

NASHVILLE YOUNG WOMEN'S  
CHRISTIAN ASSOCIATION

FINANCIAL STATEMENTS,  
ADDITIONAL INFORMATION

AND

REPORTS OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

JUNE 30, 2004 AND 2003

NASHVILLE YOUNG WOMEN'S CHRISTIAN ASSOCIATION  
FINANCIAL STATEMENTS, ADDITIONAL INFORMATION  
AND  
REPORTS OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

JUNE 30, 2004 AND 2003

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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, 2004 and 2003, and the related statements of activities, cash flows and functional expenses 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, 2004 and 2003, 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 August 27, 2004, 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the 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.

*Kraft CPAs PLLC*

Nashville, Tennessee  
August 27, 2004

NASHVILLE YOUNG WOMEN'S CHRISTIAN ASSOCIATION

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2004 AND 2003

	<u>2004</u>	<u>2003</u>
<u>ASSETS</u>		
Cash and cash equivalents - Note 3	\$ 1,265,933 <sup>✓</sup>	\$ 2,127,499
Pledges receivable, net of allowance for doubtful accounts of \$7,530 and \$7,477, respectively - Note 6	26,405 <sup>✓</sup>	120,089
Grants receivable	222,378 <sup>✓</sup>	416,177
Accounts receivable and prepaids	79,265 <sup>✓</sup>	26,235
Investments - Note 4	2,681,956	1,387,878
Debt issue costs	33,579	48,853
Land, buildings and equipment, net - Notes 5 and 7	<u>3,911,294</u>	<u>4,113,141</u>
<b>TOTAL ASSETS</b>	<u>\$ 8,220,810</u>	<u>\$ 8,239,872</u>

LIABILITIES AND NET ASSETS

<b>LIABILITIES</b>		
Accounts payable	\$ 17,429 <sup>✓</sup>	\$ 11,328
Accrued expenses and withheld taxes	143,916 <sup>✓</sup>	193,317
Grants payable to subrecipients	43,082 <sup>✓</sup>	57,207
Deferred revenues	12,147	26,000
Note payable - Note 7	<u>2,491,988</u>	<u>2,591,988</u>
<b>TOTAL LIABILITIES</b>	<u>2,708,562</u>	<u>2,879,840</u>

**NET ASSETS**

Unrestricted:

Designated by the Board	505,641	497,413
Available for operations	<u>2,518,446</u>	<u>2,474,902</u>
<b>Total unrestricted</b>	3,024,087	2,972,315

Temporarily restricted	714,874	864,430
Permanently restricted	<u>1,773,287</u>	<u>1,523,287</u>

<b>TOTAL NET ASSETS</b>	<u>5,512,248</u>	<u>5,360,032</u>
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<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 8,220,810</u>	<u>\$ 8,239,872</u>
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See accompanying notes to financial statements.

NASHVILLE YOUNG WOMEN'S CHRISTIAN ASSOCIATION

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED JUNE 30, 2004 AND 2003

	2004				2003			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
REVENUES AND SUPPORT								
Contributions	\$ 932,774	\$ 6,468	\$ 250,000	\$ 1,189,242	\$ 1,279,031	\$ 2,500	\$ 6,550	\$ 1,288,081
United Way contributions	251,211	-	-	251,211	307,745	-	-	307,745
Grants from governmental agencies	2,181,526	-	-	2,181,526	2,100,309	-	-	2,100,309
Program service fees	1,953	-	-	1,953	986	-	-	986
Investment income (loss)	41,196	-	-	41,196	(74,609)	-	-	(74,609)
Rental income	8,742	-	-	8,742	8,792	-	-	8,792
Other income	36,477	-	-	36,477	5,013	-	-	5,013
Unrealized gain (loss) on investments, net	160,842	9,733	-	170,575	102,734	-	-	102,734
Net assets released from restrictions	165,757	(165,757)	-	-	391,288	(391,288)	-	-
<b>TOTAL REVENUES AND SUPPORT</b>	<b>3,780,478</b>	<b>(149,556)</b>	<b>250,000</b>	<b>3,880,922</b>	<b>4,121,289</b>	<b>(388,788)</b>	<b>6,550</b>	<b>3,739,051</b>
EXPENSES								
Program services	2,959,551	-	-	2,959,551	2,849,827	-	-	2,849,827
Administrative	467,919	-	-	467,919	495,430	-	-	495,430
Development	301,236	-	-	301,236	309,825	-	-	309,825
<b>TOTAL EXPENSES</b>	<b>3,728,706</b>	<b>-</b>	<b>-</b>	<b>3,728,706</b>	<b>3,655,082</b>	<b>-</b>	<b>-</b>	<b>3,655,082</b>
CHANGE IN NET ASSETS	51,772	(149,556)	250,000	152,216	466,207	(388,788)	6,550	83,969
NET ASSETS - BEGINNING OF YEAR	2,972,315	864,430	1,523,287	5,360,032	2,506,108	1,253,218	1,516,737	5,276,063
NET ASSETS - END OF YEAR	<u>\$ 3,024,087</u>	<u>\$ 714,874</u>	<u>\$ 1,773,287</u>	<u>\$ 5,512,248</u>	<u>\$ 2,972,315</u>	<u>\$ 864,430</u>	<u>\$ 1,523,287</u>	<u>\$ 5,360,032</u>

