

NASHVILLE YOUNG WOMEN'S
CHRISTIAN ASSOCIATION

FINANCIAL STATEMENTS,
ADDITIONAL INFORMATION
AND

REPORTS OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

JUNE 30, 2006 AND 2005

NASHVILLE YOUNG WOMEN'S CHRISTIAN ASSOCIATION
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AND
REPORTS OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

JUNE 30, 2006 AND 2005

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors of
Nashville Young Women's Christian Association
Nashville, Tennessee

We have audited the accompanying statements of financial position of the Nashville Young Women's Christian Association (the "YWCA") as of June 30, 2006 and 2005, and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the YWCA's management. 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 audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Nashville Young Women's Christian Association as of June 30, 2006 and 2005, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 1, 2006, on our consideration of the YWCA's 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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements referred to in the first paragraph taken as a whole. The accompanying schedule of expenditures of federal, state and other awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

KraftCPAs PLLC

Nashville, Tennessee
September 1, 2006

NASHVILLE YOUNG WOMEN'S CHRISTIAN ASSOCIATION

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2006 AND 2005

	<u>2006</u>	<u>2005</u>
<u>ASSETS</u>		
Cash and cash equivalents - Note 3	\$ 1,012,609	\$ 1,261,134
Pledges and other receivables, net of allowance for doubtful accounts of \$7,530 in 2006 and 2005 - Note 6	93,383	161,780
Grants receivable	123,662	137,728
Accounts receivable and prepaids	36,594	56,664
Beneficial interest in charitable remainder trust, net	34,838	-
Investments - Note 4	2,237,757	2,910,585
Debt issue costs	31,645	18,300
Land, buildings and equipment, net - Notes 5 and 7	<u>3,544,682</u>	<u>3,717,791</u>
TOTAL ASSETS	<u>\$ 7,115,170</u>	<u>\$ 8,263,982</u>
<u>LIABILITIES AND NET ASSETS</u>		
LIABILITIES		
Accounts payable	\$ 6,038	\$ 653
Accrued expenses and withheld taxes	121,104	113,442
Grants payable to subrecipients	13,196	16,884
Deferred revenues	13,647	7,647
Note payable - Note 7	<u>1,304,561</u>	<u>2,391,988</u>
TOTAL LIABILITIES	<u>1,458,546</u>	<u>2,530,614</u>
NET ASSETS		
Unrestricted:		
Undesignated	452,662	1,228,685
Board designated	964,934	817,245
Designated for property and equipment, net of related debt	<u>2,271,766</u>	<u>1,344,103</u>
Total unrestricted	3,689,362	3,390,033
Temporarily restricted - Note 8	192,668	570,048
Permanently restricted - Note 8	<u>1,774,594</u>	<u>1,773,287</u>
TOTAL NET ASSETS	<u>5,656,624</u>	<u>5,733,368</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 7,115,170</u>	<u>\$ 8,263,982</u>

See accompanying notes to financial statements.

NASHVILLE YOUNG WOMEN'S CHRISTIAN ASSOCIATION

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED JUNE 30, 2006 AND 2005

	2006			2005				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
REVENUES AND SUPPORT								
Contributions	\$ 972,188	\$ 116,583	\$ 1,307	\$ 1,090,078	\$ 1,130,119	\$ 106,069	\$ -	\$ 1,236,188
United Way contributions	280,306	-	-	280,306	306,247	-	-	306,247
Grants from federal, state and local agencies	1,427,888	-	-	1,427,888	1,338,249	-	-	1,338,249
Program service fees	7,388	-	-	7,388	5,001	550	-	5,551
Investment income (loss), net	108,276	3,573	-	111,849	69,989	10,990	-	80,979
Rental income	27,865	-	-	27,865	17,329	-	-	17,329
Other income	163,183	-	-	163,183	79,089	-	-	79,089
Unrealized gain (loss) on investments, net	80,152	4,249	-	84,401	85,377	5,403	-	90,780
Net assets released from restrictions	501,785	(501,785)	-	-	267,838	(267,838)	-	-
TOTAL REVENUES AND SUPPORT	3,569,031	(377,380)	1,307	3,192,958	3,299,238	(144,826)	-	3,154,412
PROGRAM SERVICES								
Employment training	767,786	-	-	767,786	728,622	-	-	728,622
Youth services	95,639	-	-	95,639	142,545	-	-	142,545
Domestic violence	1,600,017	-	-	1,600,017	1,288,484	-	-	1,288,484
TOTAL PROGRAM SERVICES	2,463,442	-	-	2,463,442	2,159,651	-	-	2,159,651
SUPPORTING SERVICES								
Administrative	464,281	-	-	464,281	435,995	-	-	435,995
Development	341,979	-	-	341,979	337,646	-	-	337,646
TOTAL SUPPORTING SERVICES	806,260	-	-	806,260	773,641	-	-	773,641
TOTAL EXPENSES	3,269,702	-	-	3,269,702	2,933,292	-	-	2,933,292
CHANGE IN NET ASSETS	299,329	(377,380)	1,307	(76,744)	365,946	(144,826)	-	221,120
NET ASSETS - BEGINNING OF YEAR	3,390,033	570,048	1,773,287	5,733,368	3,024,087	714,874	1,773,287	5,512,248
NET ASSETS - END OF YEAR	\$ 3,689,362	\$ 192,668	\$ 1,774,594	\$ 5,656,624	\$ 3,390,033	\$ 570,048	\$ 1,773,287	\$ 5,733,368

See accompanying notes to financial statements.

