

YWCA GREENWICH, CONNECTICUT, INC.

**FINANCIAL STATEMENTS
AND AUDITOR'S REPORT**

JUNE 30, 2017

YWCA GREENWICH, CONNECTICUT, INC.

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

Report on the Financial Statements

We have audited the accompanying financial statements of YWCA Greenwich, Connecticut, Inc., which comprise the statement of financial position as of June 30, 2017, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of YWCA Greenwich, Connecticut, Inc. as of June 30, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Loeb & Troper LLP

September 11, 2017

YWCA GREENWICH, CONNECTICUT, INC.

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2017

ASSETS

Current assets	
Cash and cash equivalents	\$ 140,598
Investments (Note 3)	8,894,298
Grants and program receivables (net of allowance for doubtful accounts of \$23,000)	123,219
Prepaid expenses	<u>155,028</u>
Total current assets	<u>9,313,143</u>
Long term and other assets	
Investments (Note 3)	850,000
Fixed assets (Note 4)	5,011,414
Investments held for deferred compensation plans (Note 5)	<u>356,975</u>
Total long term and other assets	<u>6,218,389</u>
Total assets	<u>\$ 15,531,532</u>

LIABILITIES AND NET ASSETS

Current liabilities	
Accounts payable and accrued expenses	\$ 336,678
Deferred revenue	<u>824,675</u>
Total current liabilities	1,161,353
Long term liabilities	
Deferred compensation payable (Note 5)	<u>356,975</u>
Total liabilities	<u>1,518,328</u>
Net assets (Exhibit B)	
Unrestricted	13,163,204
Permanently restricted (Note 6)	<u>850,000</u>
Total net assets	<u>14,013,204</u>
Total liabilities and net assets	<u>\$ 15,531,532</u>

See independent auditor's report.

The accompanying notes are an integral part of these statements.

YWCA GREENWICH, CONNECTICUT, INC.**EXHIBIT B****STATEMENT OF ACTIVITIES****YEAR ENDED JUNE 30, 2017**

	<u>Unrestricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Operating revenues and other support			
Contributions	\$ 373,488		\$ 373,488
United Way	80,559		80,559
Special events revenues	\$ 1,447,685		
Special events - direct cost	<u>(210,829)</u>	1,236,856	1,236,856
Government grants	351,932		351,932
Nongovernmental grants	101,625		101,625
Program service fees (net of financial aid of \$181,924)	3,301,761		3,301,761
Memberships	665,794		665,794
Interest and dividends	242,769		242,769
Other income	<u>120,483</u>		<u>120,483</u>
Total operating revenues and other support	<u>6,475,267</u>		<u>6,475,267</u>
Operating expenses (Exhibit C)			
Program services			
Aquatics	1,308,412		1,308,412
Fitness	812,864		812,864
Childhood education	2,022,837		2,022,837
Women's economic empowerment and leadership	52,485		52,485
Racial justice	58,871		58,871
Domestic abuse services	<u>852,236</u>		<u>852,236</u>
Total program services	5,107,705		5,107,705

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YWCA GREENWICH, CONNECTICUT, INC.

EXHIBIT B

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STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2017

	<u>Unrestricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Operating expenses (Exhibit C) (continued)			
Management and general	\$ 948,311		\$ 948,311
Fund raising	<u>459,929</u>		<u>459,929</u>
Total operating expenses	<u>6,515,945</u>		<u>6,515,945</u>
Change in net assets from operations	(40,678)		(40,678)
Nonoperating gains			
Net unrealized and realized gains on investments	<u>718,988</u>		<u>718,988</u>
Change in net assets (Exhibit D)	678,310		678,310
Net assets - beginning of year	<u>12,484,894</u>	\$ <u>850,000</u>	<u>13,334,894</u>
Net assets - end of year (Exhibit A)	<u><u>\$ 13,163,204</u></u>	<u><u>\$ 850,000</u></u>	<u><u>\$ 14,013,204</u></u>

See independent auditor's report.