See accompanying notes to financial statements.

NASHVILLE YOUNG WOMEN'S CHRISTIAN ASSOCIATION

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2004

	Program Services						
	Employment Training	Youth Services	Domestic Violence	Total Programs	Administration	Development	Totals
Salaries	\$ 528,235	\$ 298,331	\$ 672,376	\$ 1,498,942	\$ 224,828	\$ 124,820	\$ 1,848,590
Employee benefits and taxes	92,904	55,597	125,276	273,777	44,043	16,941	334,761
<b>TOTAL SALARIES AND RELATED EXPENSES</b>	<b>621,139</b>	<b>353,928</b>	<b>797,652</b>	<b>1,772,719</b>	<b>268,870</b>	<b>141,761</b>	<b>2,183,350</b>
Professional fees and contracted services	14,525	28,366	39,871	82,762	8,503	50,412	141,677
Supplies	28,831	6,070	15,649	50,550	11,365	7,301	69,216
Telephone and postage	17,556	11,912	16,617	46,085	13,899	6,912	66,896
Occupancy	46,712	9,484	221,163	277,359	23,163	9,169	309,691
Rental and maintenance of equipment	23,181	9,080	23,238	55,499	24,566	4,629	84,694
Printing and postage	108	395	4,217	4,720	461	18,076	23,257
Travel	4,704	1,510	9,134	15,348	2,776	658	18,782
Conferences, conventions and meetings	2,713	209	4,671	7,593	3,971	47,967	59,531
Specific assistance - other	3,463	59,664	10,598	73,725	1,875	-	75,600
Insurance - general	9,839	4,995	20,753	35,587	11,060	3,068	49,715
Miscellaneous	5,522	3,995	56,883	66,400	23,148	6,425	95,973
Grant expenses - Subrecipient	325,691	-	1,002	326,693	-	-	326,693
<b>TOTAL EXPENSES BEFORE DEPRECIATION AND AMORTIZATION</b>	<b>1,103,984</b>	<b>489,608</b>	<b>1,221,448</b>	<b>2,815,040</b>	<b>393,657</b>	<b>296,378</b>	<b>3,505,075</b>
Depreciation and amortization	4,448	8,106	131,957	144,511	74,262	4,858	223,631
<b>TOTAL EXPENSES</b>	<b>\$ 1,108,432</b>	<b>\$ 497,714</b>	<b>\$ 1,353,405</b>	<b>\$ 2,959,551</b>	<b>\$ 467,919</b>	<b>\$ 301,236</b>	<b>\$ 3,728,706</b>

See accompanying notes to financial statements.