NASHVILLE YOUNG WOMEN'S CHRISTIAN ASSOCIATION

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2006

	Program Services				Total	Administration	Development	Totals
	Employment Training	Youth Services	Domestic Violence					
Salaries	\$ 453,166	\$ 60,263	\$ 894,713	\$ 1,408,142	\$	173,442	\$ 113,019	\$ 1,694,603
Employee benefits and taxes	91,576	12,919	175,003	279,498		34,879	16,979	331,356
TOTAL SALARIES AND RELATED EXPENSES	544,742	73,182	1,069,716	1,687,640		208,321	129,998	2,025,959
Professional fees and contracted services								
Supplies	27,234	4,217	51,017	82,468		21,311	44,017	147,796
Telephone and postage	33,420	1,980	22,232	57,632		7,920	5,194	70,746
Occupancy	15,448	1,385	20,894	37,727		10,292	6,688	54,707
Rental and maintenance of equipment	44,044	6,877	99,345	150,266		31,581	15,040	196,887
Printing	13,748	2,003	29,010	44,761		21,089	41,832	107,682
Travel	290	326	3,145	3,761		1,452	24,376	29,589
Conferences, conventions and meetings	3,993	792	12,438	17,223		3,069	211	20,503
Specific assistance - other	7,579	325	9,219	17,123		41,974	18,715	77,812
Insurance - general	3,757	31	23,271	27,059		10,878	-	37,937
Interest	11,925	3,363	18,083	33,371		6,707	5,579	45,657
Bad debt	-	-	73,386	73,386		-	-	73,386
Miscellaneous	-	-	-	-		-	39,389	39,389
Grant expenses - Subrecipient	2,306	453	34,483	37,242		22,059	4,412	63,713
	54,138	-	6,203	60,341		-	-	60,341
TOTAL EXPENSES BEFORE DEPRECIATION AND AMORTIZATION	762,624	94,934	1,472,442	2,330,000		386,653	335,451	3,052,104
Depreciation and amortization	5,162	705	127,575	133,442		77,628	6,528	217,598
TOTAL EXPENSES	\$ 767,786	\$ 95,639	\$ 1,600,017	\$ 2,463,442		\$ 464,281	\$ 341,979	\$ 3,269,702

See accompanying notes to financial statements.

NASHVILLE YOUNG WOMEN'S CHRISTIAN ASSOCIATION

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2005

	Program Services					
	Employment Training	Youth Services	Domestic Violence	Total	Administration	Development
Salaries	\$ 413,469	\$ 87,945	\$ 697,186	\$ 1,198,600	\$ 223,465	\$ 134,401
Employee benefits and taxes	77,428	19,087	137,626	234,141	43,904	20,432
TOTAL SALARIES AND RELATED EXPENSES	490,897	107,032	834,812	1,432,741	267,369	154,833
Professional fees and contracted services	17,153	12,714	22,204	52,071	8,705	60,799
Supplies	15,037	971	20,625	36,633	7,896	7,147
Telephone and postage	14,729	2,805	15,423	32,957	10,078	7,188
Occupancy	40,173	2,351	97,772	140,296	32,137	8,522
Rental and maintenance of equipment	21,887	2,300	21,924	46,111	24,856	5,293
Printing	901	48	4,499	5,448	1,401	25,265
Travel	2,710	455	8,450	11,615	4,506	373
Conferences, conventions and meetings	1,980	25	2,351	4,356	7,523	52,667
Specific assistance - other	2,460	8,680	19,382	30,522	4,500	-
Insurance - general	8,658	2,157	15,539	26,354	5,645	3,806
Interest	3,433	8	35,493	38,934	8,938	1,820
Bad debt	18	-	186	204	47	10
Miscellaneous	3,989	10	41,250	45,249	10,388	2,115
Grant expenses - Subrecipient	80,500	-	13,265	93,765	-	1,377
TOTAL EXPENSES BEFORE DEPRECIATION AND AMORTIZATION	704,525	139,556	1,153,175	1,997,256	393,989	331,215
Depreciation and amortization	24,097	2,989	135,309	162,395	42,006	6,431
TOTAL EXPENSES	\$ 728,622	\$ 142,545	\$ 1,288,484	\$ 2,159,651	\$ 435,995	\$ 337,646
						\$ 2,933,292

See accompanying notes to financial statements.

