



Young Women's Christian Association of South Hampton Roads

Financial Statements and Supplementary Information

Years Ended June 30, 2019 and 2018

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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, 2019 and 2018, 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, 2019 and 2018, 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.

Change in Accounting Principle

As discussed in Note 2 to the financial statements, the Organization adopted FASB ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities* in 2019. Our opinion is not modified with respect to that matter.

Other Matters

Report on 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* (Uniform Guidance) 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, 2019, 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 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, 2019**

Young Women's Christian Association of South Hampton Roads
Statements of Financial Position
June 30, 2019 and 2018

| ASSETS | 2019 | (As Restated) 2018 |
|--|---------------------|-------------------------------|
| Current assets: | | |
| Cash and cash equivalents | \$ 599,062 | \$ 494,274 |
| Investments, at fair value | 1,008,641 | 907,196 |
| Accounts and grants receivable | 46,122 | 120,758 |
| Promises to give | 104,264 | 3,000 |
| Other current assets | 20,517 | 12,598 |
| Total current assets | 1,778,606 | 1,537,826 |
| Property and equipment, net | 619,770 | 231,605 |
| | \$ 2,398,376 | \$ 1,769,431 |
| LIABILITIES AND NET ASSETS | | |
| Current liabilities: | | |
| Accounts payable and accrued expenses | \$ 26,035 | \$ 28,766 |
| Accrued payroll and payroll taxes | 87,126 | 104,402 |
| Line of credit | 320,998 | - |
| Total current liabilities | 434,159 | 133,168 |
| Net assets: | | |
| Without donor restrictions | 1,739,833 | 1,519,114 |
| Without donor restrictions, Board designated | 68,906 | 72,978 |
| Total net assets without donor restrictions | 1,808,739 | 1,592,092 |
| Net assets with donor restrictions | 155,478 | 44,171 |
| | 1,964,217 | 1,636,263 |
| | \$ 2,398,376 | \$ 1,769,431 |

See accompanying notes.

**Young Women's Christian Association of South Hampton Roads
Statements of Activities
Years Ended June 30, 2019 and 2018**

| | 2019 | 2018 |
|---|---------------------|---------------------|
| Support and revenues without donor restrictions: | | |
| Support: | | |
| Program fees | \$ 563,432 | \$ 703,006 |
| United Way | 244,727 | 251,946 |
| Contributions | 142,810 | 115,313 |
| Special events | 144,222 | 211,001 |
| Foundation grants | 47,318 | 146,327 |
| In-kind contributions | 86,653 | 95,069 |
| Net assets released from restrictions | 2,046,033 | 1,983,666 |
| | <u>3,275,195</u> | <u>3,506,328</u> |
| Revenue: | | |
| Loss on sale of asset | (6,108) | (1,079) |
| Net realized and unrealized gain on investments | 19,748 | 31,289 |
| Investment income | 35,113 | 29,036 |
| Other revenue | 1,714 | 13 |
| | <u>50,467</u> | <u>59,259</u> |
| Total support and revenues without donor restrictions | <u>3,325,662</u> | <u>3,565,587</u> |
| Expenses: | | |
| Program services | 2,645,243 | 2,974,393 |
| Management and general | 233,025 | 255,900 |
| Fundraising | 230,747 | 222,888 |
| | <u>3,109,015</u> | <u>3,453,181</u> |
| Change in net assets without donor restrictions | <u>216,647</u> | <u>112,406</u> |
| Support and revenues with donor restrictions: | | |
| Government grants | 1,812,340 | 1,891,804 |
| Foundation grants | 345,000 | 98,667 |
| Contributions | - | 3,000 |
| Investment income | - | 19 |
| Net assets released from restrictions | (2,046,033) | (1,983,666) |
| | <u>111,307</u> | <u>9,824</u> |
| Change in net assets with donor restrictions | <u>111,307</u> | <u>9,824</u> |
| Total change in net assets | <u>327,954</u> | <u>122,230</u> |
| Net assets, beginning of year | <u>1,636,263</u> | <u>1,514,033</u> |
| Net assets, end of year | <u>\$ 1,964,217</u> | <u>\$ 1,636,263</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
Statement of Functional Expenses
Year Ended June 30, 2018**