NASHVILLE YOUNG WOMEN'S CHRISTIAN ASSOCIATION

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2003

	Program Services						
	Employment Training	Youth Services	Domestic Violence	Total Programs	Administration	Development	Totals
Salaries	\$ 538,722	\$ 269,941	\$ 642,746	\$ 1,451,409	\$ 230,809	\$ 105,712	\$ 1,787,930
Employee benefits and taxes	86,799	45,983	111,598	244,380	39,656	16,023	300,059
<b>TOTAL SALARIES AND RELATED EXPENSES</b>	<b>625,521</b>	<b>315,924</b>	<b>754,344</b>	<b>1,695,789</b>	<b>270,465</b>	<b>121,735</b>	<b>2,087,989</b>
Professional fees and contracted services	8,180	53,709	30,853	92,742	11,197	95,868	199,807
Supplies	22,150	16,415	19,390	57,955	7,004	3,605	68,564
Telephone and postage	16,713	11,813	22,158	50,684	15,934	3,559	70,177
Occupancy	47,512	6,943	153,014	207,469	25,638	8,052	241,159
Rental and maintenance of equipment	18,505	18,551	25,352	62,408	20,552	21,760	104,720
Printing and postage	722	3,419	3,719	7,860	979	12,771	21,610
Travel	3,888	3,437	7,997	15,322	1,516	139	16,977
Conferences, conventions and meetings	3,970	1,612	4,451	10,033	5,691	33,889	49,613
Specific assistance - other	6,380	66,391	12,328	85,099	1,878	-	86,977
Insurance - general	9,538	5,423	11,006	25,967	3,662	2,641	32,270
Miscellaneous	12,353	7,255	72,080	91,688	28,642	5,806	126,136
Grant expenses-Subrecipient	297,501	-	3,950	301,451	-	-	301,451
<b>TOTAL EXPENSES BEFORE DEPRECIATION AND AMORTIZATION</b>	<b>1,072,933</b>	<b>510,892</b>	<b>1,120,642</b>	<b>2,704,467</b>	<b>393,158</b>	<b>309,825</b>	<b>3,407,450</b>
Depreciation and amortization	6,126	5,454	133,780	145,360	102,272	-	247,632
<b>TOTAL EXPENSES</b>	<b>\$ 1,079,059</b>	<b>\$ 516,346</b>	<b>\$ 1,254,422</b>	<b>\$ 2,849,827</b>	<b>\$ 495,430</b>	<b>\$ 309,825</b>	<b>\$ 3,655,082</b>

See accompanying notes to financial statements.

NASHVILLE YOUNG WOMEN'S CHRISTIAN ASSOCIATION

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2004 AND 2003

	<u>2004</u>	<u>2003</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 152,216	\$ 83,969
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	208,357	232,358
Amortization of debt issue costs	15,274	15,274
Realized and unrealized (gain) loss on investments	(204,524)	(56,376)
Gain on sale of land, buildings and equipment	(11,153)	-
(Increase) decrease in:		
Pledges receivable	93,684	381,465
Grants receivable	193,791	(32,740)
Accounts receivable and prepaids	(53,030)	(5,923)
Increase (decrease) in:		
Accounts payable	6,101	(21,083)
Accrued expenses and withheld taxes	(49,401)	33,264
Grants payable to subrecipients	(14,125)	(56,444)
Deferred revenue	(13,854)	15,500
Contributions received for permanent endowment	(250,000)	(6,550)
TOTAL ADJUSTMENTS	(78,879)	498,745
NET CASH PROVIDED BY OPERATING ACTIVITIES	73,337	582,714
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	506,550	1,298,684
Purchase of investments	(1,596,104)	-
Proceeds from sale of land, buildings and equipment	15,000	-
Purchase of land, buildings and equipment	(10,349)	(9,415)
Contributions received for permanent endowment	250,000	6,550
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	(834,903)	1,295,819
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of long-term debt	(100,000)	(100,012)
Other	-	15,010
NET CASH USED IN FINANCING ACTIVITIES	(100,000)	(85,002)
INCREASE (DECREASE) IN CASH	(861,566)	1,793,531
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	2,127,499	333,968
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 1,265,933	\$ 2,127,499
INTEREST EXPENSE PAID	\$ 28,311	\$ 38,501

See accompanying notes to financial statements.



# NASHVILLE YOUNG WOMEN'S CHRISTIAN ASSOCIATION

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2004 AND 2003

### 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, which typically amounts to approximately \$25,000, 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

#### Contributions

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. Donations receivable which are expected to be collected over a period greater than one year are discounted at current interest rates, if material.

#### Net assets

Net assets are classified into one of three categories based on the existence or absence of donor-imposed restrictions, 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. Funds can be periodically released for purposes prescribed by the Board.

Temporarily restricted - The use of net assets by the YWCA is 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.

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, 2004 AND 2003

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.

Land, buildings and equipment

Land, buildings and equipment are stated at cost. Depreciation is calculated using the straight-line method to allocate the cost of depreciable assets over their estimated useful lives. The YWCA assesses impairment of long-lived assets in accordance with Statement of Financial Accounting Standards ("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 delivered in the following fiscal year.

Debt issue costs

Debt issue costs are capitalized and amortized by the straight-line method over the term of the related debt.

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.

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.

NASHVILLE YOUNG WOMEN'S CHRISTIAN ASSOCIATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2004 AND 2003

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Concentration Risks

The YWCA maintains its cash accounts in one commercial bank. The amount on deposit at June 30, 2004, exceeded the insurance limits of the Federal Deposit Insurance Corporation by approximately \$340,000.

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 SIPC does not cover market risk.

Pledges receivable 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.