NASHVILLE YOUNG WOMEN'S CHRISTIAN ASSOCIATION

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2006 AND 2005

	<u>2006</u>	<u>2005</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (76,744)	\$ 221,120
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	197,633	195,553
Amortization of debt issue costs	19,965	15,279
Bad debt	39,389	261
Realized and unrealized gain on investments	(106,278)	(91,797)
(Gain) loss on sale of land, buildings and equipment	-	17,324
(Increase) decrease in:		
Pledges and other receivables	49,607	(135,636)
Grants receivable	14,066	84,657
Accounts receivable and prepaids	(529)	22,594
Beneficial interest in charitable remainder trust	(34,838)	-
Increase (decrease) in:		
Accounts payable	5,385	(16,776)
Accrued expenses and withheld taxes	7,662	(30,474)
Grants payable to subrecipients	(3,688)	(26,198)
Deferred revenue	6,000	(4,500)
Contributions received for permanent endowment	(1,307)	-
TOTAL ADJUSTMENTS	<u>193,067</u>	<u>30,287</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>116,323</u>	<u>251,407</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	2,342,483	1,360,000
Purchase of investments	(1,563,377)	(1,496,832)
Purchase of land, buildings and equipment	(24,524)	(19,374)
Contributions received for permanent endowment	<u>1,307</u>	<u>-</u>
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	<u>755,889</u>	<u>(156,206)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of long-term debt	(2,453,754)	(100,000)
Proceeds from issuance of note payable	1,366,327	-
Payment of debt issuance costs	<u>(33,310)</u>	<u>-</u>
NET CASH USED IN FINANCING ACTIVITIES	<u>(1,120,737)</u>	<u>(100,000)</u>
DECREASE IN CASH	(248,525)	(4,799)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>1,261,134</u>	<u>1,265,933</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 1,012,609</u>	<u>\$ 1,261,134</u>
INTEREST EXPENSE PAID	<u>\$ 78,411</u>	<u>\$ 47,107</u>

See accompanying notes to financial statements.

NASHVILLE YOUNG WOMEN'S CHRISTIAN ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2006 AND 2005

NOTE 1 - GENERAL

Nashville Young Women's Christian Association (the "YWCA") is a Tennessee not-for-profit corporation chartered to focus on women and girls who desire to create a better quality of life for themselves and/or their families; to achieve self-sufficiency; and to increase their financial strength. The YWCA is a member of the YWCA of the U.S.A. and pays an annual assessment to the National Organization based on expenses and other factors. The assessment typically amounts to approximately \$25,000 annually, and is included in professional fees. The YWCA has been determined by the Internal Revenue Service to be exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The YWCA follows the accounting and reporting standards established by the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the YWCA is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted, as follows:

Unrestricted - Net assets that are not subject to donor-imposed restrictions. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors.

The Board has designated a portion of unrestricted net assets generally derived from support received from unrestricted legacies. Such funds can be periodically released for purposes prescribed by the Board.

Temporarily restricted - Net assets subject to donor-imposed restrictions that can be fulfilled by certain actions or by the passage of time. Upon fulfillment of restricted purposes, temporarily restricted net assets are released to unrestricted.

Permanently restricted - Net assets subject to donor-imposed restrictions that are maintained permanently by the YWCA.

NASHVILLE YOUNG WOMEN'S CHRISTIAN ASSOCIATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2006 AND 2005

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions and Support

Contributions are recognized as revenues in the period unconditionally pledged. The YWCA reports gifts of cash and other assets 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, temporarily restricted net assets are reclassified to unrestricted and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period as received are reported as unrestricted support. Donor pledges which are expected to be collected over a period greater than one year are discounted at current interest rates, if material.

The YWCA also receives grant revenue from various federal, state and local agencies. Grant revenue is recognized in the period a liability is incurred for eligible expenditures under the terms of the grant.

Noncash gifts consisting principally of memorabilia donated for the Celebrity Auction fundraiser are not valued when received. Revenue from the sale of such items is included in other income in the period of sale. In management's opinion, such reporting does not materially affect the financial statements.

Cash Equivalents

Cash equivalents include demand deposits with banks, money market accounts, and time deposits with original maturities, when purchased, of three months or less. Time deposits with original maturities, when purchased, of greater than three months are classified as investments.

Pledges, Grants and Other Receivables

Pledges and other receivables are reported net of an allowance for doubtful accounts and are, otherwise, expected to be fully collected. Grants receivable are collectable from local, state, and federal government grantors and generally represent reimbursements for grant specific expenses incurred.