| | <u>Program Services</u> | <u>Management and General</u> | <u>Fundraising</u> | <u>Total</u> |
|---------------------------------------|-----------------------------|-----------------------------------|--------------------|---------------------|
| Salaries, wages, and benefits | \$ 1,843,142 | \$ 179,350 | \$ 94,148 | \$ 2,116,640 |
| Specific assistance | 371,178 | - | 703 | 371,881 |
| Occupancy | 192,040 | - | 264 | 192,304 |
| Payroll taxes | 166,253 | 4,408 | 8,037 | 178,698 |
| Contract labor | 129,450 | 1,369 | 5,533 | 136,352 |
| Supplies | 54,390 | 4,800 | 852 | 60,042 |
| Special events | - | - | 55,495 | 55,495 |
| Computer and copier | 41,638 | 2,230 | 1,585 | 45,453 |
| Depreciation | 37,208 | 62 | - | 37,270 |
| Conferences and meetings | 20,952 | 14,206 | 721 | 35,879 |
| United Way fundraising allocation | - | - | 34,852 | 34,852 |
| Advertising | 15,219 | - | 14,200 | 29,419 |
| Professional fees | 16,400 | 10,600 | - | 27,000 |
| Telecom and internet | 24,027 | 1,234 | 858 | 26,119 |
| Membership and licensing fees | 20,176 | 1,153 | 495 | 21,824 |
| Vehicle and transportation | 20,079 | 199 | 33 | 20,311 |
| Insurance | 9,590 | 9,741 | - | 19,331 |
| Printing and publications | 11,827 | 1,436 | 2,905 | 16,168 |
| Unallocated payments to national YWCA | - | 15,951 | - | 15,951 |
| Bank fees | 151 | 7,549 | 1,980 | 9,680 |
| Postage | 597 | 698 | 227 | 1,522 |
| Miscellaneous | 40 | 442 | - | 482 |
| Interest | - | 472 | - | 472 |
| Provision for bad debts | 36 | - | - | 36 |
| | <u>\$ 2,974,393</u> | <u>\$ 255,900</u> | <u>\$ 222,888</u> | <u>\$ 3,453,181</u> |

See accompanying notes.

Young Women's Christian Association of South Hampton Roads
Statements of Cash Flows
Years Ended June 30, 2019 and 2018

| | <u>2019</u> | <u>2018</u> |
|---|-------------------|-------------------|
| Cash flows from operating activities: | | |
| Change in net assets | \$ 327,954 | \$ 122,230 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | | |
| Bad debt expense | - | 36 |
| Depreciation | 26,517 | 37,270 |
| Unrealized gain on investment | (22,511) | (2,138) |
| Realized gain on investment | 2,763 | (29,151) |
| Reinvested dividends | (35,113) | (29,036) |
| Loss on disposal of assets | 6,108 | 1,079 |
| Change in: | | |
| Accounts and grants receivable | 74,636 | (26,003) |
| Promises to give | (101,264) | (3,000) |
| Other current assets | (7,919) | (11,184) |
| Accounts payable and accrued expenses | (2,731) | (31,891) |
| Accrued payroll and taxes | (17,276) | 6,007 |
| Deferred revenue | - | (874) |
| Net cash provided by operating activities | <u>251,164</u> | <u>33,345</u> |
| Cash flows from investing activities: | | |
| Proceeds from sale of property and equipment | - | 830 |
| Purchases of property and equipment | (420,790) | (13,624) |
| Proceeds from sale of investments | 122,342 | 116,270 |
| Purchases of investments | (168,926) | (110,026) |
| Net cash used by investing activities | <u>(467,374)</u> | <u>(6,550)</u> |
| Cash flows from financing activities: | | |
| Net proceeds on line of credit | <u>320,998</u> | - |
| Net increase in cash and cash equivalents | 104,788 | 26,795 |
| Cash and cash equivalents, beginning of year | <u>494,274</u> | <u>467,479</u> |
| Cash and cash equivalents, end of year | <u>\$ 599,062</u> | <u>\$ 494,274</u> |
| Supplemental disclosure of cash flow information: | | |
| Interest paid | <u>\$ 844</u> | <u>\$ 472</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 our: 1) Domestic Violence Emergency Shelter and Housing Program; 2) Sexual Assault Support Services and Counseling Center; 3) Out-of-School Time Services; 4) Respite Care; and 5) Coordinated Crisis Response Program. Learn more at www.ywca-shr.org.