Reclassifications

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

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.

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

NASHVILLE YOUNG WOMEN'S CHRISTIAN ASSOCIATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2004 AND 2003

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Program Services

Employment Training - Includes job readiness and career education programs. These programs enroll people having serious barriers to economic self-sufficiency by assessing career potential and developing career plans for leaving public assistance and for women leaving prison, and empowering people through adult education classes' essential "Life Skills" instruction. The YWCA collaborates with employers to network for job placements. The YWCA also provides career advancement training and case management support for job challenged people seeking employment.

Youth Services - Include activities that relate to youth programs. The programs invest in youth, ages 14-21, who would otherwise be without resources. Youth facing hardships present themselves, of their own volition, for help in self-selected leadership, education, or work-readiness goals through youth training services. The program offers GED preparation, academic remediation, and specialized training certification. The program also offers training in specific industry areas such as construction, manufacturing, and hospitality services, and provides case management for youth as they work on their education, train, and look for jobs. Local businesses participate by putting youth to work and provide collaborative training sites.

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, 2004 AND 2003

NOTE 3 - CASH AND CASH EQUIVALENTS

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

	<u>2004</u>	<u>2003</u>
Operating account	\$ 414,737	\$ 924,574
Bond sinking fund - Note 7	25,609	37,513
Money market accounts	<u>825,587</u>	<u>1,165,412</u>
	<u>\$ 1,265,933</u>	<u>\$ 2,127,499</u>

NOTE 4 - INVESTMENTS

Investments are summarized as follows as of June 30:

	<u>2004</u>	<u>2003</u>
Certificates of deposit	\$ 1,282,023	\$ 285,000
Bonds	224,004	200,819
Mutual funds	<u>1,175,929</u>	<u>902,059</u>
	<u>\$ 2,681,956</u>	<u>\$ 1,387,878</u>

NASHVILLE YOUNG WOMEN'S CHRISTIAN ASSOCIATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2004 AND 2003

NOTE 5 - LAND, BUILDINGS AND EQUIPMENT

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

	<u>2004</u>	<u>2003</u>
Buidings and improvements	\$ 4,607,338	\$ 4,607,338
Office equipment	716,786	723,777
Program equipment	73,443	65,327
Automobile	<u>30,606</u>	<u>30,606</u>
	5,428,173	5,427,048
Less: accumulated depreciation	<u>(1,922,642)</u>	<u>(1,719,670)</u>
	3,505,531	3,707,378
Land	<u>405,763</u>	<u>405,763</u>
	<u>\$ 3,911,294</u>	<u>\$ 4,113,141</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. Next year, the YWCA may end one of its grant programs. Accordingly, assets with an original cost of \$34,214 and a net book value of \$18,017 as of June 30, 2004, may revert to the grantor.

Estimated useful lives of depreciable assets are 3 to 7 years for equipment and vehicles, and 15 to 40 years for buildings and improvements.

NOTE 6 - PLEDGES RECEIVABLE

During fiscal 1998, the YWCA initiated a campaign to raise funds for a new domestic violence shelter and for general operating purposes. Current years collections were substantially used for general operating purposes. The remaining uncollected balances of these pledges are due currently and are reported net of a \$7,530 allowance for doubtful accounts as of June 30, 2004.

NASHVILLE YOUNG WOMEN'S CHRISTIAN ASSOCIATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2004 AND 2003

NOTE 7 - LONG-TERM DEBT

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

	<u>2004</u>	<u>2003</u>
Loan payable to the Industrial Development Board of Metropolitan Nashville and Davidson County; interest is payable monthly at a weekly floating interest rate (1.28% and 1.53% as of June 30, 2004 and 2003, respectively); principal installments are payable monthly to a sinking fund through July 1, 2006, at which time a balloon payment for the remaining balance is due; secured by certain land and buildings.	<u>\$ 2,491,988</u>	<u>\$ 2,591,988</u>

In July 1999, the Industrial Development Board of Metropolitan Nashville and Davidson County (the "Board") issued Industrial Revenue Bonds (the "Bonds") in the principal amount of \$2,750,000. Proceeds from the sale of the Bonds were loaned to the YWCA to fund construction and equipping of a domestic violence shelter in Nashville, Tennessee.