Charitable Remainder Trust

The YWCA has been named as the charitable beneficiary of a charitable remainder trust. A charitable remainder trust is a split-interest agreement in which the charitable beneficiary receives its beneficial interest in the donated assets after the noncharitable beneficiary has received benefits for a specified time period. At the termination of the agreement, the remaining assets of the trust pass to the charitable beneficiary for its use. A temporarily restricted contribution and related receivable are recognized in the year the trust is established based on the fair value of the assets contributed less the present value of the future payments expected to be made. The expected future payments are based on the actuarial life expectancy of the life income recipient using the discount rate in existence at the time of notification. Discount amortization and any revaluations of expected future payments to the donor or other beneficiaries are recognized as periodic adjustments to the receivable. Corresponding changes in the value of split interest agreements are recognized currently and included in temporarily restricted contributions.

NASHVILLE YOUNG WOMEN'S CHRISTIAN ASSOCIATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2006 AND 2005

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at fair value, with gains and losses reported in the statement of activities.

Debt Issue Costs

Debt issue costs are capitalized and amortized by the straight-line method over the term of the related debt. In the event the related debt is paid off in advance, any unamortized issue costs will be expensed in the year the debt is extinguished.

Land, Buildings and Equipment

Land, buildings and equipment are stated at cost. Equipment purchases greater than \$2,000 are capitalized. Depreciation is calculated using the straight-line method to allocate the cost of depreciable assets over their estimated useful lives. The general range of useful lives is fifteen to forty years for buildings and improvements and three to seven years for equipment and vehicles. The YWCA assesses impairment of long-lived assets in accordance with SFAS No. 121, *Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of*. Donated property is recorded as a contribution equal to the fair value of the asset on the date contributed.

Deferred Revenues

Deferred revenues consist of program service fees received prior to year end to pay for program services deliverable in the following fiscal year. Such revenues are recognized in the year earned.

Rental Income

A portion of the facility is leased out from time to time on a short term basis. The minimum future rental commitment under such leases was not significant as of June 30, 2006.

Functional Allocation of Expenses

Expenses are reported by functional expense categories on the basis of direct or indirect attribution. Allocations are based on common demographics, physical or other factors. Unallocable expenses or expenses without reasonable bases for allocation are reported as administrative supporting services.

NASHVILLE YOUNG WOMEN'S CHRISTIAN ASSOCIATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2006 AND 2005

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses (Continued)

The following program and supporting services are included in the accompanying financial statements:

Program Services

Employment Training - Workforce development program that identifies and addresses the needs of individuals who are working toward self-reliance. For women transitioning from public assistance or incarceration, this program provides career assessment/planning and work preparation classes including life skills development. The program also includes adult education classes with GED preparation, referral to job skills training, apprenticeships and post-secondary education. Each job placement is followed up with support to help individuals retain and advance in the job. The program gives special attention to career options that are considered "non-traditional" (occupations where women make up less than 25% of the workforce).

Youth Services - Youth Advantage helps prepare young people for independence, through job preparation workshops and job placement. The services are provided on a sliding scale fee.

Domestic Violence - The domestic violence center provides a 24-hour crisis line, a comprehensive emergency shelter program, children's therapeutic programming, an on-site clinic, legal advocacy, individualized case management, support groups in the community and in shelter, and outreach and community education. Over the past two years, the YWCA has helped thousands in times of crisis by sheltering them and guiding them through the civil legal process. The YWCA also increases domestic violence awareness in the community.

Supporting Services

Administrative - Includes costs related to the overall direction of the YWCA. These expenses are not identifiable with a particular program or with fundraising, but are indispensable to the conduct of those activities and are essential to the YWCA. Specific activities include organization oversight, business management, human resource function, finance and accounting services, training and coordinating volunteers, property and technology oversight, and other administrative duties.

Development - Includes costs of activities directed toward grant writing, donor tracking, and fundraising. Other activities include the cost of solicitations and creation and distribution of fundraising materials.

NASHVILLE YOUNG WOMEN'S CHRISTIAN ASSOCIATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2006 AND 2005

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Concentration Risks

The YWCA maintains its cash accounts in one commercial bank. The amount on deposit at June 30, 2006, exceeded the insurance limits of the Federal Deposit Insurance Corporation by approximately \$155,000.

Investments are subject to market risk, the risk inherent in a fluctuating market. The broker/dealer that is the custodian of the Company's securities is covered by the Securities Investor Protection Corporation (SIPC), which provides limited protection to investors. SIPC coverage is limited to specified investor-owned securities (notes, bonds, mutual funds, investment company securities and registered securities) held by an insolvent SIPC member at the time a supervising trustee is appointed. The SIPC also protects against unauthorized trading in the Company's security account. SIPC coverage is limited to \$500,000 per customer, including \$100,000 for cash that is on deposit as the result of a security transaction. The amount on deposit at June 30, 2006, exceeded the insurance limits of the SIPC by approximately \$735,000. The SIPC does not cover market risk.