2. Summary of Significant Accounting Policies

Recent Accounting Pronouncement

During fiscal year 2019, the Organization adopted ASU No. 2016-14 – *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The Update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity of available resources, and the lack of consistency in the type of information provided about expenses and investment return. The fiscal year 2018 financial statements have been adjusted to reflect retrospective application of the new accounting guidance, except for the disclosures around liquidity and availability of resources and analysis of expenses by functional and natural categories. These disclosures have been presented for 2019 as allowed by ASU No. 2016-14. The retrospective application resulted in temporarily restricted net assets of \$44,171 being reported as net assets with donor restrictions, unrestricted net assets of \$1,519,114 being reported as net assets without donor restrictions, and unrestricted net assets, board designated of \$72,978 being reported as net assets without donor restrictions, board designated, as of June 30, 2018.

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.

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

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.

Public support, revenue and promises to give

Contributions are generally available for unrestricted use unless specifically restricted by the donor. 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 due in subsequent years are reflected as long-term promises to give and are recorded at the present value of their net realizable value, using risk-adjusted interest rates applicable to the years in which the promises are received to discount the amounts.

Grants 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.

A receivable 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.

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, 2019, 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 \$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.

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

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, 2019 and 2018, 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 \$19,622 and \$29,419 for 2019 and 2018, 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.

Reclassification

Certain prior year amounts have been reclassified to conform with current year presentation. Specifically, United Way fundraising allocation is now presented on its own line on the statements of functional expenses instead of being included in conferences and meetings expense. This reclassification had no effect on prior year net assets.

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

Subsequent events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through October 22, 2019, the date the financial statements were available to be issued.

3. Liquidity and Availability

As of June 30, 2019, the Organization has a working capital of \$1,344,447 and average days (based on normal expenditures) cash on hand of 71. Financial assets available for general expenditure within one year of the financial position date, consist of the following:

| | | |
|--|----|------------------|
| Unrestricted cash and cash equivalents | \$ | 478,942 |
| Accounts and grants receivable, net | | 46,122 |
| Investments | | 1,008,641 |
| Assets limited to use: | | |
| Board designated | | 68,906 |
| Donor restricted | | <u>51,214</u> |
| | \$ | <u>1,653,825</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.

The Organization maintains a \$325,000 working capital line of credit, as discussed in more detail in Note 7. As of June 30, 2019, \$325,000 remained available on the working capital line of credit. Additionally, the Organization maintains a \$410,000 line of credit related to the purchase of a new shelter facility, as discussed in more detail in Note 7. Although this line of credit is designated by the Board for the purpose of purchasing the new shelter facility, this shelter facility line of credit could also be drawn to meet unexpected liquidity needs. As of June 30, 2019, \$89,000 remained available on the Organization’s shelter facility line of credit.

4. Promises to Give

Promises to give were \$104,264 and \$3,000 at June 30, 2019 and 2018, respectively. At June 30, 2019, one of these promises to give of \$100,000 was due from a large financial institution and is expected to be received in November 2019 according to the signed agreement.

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

5. Investments

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> |

At June 30, 2018, investments consisted of the following:

| | <u>Cost</u> | <u>Fair Market Values</u> | <u>Unrealized Gains (Losses)</u> |
|---------------------|-------------------|-----------------------------------|--|
| Money Market Fund | \$ 20,660 | \$ 20,660 | \$ - |
| Bond Funds | 357,165 | 357,140 | (25) |
| Equity Mutual Funds | <u>421,848</u> | <u>529,396</u> | <u>107,548</u> |
| | <u>\$ 799,673</u> | <u>\$ 907,196</u> | <u>\$ 107,523</u> |

Changes in investment funds for the year were as follows:

| | <u>2019</u> | <u>2018</u> |
|-----------------------------------|---------------------|-------------------|
| Balance, beginning of year | \$ 907,196 | \$ 853,115 |
| Purchases | 168,926 | 110,026 |
| Proceeds from sale | (122,342) | (116,270) |
| Realized (losses) gains | (2,763) | 29,151 |
| Unrealized gains | 22,511 | 2,138 |
| Dividends reinvested, net of fees | <u>35,113</u> | <u>29,036</u> |
| Balance, end of year | <u>\$ 1,008,641</u> | <u>\$ 907,196</u> |