The accompanying notes are an integral part of these statements.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2017

	<u>Aquatics</u>	<u>Fitness</u>	<u>Childhood Education</u>	<u>Women's Economic Empowerment & Leadership</u>	<u>Racial Justice</u>	<u>Domestic Abuse Services</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Total</u>
Salaries	\$ 597,343	\$ 427,415	\$ 948,976	\$ 29,402	\$ 31,627	\$ 519,550	\$ 2,554,313	\$ 534,851	\$ 231,319	\$ 3,320,483
Payroll taxes and employee benefits	135,365	93,079	222,830	7,833	8,361	138,168	605,636	162,452	62,442	830,530
Total salaries and related expenses	732,708	520,494	1,171,806	37,235	39,988	657,718	3,159,949	697,303	293,761	4,151,013
Occupancy	155,301	119,889	319,301	3,517	3,517	48,863	650,388	25,654	49,073	725,115
Supplies	275,809	27,780	181,403	587	783	43,629	529,991	10,263	63,170	603,424
Professional fees and instructors	22,996	73,004	103,140	2,496	5,246	29,561	236,443	39,808	10,290	286,541
Depreciation	49,963	40,215	112,797	1,366	1,366	18,915	224,622	9,960	18,883	253,465
Bank charges	35,668	14,197	71,685				121,550			121,550
Printing and marketing	954	229	1,627	6,489	7,181	38,936	55,416		12,133	67,549
Investment fees								66,029		66,029
Insurance	11,528	9,279	26,026	315	315	4,364	51,827	2,298	4,357	58,482
Miscellaneous	6,907	813	2,147	476	475	6,184	17,002	30,427	6,567	53,996
Telephone	14,660	6,066	29,825			1,537	52,088		20	52,108
Dues and subscriptions						455	455	40,198	180	40,833
Staff training and recruitment	1,918	898	3,080	4		2,074	7,974	26,371	1,495	35,840
Total expenses (Exhibit B)	\$ <u>1,308,412</u>	\$ <u>812,864</u>	\$ <u>2,022,837</u>	\$ <u>52,485</u>	\$ <u>58,871</u>	\$ <u>852,236</u>	\$ <u>5,107,705</u>	\$ <u>948,311</u>	\$ <u>459,929</u>	\$ <u>6,515,945</u>

See independent auditor's report.

The accompanying notes are an integral part of these statements.

YWCA GREENWICH, CONNECTICUT, INC.

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2017

Cash flows from operating activities	
Change in net assets (Exhibit B)	\$ 678,310
Adjustments to reconcile change in net assets to net cash used by operating activities	
Depreciation	253,465
Realized and unrealized gains on investments	(718,988)
Decrease (increase) in assets	
Grants and program receivables	(41,696)
Prepaid expenses	11,211
Increase (decrease) in liabilities	
Accounts payable and accrued expenses	(146,435)
Deferred revenue	(148,296)
Deferred compensation payable	<u>(370,388)</u>
Net cash used by operating activities	<u>(482,817)</u>
Cash flows from investing activities	
Purchase of fixed assets	(226,125)
Proceeds from the sales of investments	3,704,124
Purchase of investments	<u>(3,118,950)</u>
Net cash provided by investing activities	<u>359,049</u>
Net change in cash and cash equivalents	(123,768)
Cash and cash equivalents - beginning of year	<u>264,366</u>
Cash and cash equivalents - end of year	<u>\$ 140,598</u>

See independent auditor's report.

The accompanying notes are an integral part of these statements.

YWCA GREENWICH, CONNECTICUT, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

NOTE 1 - NATURE OF ORGANIZATION

YWCA Greenwich, Connecticut, Inc. (“YWCA”) operates programs that enhance the lives of women, men, and children in our community through fitness and aquatics programs, childhood education programs, domestic abuse services, women’s economic empowerment and leadership and racial justice programs. During this past year 13,121 women, men and children participated in and benefited from YWCA programs and services. Founded in 1919, YWCA continually meets the changing needs of the people it serves. YWCA is funded primarily by program service fees and memberships collected from individuals as well as contributions and special events.