Reclassifications

Certain prior year amounts have been reclassified to be comparative with the current year presentation.

NOTE 3 - CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following as of June 30:

	<u>2006</u>	<u>2005</u>
Operating account	\$ 177,251	\$ 188,386
Bond sinking fund - Note 7	-	11,070
Money market accounts	<u>835,358</u>	<u>1,061,678</u>
	<u>\$ 1,012,609</u>	<u>\$ 1,261,134</u>

NASHVILLE YOUNG WOMEN'S CHRISTIAN ASSOCIATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2006 AND 2005

NOTE 4 - INVESTMENTS

Investments are summarized as follows as of June 30:

	<u>2006</u>		<u>2005</u>	
	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>
Certificates of deposit	\$ 730,000	\$ 730,000	\$ 1,077,313	\$ 1,077,313
Common stock	468,579	431,439	228,247	207,501
Mutual funds	<u>1,039,178</u>	<u>784,742</u>	<u>1,605,025</u>	<u>1,305,452</u>
	<u>\$ 2,237,757</u>	<u>\$ 1,946,181</u>	<u>\$ 2,910,585</u>	<u>\$ 2,590,266</u>

NOTE 5 - LAND, BUILDINGS AND EQUIPMENT

Land, buildings and equipment consist of the following as of June 30:

	<u>2006</u>	<u>2005</u>
Land	\$ 405,763	\$ 405,763
Buidings and improvements	4,607,338	4,607,338
Office equipment	710,415	700,286
Program equipment	36,598	36,598
Automobile	30,606	30,606
Construction in process	<u>14,395</u>	<u>-</u>
	5,805,115	5,780,591
Less: accumulated depreciation	<u>(2,260,433)</u>	<u>(2,062,800)</u>
	<u>\$ 3,544,682</u>	<u>\$ 3,717,791</u>

Program equipment is equipment purchased by the YWCA with grant monies. The grantor has a reversionary interest in these assets, subject to continuation of the grant programs. When the grant is ended, the assets may revert to the grantor. During 2004, the YWCA ended one of its grant programs. Accordingly, assets with an original cost of \$35,410 and a net book value of \$17,324 as of June 30, 2005, reverted to the grantor. A charge relating to this reversion, in the amount of the net book value of such assets, was netted against other income in 2005.

NASHVILLE YOUNG WOMEN'S CHRISTIAN ASSOCIATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2006 AND 2005

NOTE 6 - PLEDGES AND OTHER RECEIVABLES

Pledges receivable and other receivables consist of the following at June 30:

	<u>2006</u>	<u>2005</u>
Due within one year	\$ 50,880	\$ 169,310
Due within two to five years	<u>50,033</u>	<u>-</u>
	100,913	169,310
Less: allowance for doubtful accounts	<u>(7,530)</u>	<u>(7,530)</u>
	<u>\$ 93,383</u>	<u>\$ 161,780</u>

NOTE 7 - LONG-TERM DEBT

Long-term debt consists of the following as of June 30:

	<u>2006</u>	<u>2005</u>
Note payable to AmSouth Leasing Corporation - payable (1) in monthly principal and interest installments of \$14,619. Interest is charged at a fixed rate of 5.19%. All unpaid principal and interest are due December 6, 2015.	\$ 1,304,561	\$ -
Loan payable to the Industrial Development Board of (2) Metropolitan Nashville and Davidson County - interest is charged at the weekly floating interest rate; the note was paid in full during 2006.	<u>-</u>	<u>2,391,988</u>
	<u>\$ 1,304,561</u>	<u>\$ 2,391,988</u>

NASHVILLE YOUNG WOMEN'S CHRISTIAN ASSOCIATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2006 AND 2005

NOTE 7 - LONG-TERM DEBT (CONTINUED)

In 2006, the YWCA refinanced and liquidated its long-term debt as follows:

- (1) In December 2005, the YWCA entered into a loan agreement with AmSouth Leasing Corporation ("AmSouth"), evidenced by a note payable in the amount of \$1,366,327. The note is secured by a negative pledge on the Domestic Violence Center. The agreement includes certain covenants requiring, among other things, that the YWCA maintain a specified debt service coverage ratio and a minimum unrestricted investment balance. The YWCA was in violation of the debt service coverage ratio covenant as of June 30, 2006; however, AmSouth has issued a waiver of this requirement through June 30, 2007.
- (2) The YWCA used the new debt proceeds and proceeds from liquidated investments to pay the remaining outstanding balance of a July 1999 Industrial Revenue Bond issue (the "Bonds"), which had an original principal amount of \$2,750,000. The Bond proceeds were used by the YWCA to fund construction and equipping of the Domestic Violence Center.

The weekly floating interest rate applicable to the Bonds was the rate necessary, on the date of measurement, to market the underlying Bonds at their par value.