6. Property and Equipment

Property and equipment consisted of the following at June 30:

| | <u>2019</u> | <u>2018</u> |
|--------------------------|-------------------|-------------------|
| Building improvements | \$ 566,521 | \$ 565,466 |
| Buildings | 471,948 | 175,969 |
| Land | 134,631 | 20,610 |
| Furniture and fixtures | 90,032 | 99,278 |
| Vehicles | <u>12,328</u> | <u>12,328</u> |
| | 1,275,460 | 873,651 |
| Accumulated depreciation | <u>(655,690)</u> | <u>(642,046)</u> |
| | <u>\$ 619,770</u> | <u>\$ 231,605</u> |

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

Depreciation expense was \$26,517 and \$37,270 for 2019 and 2018, respectively.

7. 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% (4.9% at June 30, 2019). 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.

The Organization has a \$325,000 working capital line of credit. Interest is stated at prime of 5.50% and 5.00% at June 30, 2019 and 2018, respectively. There were no amounts outstanding on this line of credit at June 30, 2019 and 2018. The line is collateralized by accounts receivable, contract rights and fixtures on real property. The line of credit expires October 26, 2019.

8. Net Assets

Net assets at June 30 consist of the following:

| | <u>2019</u> | <u>2018</u> |
|---|---------------------|---------------------|
| Without donor restrictions: | | |
| General purposes | \$ 1,739,833 | \$ 1,519,114 |
| Board designated, shelter upgrades and improvements | <u>68,906</u> | <u>72,978</u> |
| | <u>\$ 1,808,739</u> | <u>\$ 1,592,092</u> |
| With donor restrictions: | | |
| Promise to give | \$ 104,264 | \$ 3,000 |
| Emergency housing and shelter program | 50,645 | 14,539 |
| Alliance for Hope conference | 569 | - |
| Olivia Dyson Scholarship | - | 22,034 |
| University counseling | - | 2,500 |
| Other scholarship funds | - | <u>2,098</u> |
| | <u>\$ 155,478</u> | <u>\$ 44,171</u> |

9. Grant Revenue

Grant revenue is summarized as follows:

| | <u>2019</u> | <u>2018</u> |
|---|---------------------|---------------------|
| Virginia Department of Criminal Justice | \$ 1,231,385 | \$ 1,303,431 |
| Other private foundations | 345,000 | 98,667 |
| Virginia Department of Social Services | 260,996 | 262,090 |
| Other government organizations | 248,626 | 251,275 |
| City of Norfolk | <u>71,333</u> | <u>75,008</u> |
| | <u>\$ 2,157,340</u> | <u>\$ 1,990,471</u> |

Grant revenue was 64% and 57% of total revenue in 2019 and 2018, respectively.

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

10. Lease Commitments

The Organization has non-cancelable equipment leases expiring at various dates through November 2021. Rental expense for equipment leases for 2019 and 2018 was \$4,895 each year.

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 and escalating payments in future years. Rental expense for 2019 and 2018 was \$149,944 and \$145,252, respectively.

Future minimum rental payments for these leases are as follows:

| <u>Year Ending June 30,</u> | |
|---------------------------------|-------------------|
| 2020 | \$ 225,756 |
| 2021 | 257,708 |
| 2022 | 264,268 |
| 2023 | <u>87,966</u> |
| | <u>\$ 835,698</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 2019 and 2018 was \$38,635 and \$34,852, 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 2019 and 2018, 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 2019 and 2018. The Organization contributed \$22,714 and \$14,286 for 2019 and 2018, 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. Dues to the national association expensed for the year 2019 and 2018 were \$19,235 and \$15,951, respectively.

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

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.

