$ 1,315,190	\$ -
Child/Abuse Neglect Treatment Program	16.575	21-B4797VD18	112,928	-
Total Crime Victim Assistance Program			1,428,118	-
Sexual Assault Services Program	16.017	20-J2215SP19	25,000	-
Sexual Assault Services Program	16.017	21-K2215SP20	10,736	-
Total Sexual Assault Services Formula Program			35,736	-
Violence Against Women's Act - VAWA Victims Services	16.588	20-W9860VA19	21,125	-
Violence Against Women's Act - VAWA Victims Services	16.588	21-X9860VA20	22,206	-
Total Violence Against Women Formula Grant			43,331	-
COVID-19 Coronavirus Emergency Supplemental funding	16.034	20-A5234CE20	23,014	-
Total U.S. Department of Criminal Justice Services			1,530,199	-
U.S. Department of Homeland Security				
<i>United Way of South Hampton Roads</i>				
Emergency Food and Shelter National Board Program	97.024	882400010	9,799	-
Total U.S. Department of Homeland Security			9,799	-

Young Women's Christian Association of South Hampton Roads
 Schedule of Expenditures of Federal Awards
 Year Ended June 30, 2021

(Continued)

Federal Grantor/Pass Through Grantor/Program or Cluster Title	Federal CFDA Number	Grant Number/ Pass-Through Entity Identifying Number	Federal Expenditures	Expenditures To Subrecipients
U. S. Department of Housing and Urban Development				
<u>Virginia Department of Housing and Community Development</u>				
COVID-19 Homelessness Emergency Response	14.231	20-CHERP-HMIS- 120, 20 CHERP- 120	32,206	-
Virginia Homeless Solutions Program (Rapid Re-Housing)	14.231	21-VHSP-120	62,224	-
<u>City of Norfolk Department of Human Services</u>				
COVID-19 Emergency Solutions Grant	14.231	2275 32 8007 9517 5307 FY20	74,000	-
Emergency Solutions Grant	14.231	2275 32 8007 9510 5307 FY21	35,964	-
Total Emergency Solutions Grant Program			204,394	-
Total U.S. Department of Housing and Urban Development			204,394	-
U.S. Department of Health and Human Services				
<u>Virginia Department of Social Services</u>				
Domestic Violence Prevention and Services	93.671	CVS-19-057-A-51	30,000	-
COVID-19 CARES ACT Family Violence Prevention and Services Act	93.671	CVS-19-057-A-51	20,498	-
Total Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services			50,498	-
<u>Temporary Assistance for Needy Families Cluster (TANF)</u>				
<u>Virginia Department of Social Services</u>				
Domestic Violence Prevention and Services	93.558	CVS-19-057-A-51	87,199	-
Total TANF Cluster			87,199	-
Total U.S. Department of Health and Human Services			137,697	-
			\$ 1,882,089	\$ -

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, 2021. 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.

Note 3 – Contingency

The grant revenue amounts received and expensed are subject to audit and adjustment. If any expenditures are disallowed by the grantor as a result of such an audit, any claim for reimbursement to the grantor would become a liability of the Organization. In the opinion of management, all grant expenditures are in compliance with the terms of the grant agreements and applicable federal and state laws and regulations.

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.



Compliance Reports



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, VA

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, 2021, 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 November, 18, 2021.

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, VA
November 18, 2021



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, VA

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, 2021. 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, 2021.



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, VA
November 18, 2021