Scheduled principal maturities of long-term debt, by year, are as follows as of June 30, 2006:

Year ending June 30,

2007	\$ 100,911
2008	115,688
2009	121,837
2010	128,313
2011	135,133
Thereafter	<u>702,679</u>
	<u>\$ 1,304,561</u>

The YWCA also has an unsecured, \$250,000 revolving line of credit agreement with a bank, with interest on outstanding borrowings charged at a fluctuating rate equal to the prime rate. There were no borrowings made under this agreement during fiscal years 2006 or 2005.

NASHVILLE YOUNG WOMEN'S CHRISTIAN ASSOCIATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2006 AND 2005

NOTE 8 - RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes at June 30:

	<u>2006</u>	<u>2005</u>
Scholarship fund	\$ 43,489	\$ 39,142
Beneficial interest in charitable remainder trust, net	34,838	-
Domestic Violence program	99,492	463,841
Education program	7,375	7,375
Youth Advantage program	4,000	48,620
Other	<u>3,474</u>	<u>11,070</u>
Total temporarily restricted net assets	<u>\$ 192,668</u>	<u>\$ 570,048</u>

Permanently restricted net assets at June 30, 2006 and 2005 consist entirely of endowment funds. Income from endowment funds is unrestricted.

NOTE 9 - RETIREMENT PLAN

Employees of the YWCA participate in the Young Women's Christian Association of America Retirement Fund (the "Fund") upon completion of two years of employment. The YWCA has no association with the administration of this Fund. Payments are made by the YWCA to the Fund on behalf of eligible employees based on the employees' compensation.

Pension expense recognized by the YWCA was approximately \$32,000 and \$43,000 for the years ended June 30, 2006 and 2005, respectively.

NOTE 10 - COMMITMENTS AND CONTINGENCIES

The YWCA has received certain federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could result in disallowance of expenditures, management believes that any required reimbursements would not be significant. Accordingly, no provision has been made for any potential reimbursements to the grantors.

ADDITIONAL INFORMATION

NASHVILLE YOUNG WOMEN'S CHRISTIAN ASSOCIATION
SCHEDULE OF EXPENDITURES OF FEDERAL, STATE AND OTHER AWARDS

FOR THE YEAR ENDED JUNE 30, 2006

GRANT DESCRIPTION	FEDERAL CFDA NUMBER	GRANTOR'S NUMBER	GRANT PERIOD	GRANT AMOUNT	(ACCRUED)	7/1/05 - 6/30/06		(ACCRUED)
					DEFERRED REVENUE 6/30/05	RECEIPTS	EXPENDITURES	DEFERRED REVENUE 6/30/06
US DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT								
PASSED THROUGH METROPOLITAN DEVELOPMENT AND HOUSING AGENCY								
Emergency Shelter Grant Program	14.231	S01MC47004	4/1/04 - 3/31/05	\$ 12,579	\$ (3,916)	\$ 3,916	\$ -	\$ -
Emergency Shelter Grant Program	14.231	S01MC47004	4/1/05 - 3/31/06	12,579	-	8,663	8,663	-
TOTAL PASSED THROUGH METROPOLITAN DEVELOPMENT AND HOUSING AGENCY					(3,916)	12,579	8,663	-
PASSED THROUGH TENNESSEE DEPARTMENT OF HUMAN SERVICES								
Emergency Shelter Grant Program	14.231	Z-05-020657	7/1/04 - 6/30/05	18,348	(672)	672	-	-
TOTAL US DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT					(4,588)	13,251	8,663	-
US DEPARTMENT OF JUSTICE								
PASSED THROUGH TENNESSEE DEPARTMENT OF FINANCE AND ADMINISTRATION, OFFICE OF CRIMINAL JUSTICE PROGRAMS:								
Victims of Crime Act (VOCA)	16.575	Z-00-004845-02	7/1/03 - 6/30/06	309,354	(5,812)	102,777	103,118	(6,153)
STOP Violence Against Women	16.588	Z-00-001413-01	7/1/03 - 6/30/06	199,286	(3,354)	63,012	62,869	(3,211)
OVW-Transitional Housing	16.736	GR-06-17615-00	9/1/05 - 8/31/08	163,216	-	29,187	36,376	(7,189)
TOTAL PASSED THROUGH TENNESSEE DEPARTMENT OF FINANCE AND ADMINISTRATION, OFFICE OF CRIMINAL JUSTICE PROGRAMS					(9,166)	194,976	202,363	(16,553)
PASSED THROUGH TENNESSEE COALITION AGAINST DOMESTIC & SEXUAL VIOLENCE								
Legal Assistance for Victims Grant Program	16.524	2004WLAX0024	1/1/05 - 12/31/06	60,000	(1,530)	26,503	25,820	(847)
TOTAL US DEPARTMENT OF JUSTICE					(10,696)	221,479	228,183	(17,400)
US DEPARTMENT OF HEALTH AND HUMAN SERVICES								
PASSED THROUGH TENNESSEE DEPARTMENT OF FINANCE AND ADMINISTRATION, OFFICE OF CRIMINAL JUSTICE PROGRAMS:								
Family Violence Shelter Programs	93.671	Z-05-021966-00	7/1/04 - 6/30/07	391,932	(2,797)	129,119	130,570	(4,248)
TOTAL PASSED THROUGH TENNESSEE DEPARTMENT OF FINANCE AND ADMINISTRATION, OFFICE OF CRIMINAL JUSTICE PROGRAMS					(2,797)	129,119	130,570	(4,248)