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> |

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

Investments included in the statements of financial position at June 30, 2018, 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 | \$ 20,660 | \$ - | \$ - | \$ 20,660 |
| Bond Funds: | | | | |
| Corporate | 202,712 | - | - | 202,712 |
| Domestic | 154,428 | - | - | 154,428 |
| Equity Mutual Funds: | | | | |
| Alternative | 45,758 | - | - | 45,758 |
| Emerging Markets | 80,230 | - | - | 80,230 |
| International | 59,973 | - | - | 59,973 |
| Large Cap Blend | 196,763 | - | - | 196,763 |
| Large Cap Growth | 16,532 | - | - | 16,532 |
| Mid Cap Growth | 30,567 | - | - | 30,567 |
| Mid Cap Value | 32,918 | - | - | 32,918 |
| Small Cap Blend | 37,176 | - | - | 37,176 |
| Small Cap Growth | 29,479 | - | - | 29,479 |
| | <u>\$ 907,196</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 907,196</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.

***Young Women's Christian
Association of South Hampton Roads
Supplementary Information
Year Ended June 30, 2019***

Young Women's Christian Association of South Hampton Roads
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2019

| <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> |
|--|----------------------------|---|-----------------------------|--------------------------------------|
| U.S. Department of Criminal Justice Services | | | | |
| <u>Virginia Department of Criminal Justice Services</u> | | | | |
| Sexual Assault/Domestic Violence Grant Program | 16.575 | 19-T3478SA17 | \$ 720,411 | \$ - |
| Victim Witness program/New Initiative | 16.575 | 18-B4132VW16 18-B4132VW16 | 61,160 212,985 | - - |
| <u>Virginia Department of Social Services</u> | | | | |
| Child/Abuse Neglect Treatment Program | 16.575 | FAM-16-064-13 | 111,773 | - |
| Total Crime Victim Assistance Program | | | <u>1,106,329</u> | <u>-</u> |
| <u>Virginia Department of Criminal Justice Services</u> | | | | |
| Sexual Assault Services Program | 16.017 | 18-I2215SP17 | 8,149 | - |
| Violence Against Women's Act - VAWA Victims Services | 16.588 | 18-H2318VA17 | 14,711 | - |
| Violence Against Women's Act - VAWA Victims Services | 16.588 | 19-V9860VA18 | 24,611 | - |
| Violence Against Women's Act - VAWA Victims Services | 16.588 | 18-U9860VA17 | 9,099 | - |
| Total Violence Against Women's Act - VAWA Victims Services | | | <u>48,421</u> | <u>-</u> |
| Total U.S. Department of Criminal Justice Services | | | <u>1,162,899</u> | <u>-</u> |
| U. S. Department of Housing and Urban Development | | | | |
| Continuum of Care Program | 14.267 | VA0016L3F011707 | 138,395 | - |
| Continuum of Care Program | 14.267 | VA0016L3F011808 | 3,325 | - |
| Total Continuum of Care Program | | | <u>141,720</u> | <u>-</u> |

**Young Women's Christian Association of South Hampton Roads
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2019**

(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> |
|--|----------------------------|---|-----------------------------|--------------------------------------|
| <u>City of Norfolk Department of Human Services</u> Emergency Solutions Grant | 14.231 | 2275 32 9386 8007 5307 FY19 | 34,246 | - |
| Total U.S. Department of Housing and Urban Development | | | <u>175,966</u> | <u>-</u> |
| U.S. Department of Homeland Security | | | | |
| <u>United Way of South Hampton Roads</u> Emergency Food and Shelter Program | 97.024 | 882400-0010 | 4,186 | - |
| Total U.S. Department of Homeland Security | | | <u>4,186</u> | <u>-</u> |
| U.S. Department of Health and Human Services | | | | |
| <u>Virginia Department of Social Services</u> Domestic Violence Prevention and Services | 93.671 | CVS-16-056-50 | 10,000 | - |
| <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 | 98,874 | - |
| Total TANF Cluster | | | <u>98,874</u> | <u>-</u> |
| Total U.S. Department of Health and Human Service | | | <u>108,874</u> | <u>-</u> |
| | | | <u>\$ 1,451,925</u> | <u>\$ -</u> |

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, 2019. 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 times 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, 2019**

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, 2019

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, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 22, 2019.

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) to determine the 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 determination of financial statement amounts. 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, 2019**

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, 2019. The Young Women's Christian Association of South Hampton Roads' major federal programs are 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* (CFR) 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 the 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, 2019.

Report on Internal Control over Compliance

Management of the 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 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 the 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, 2019**