YWCA is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting - The financial statements are prepared on the accrual basis of accounting.

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

Cash and cash equivalents - Cash and cash equivalents including highly liquid instruments with initial maturities, when acquired, of three months or less.

Investments - Investments are reported at fair value. YWCA invests in various types of investment securities. Investment securities, in general, are exposed to various risks such as interest rate, credit, and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term, based on the markets’ fluctuations, and that such changes could materially affect the amounts reported in YWCA’s financial statements.

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

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YWCA GREENWICH, CONNECTICUT, INC.**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2017****NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Fixed assets - Fixed assets are recorded at cost. YWCA's policy is to capitalize all fixed assets in excess of \$5,000 whose useful life is greater than one year. Depreciation is recorded on the straight-line method over the estimated useful lives of the assets.

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

Net assets - Unrestricted net assets include funds having no restrictions as to use or purpose imposed by donors. Temporarily restricted net assets are those whose use has been limited by donors to a specific time period or purpose. Permanently restricted net assets are limited by donors for investment.

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

Government grants - Government grant income is recognized at their net realizable amount when reimbursable expenses are incurred under the terms of the grant. Such income is subject to audit by the governmental agency. No provision for any disallowances is reflected in these financial statements, since management does not anticipate any material adjustments.

Contributions and nongovernmental grants - Unconditional contributions and nongovernmental grants, including promises to give cash and other assets, are reported at fair value at the date the contribution or grant is received. The gifts are reported as either temporarily or permanently 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 a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions and grants whose restrictions are met within the same year as received are reflected as unrestricted contributions and grants in the accompanying financial statements.

Program service fees and membership income - Income from program service fees is recognized as services are provided. Membership is recognized over the membership term.

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

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YWCA GREENWICH, CONNECTICUT, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Functional expense presentation - The costs of providing YWCA's services have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Fair Value Measurements

Fair Value Measurements establishes a framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below.

Level 1 inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that YWCA has the ability to access. Level 2 inputs to the valuation methodology include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; and inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability. Level 3 inputs to the valuation methodology are unobservable and significant to the fair value measurement. The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2017 as compared to those used at June 30, 2016.

- **Mutual funds** - Valued at the NAV of shares held at year end.
- **Common stock, real estate investment trusts (REIT's), exchange-traded and closed-end funds** - Valued at the closing price reported on the active market on which the individual securities are traded.
- **Government and corporate obligations** - Valued at fair value by discounting the related cash flows based on current yields of similar instruments with comparable durations, considering the creditworthiness of the issuers.

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YWCA GREENWICH, CONNECTICUT, INC.**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2017****NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)*****Fair Value Measurements (continued)***

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while YWCA 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.

A table setting forth by level, within the fair value hierarchy, the assets at fair value as of June 30, 2017 is included in Note 3.

Reclassification - Cash equivalents as reported at June 30, 2016 that were part of the investment portfolio have been reclassified to investments to conform to the 2017 presentation.

Uncertainty in income taxes - YWCA has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements. Periods ending June 30, 2014 and subsequent remain subject to examination by applicable taxing authorities.

Subsequent events - Subsequent events have been evaluated through September 11, 2017, which is the date the financial statements were available to be issued.

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YWCA GREENWICH, CONNECTICUT, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

NOTE 3 - INVESTMENTS

The following table sets forth by level, within the fair value hierarchy as described in Note 2, the investment portfolio's assets at fair value as of June 30, 2017:

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Government obligations		\$ <u>834,250</u>	\$ <u>834,250</u>
Corporate obligations	\$ <u>829,198</u>		<u>829,198</u>
Common stock			
Domestic equity	1,687,647		1,687,647
International equity	<u>699,602</u>		<u>699,602</u>
Total common stock	<u>2,387,249</u>		<u>2,387,249</u>
Mutual funds			
Domestic	2,586,903		2,586,903
International	<u>1,838,503</u>		<u>1,838,503</u>
Total mutual funds	<u>4,425,406</u>		<u>4,425,406</u>
REIT's	<u>956,246</u>		<u>956,246</u>
Total investments reported on the fair value hierarchy	\$ <u>8,598,099</u>	\$ <u>834,250</u>	9,432,349
Cash and cash equivalents			<u>311,949</u>
Total investments			\$ <u>9,744,298</u>

NOTE 4 - FIXED ASSETS

		<u>Estimated Useful Lives</u>
Land	\$ 418,982	
Buildings	1,475,698	3-50 years
Building improvements	7,849,649	5-40 years
Furniture, fixtures and equipment	<u>352,160</u>	5-20 years
	10,096,489	
Accumulated depreciation	<u>(5,085,075)</u>	
Net book value	\$ <u>5,011,414</u>	

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YWCA GREENWICH, CONNECTICUT, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

NOTE 5 - RETIREMENT PLAN

The YWCA participates in an employer-sponsored cash balance defined benefit pension plan qualified under Section 401(a) of the Internal Revenue Code. The plan is administered by the YWCA Retirement Fund (a separate corporation.) Employees become eligible for participation in the plan after two years of service and minimum of 1,000 hours per year. On an annual basis, participating YWCA's can elect to contribute 10%, 7.5%, 5% or 3% of the employee's salary. Based on the level of the YWCA's contributions, the YWCA Retirement Fund will match at 4%, 3%, 2% and 1.2%, respectively. For the 2017 fiscal year end, YWCA elected the 10% contribution rate. The pension expense for the year ended June 30, 2017 was \$204,072.

In addition, the YWCA has a 457(b) and a 457(f) deferred compensation plan for certain key employees that is funded by both the YWCA and its employees. As such, the investments are directed by the employees, but remain as assets of the YWCA until the employees retire. At June 30, 2017, the asset value of the plan and the resulting liability was \$356,975.

The following table sets forth by level, within the fair value hierarchy, the assets at fair value as of June 30, 2017:

	<u>Level 1</u>
Mutual funds - domestic	\$ 109,706
Exchange-traded and closed-end funds	<u>247,269</u>
Total investments	\$ <u>356,975</u>

NOTE 6 - PERMANENTLY RESTRICTED NET ASSETS

General

YWCA's permanently restricted net assets consist of four endowment fund assets to be held in perpetuity. The income from the assets can be used to support the Racial Justice, Women's Economic Advancement, Domestic Abuse programs and making the building handicapped accessible.

Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

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YWCA GREENWICH, CONNECTICUT, INC.**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2017****NOTE 6 - PERMANENTLY RESTRICTED NET ASSETS (continued)****Interpretation of Relevant Law**

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

The YWCA therefore classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the YWCA in a manner consistent with the standard of prudence prescribed by UPMIFA.

Return Objectives, Strategies Employed and Spending Policy

The objective of the YWCA is to maintain the principal endowment funds at the original amount designated by the donors and to provide a predictable stream of funding to programs supported by its endowment. The investment policy to achieve this objective is to invest in low-risk securities. Investment income earned in relation to the endowment funds is recorded as unrestricted income if it’s released from restriction in the year it is earned.

Funds with Deficiencies

The YWCA does not have any funds with deficiencies.

YWCA GREENWICH, CONNECTICUT, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

NOTE 6 - PERMANENTLY RESTRICTED NET ASSETS (continued)

Changes in Endowment Net Assets for the Year Ended June 30, 2017

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets - beginning of year	\$ -	\$ 850,000	\$ 850,000
Dividends and interest	21,855		21,855
Net realized gain	5,615		5,615
Net unrealized gain	59,228		59,228
Investment expenses	(5,947)		(5,947)
Appropriations	<u>(80,751)</u>	<u> </u>	<u>(80,751)</u>
Endowment net assets - end of year	\$ <u>-</u>	\$ <u>850,000</u>	\$ <u>850,000</u>