(continued on next page)

NASHVILLE YOUNG WOMEN'S CHRISTIAN ASSOCIATION

SCHEDULE OF EXPENDITURES OF FEDERAL, STATE AND OTHER AWARDS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2006

GRANT DESCRIPTION	FEDERAL CFDA NUMBER	GRANTOR'S NUMBER	GRANT PERIOD	GRANT AMOUNT	(ACCRUED) DEFERRED REVENUE 6/30/05	(ACCRUED) DEFERRED REVENUE 6/30/06	
						7/1/05 - 6/30/06 RECEIPTS	7/1/05 - 6/30/06 EXPENDITURES
PASSED THROUGH TENNESSEE DEPARTMENT OF HUMAN SERVICES							
Families First - Client Services	93.558	(1) GR-05-16260-00	7/1/04 - 6/30/06	\$ 1,877,923	\$ (33,426)	\$ 303,080	\$ 301,506
TOTAL PASSED THROUGH TENNESSEE DEPARTMENT OF HUMAN SERVICES					(33,426)	303,080	301,506
PASSED THROUGH TENNESSEE DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT							
Families First - Adult Education	93.558	(1) Z-05-022370-00	7/1/04 - 6/30/05	162,554	(9,560)	9,560	-
Families First - Adult Education	93.558	(1) Z-05-027238-00	7/1/05 - 6/30/06	173,880	-	135,316	172,509
TOTAL PASSED THROUGH TENNESSEE DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT					(9,560)	144,876	172,509
TOTAL US DEPARTMENT OF HEALTH AND HUMAN SERVICES					(45,783)	577,075	604,585
US DEPARTMENT OF HOMELAND SECURITY							
PASSED THROUGH THE EMERGENCY FOOD AND SHELTER NATIONAL BOARD PROGRAM:							
Emergency Food and Shelter National Board Program	97.024	LROID-765200-008	11/1/04 - 10/31/05	16,903	(5,793)	8,452	2,659
Emergency Food and Shelter National Board Program	97.024	LROID-765200-008	11/1/05 - 10/31/06	16,092	-	8,046	16,092
TOTAL US DEPARTMENT OF HOMELAND SECURITY					(5,793)	16,498	18,751
TOTAL EXPENDITURES OF FEDERAL AWARDS					(66,860)	828,303	860,182
EXPENDITURES OF STATE AND OTHER AWARDS							
Tennessee Department of Corrections	State	GR-05-16729-00	7/1/04 - 6/30/05	169,765	(18,829)	18,829	-
Tennessee Department of Corrections	State	GR-05-17199-00	7/1/05 - 6/30/06	174,256	-	142,804	160,996
Metro Government of Nashville and Davidson County	Local	L-1211	7/1/04 - 6/30/05	322,000	(46,186)	46,186	-
Metro Government of Nashville and Davidson County	Local	L-1393	7/1/05 - 6/30/06	361,000	-	357,739	361,000
Metro Government of Nashville and Davidson County	Local	TN 370B204006	7/1/03 - 6/30/06	150,000	(5,853)	48,093	45,710
TOTAL EXPENDITURES OF STATE AND OTHER AWARDS					(70,868)	613,651	567,706
TOTAL EXPENDITURES OF FEDERAL, STATE AND OTHER AWARDS					\$ (137,728)	\$ 1,441,954	\$ 1,427,888

(1) Denotes a Major Program (Total expenditures under CFDA # 93.588 are \$474,015)

BASIS OF PRESENTATION

This schedule includes the federal and state grant activity of Nashville Young Women's Christian Association, and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non Profit Organizations*.

OTHER REPORTS



REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS 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*

To the Board of Directors of
Nashville Young Women's Christian Association
Nashville, Tennessee

We have audited the financial statements of the Nashville Young Women's Christian Association (the "YWCA") as of and for the year ended June 30, 2006, and have issued our report thereon dated September 1, 2006. We conducted our audit 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the YWCA's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the YWCA's ability to initiate, record, process, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 2006-1 and 2006-2.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions referred to above is a material weakness.

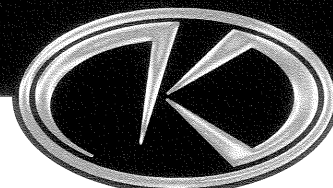
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the YWCA's financial statements are free of 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*.

This report is intended solely for the information and use of the Board of Directors, management, the Comptroller of the Treasury, State of Tennessee, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Krue CPA's PLLC

Nashville, Tennessee
September 1, 2006



KraftCPAs
PLLC

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS
ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM
AND INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Directors of
Nashville Young Women's Christian Association
Nashville, Tennessee

Compliance

We have audited the compliance of the Nashville Young Women's Christian Association (the "YWCA") with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2006. The YWCA's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the YWCA's management. Our responsibility is to express an opinion on the YWCA's compliance based on our audit.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 YWCA's 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. Our audit does not provide a legal determination on the YWCA's compliance with those requirements.

In our opinion, the YWCA complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2006.

Internal Control Over Compliance

The management of the YWCA is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the YWCA's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Board of Directors, management, the Comptroller of the Treasury, State of Tennessee, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Kirby CPAs PLLC

Nashville, Tennessee
September 1, 2006

NASHVILLE YOUNG WOMEN'S CHRISTIAN ASSOCIATION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2006

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:

Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes _____ x _____ No
- Reportable condition(s) identified that are not considered to be material weaknesses? _____ x _____ Yes _____ No

Noncompliance material to financial statements noted?

_____ Yes _____ x _____ No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ Yes _____ x _____ No
- Reportable condition(s) identified that are not considered to be material weaknesses? _____ Yes _____ x _____ None Reported

Type of auditors' report issued on compliance for major programs:

Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?

_____ Yes _____ x _____ No

Identification of major programs:

CFDA Number(s)
93.558

Name of Federal Program or Cluster
Temporary Assistance for Needy Families

Dollar threshold used to distinguish between type A and type B programs:

\$300,000

Auditee qualified as low-risk auditee?

_____ Yes _____ x _____ No

NASHVILLE YOUNG WOMEN'S CHRISTIAN ASSOCIATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2006

Section II - Financial Statement Findings

PRIOR YEAR REPORTABLE CONDITIONS

2005-1 Segregation of duties: cash disbursements

Item is repeated in current year. Please see below.

CURRENT YEAR REPORTABLE CONDITIONS

2006-1 Segregation of duties: cash disbursements

Criteria:

Management is responsible for ensuring that effective internal controls are in place.

Condition:

There is a lack of segregation of duties over cash disbursements. The YWCA's CFO signs checks, conducts wire transfers, records transactions in books of original entry, prepares the bank reconciliations and has access to other accounting records. While dual signatures are required on disbursement accounts, for a portion of the year, the CFO had access to a signature stamp of other authorized signers.

Cause:

The lack of segregation of duties is mainly due to the organization's limited size.

Effect:

One person has access to cash and cash records. Without the involvement of other persons to afford a cross check, manipulation or errors could be perpetrated which would be difficult to detect.

Recommendations:

At a minimum, an individual with no other regular accounting duties should sign or co-sign checks after examining supporting data and prepare or review bank reconciliations. Further, the CFO should not have access to a signature stamp of any other authorized signers.

NASHVILLE YOUNG WOMEN'S CHRISTIAN ASSOCIATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2006

2006-1 Segregation of duties: cash disbursements (continued)

Management's Response:

While the organization is small and has gone through transition, the YWCA has also disposed of all its signature stamps during the year. All transactions require original signatures for authentication. The current authorized signers are the CEO, CFO, VP of Human Resources and the Chairman of the Board. All checks presented for signature are done so with all supporting documentation attached to the original check request for review before signing. With the recent addition of staff subsequent to year-end, the responsibilities for bank reconciliations have been moved from the CFO to the Senior Accountant. A non-staff member of the Board Finance Committee now reviews the internal reconciliation.

2006-2 Segregation of duties: cash receipts

Criteria:

Management is responsible for ensuring that effective internal controls are in place.

Condition:

There is a lack of segregation of duties over cash receipts. The YWCA's receptionist opens the mail, prepares the daily receipts summary and submits both to the staff accountant. The staff accountant prepares the deposit slip, makes deposits and records the transaction in the general ledger without any approval or review.

Cause:

The lack of segregation of duties is mainly due to the organization's limited size.

Effect:

One person has access to cash and cash records. Without the involvement of other persons to afford a cross check, manipulation or errors could be perpetrated which would be difficult to detect.

Recommendations:

The CFO should review the daily receipts sheet in comparison to the deposit to ensure they agree.

Management's Response:

The CFO will review/compare daily receipt sheets to deposits to ensure complete agreement. The CFO will input transactions into the general ledger.

NASHVILLE YOUNG WOMEN'S CHRISTIAN ASSOCIATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2006

Section III - Federal Award Findings and Questioned Costs

None.