Simultaneous with issuance of the Bonds, AmSouth Bank (the "Bank") issued an irrevocable letter of credit in the amount of the outstanding Bond principal to secure the payment. There were no borrowings outstanding under the letter of credit as of June 30, 2004 and 2003. Additionally, the YWCA entered into a remarketing agreement with the Bank to provide for the remarketing of the Bonds in the event the bondholders presented the Bonds for payment. The YWCA paid a fee of \$3,437 at closing for the remarketing agreement and is subject to a similar annual payment on July 1 of each year the Bonds are outstanding, based on a rate of 0.125% of the outstanding principal of the Bonds.

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

Principal payments on the loan from the Board are deposited into a sinking fund monthly. Principal payments are remitted to the Board whenever the balance of the sinking fund exceeds \$100,000, at which time an equivalent portion of the Bonds is redeemed. A \$100,000 payment was made to the Board during the years ended June 30, 2004 and 2003, based on amounts accumulated in the sinking fund. The balance of the sinking fund was \$25,609 and \$37,513 at June 30, 2004 and 2003, respectively.

NASHVILLE YOUNG WOMEN'S CHRISTIAN ASSOCIATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2004 AND 2003

NOTE 7 - LONG-TERM DEBT (CONTINUED)

Covenants under the irrevocable letter of credit with the Bank require the YWCA to maintain a two-year average minimum cash flow coverage ratio. The YWCA complied with applicable covenants at June 30, 2004 and 2003.

Interest expense for the years ended June 30, 2004 and 2003 was \$30,846 and \$41,230, respectively, and is included in occupancy expense.

Scheduled principal maturities of long-term debt, by year, are as follows as of June 30, 2004:

2005	\$ 100,000
2006	100,000
2007	<u>2,291,988</u>
	<u>\$ 2,491,988</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 the agreement during fiscal years 2004 or 2003.

NOTE 8 - 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 \$50,000 and \$46,000 for the years ended June 30, 2004 and 2003, respectively.

NOTE 9 - 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 AND OTHER AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2004**

GRANT DESCRIPTION	FEDERAL CFDA NUMBER	GRANTOR'S NUMBER	GRANT PERIOD	GRANT AMOUNT	(ACCRUED)	7/1/03 - 6/30/04		(ACCRUED)
					DEFERRED REVENUE 6/30/03	RECEIPTS	EXPENDITURES	DEFERRED REVENUE 6/30/04
ESGP - Davidson County MDHA	14.231	S01MC47004	4/1/03 - 3/31/04	12,579	(12,579)	12,579	12,759	(12,759)
Passed Through Federal Emergency Management Agency:								
United Way of Middle Tennessee - FEMA	83.523	LROID-765200-008	11/1/03 - 10/31/04	18,591	-	10,458	19,457	(8,999)
Passed Through State of Tennessee:								
Families First Consortium - DHS	93.558	GR-02-14033-03	7/1/01 - 6/30/04	752,688	(216,375)	216,375	-	-
State of Tennessee ESGP	93.558	Z-03-009436-00	7/1/01 - 6/30/04	25,000	(479)	479	-	-
State of Tennessee Family Assistance - DHS	93.558	GR-01-13599-00	7/1/01 - 6/30/04	-	-	535,183	615,410	(80,227)
Total CFDA 93.558					(216,854)	752,037	615,410	(80,227)
State of Tennessee Family Violence	93.671	Z-02-004898-00	7/1/03 - 6/30/04	110,644	(6,367)	115,666	110,644	(1,345)
State of Tennessee Victims of Crime Act	16.575	Z-00-093990-00	7/1/02 - 6/30/03	109,700	(11,382)	11,382	-	-
	16.575	Z-00-001413-01	7/1/03 - 6/30/04	72,372	-	69,664	72,127	(2,463)
	16.575	Z-00-004845-02	7/1/03 - 6/30/06	103,118	-	99,971	103,118	(3,147)
Office of Criminal Justice STOP - Davidson County	16.575	Z-00-093827-00	7/1/02 - 6/30/03	76,560	(10,561)	10,561	-	-
Total CFDA 16.575					(21,943)	191,578	175,245	(5,610)
Legal Aid Society - Civic Legal Assistance	16.524	FA-5-11011-4-00	8/1/01 - 9/1/03	17,341	(1,203)	2,857	1,654	-
Nashville Career Advancement Center Welfare to Work	17.253	01-09-037-028-98-85	10/1/02 - 9/30/03	171,861	(24,818)	52,632	27,814	-
Nashville Career Advancement Center Youth@Work	17.259	(1) 01-09-037-209-98-00	10/1/03-9/30/04	1,051,639	(107,107)	500,567	450,412	(56,952)
TOTAL EXPENDITURE OF FEDERAL AWARDS					(390,871)	1,638,374	1,413,395	(165,892)
Metro Government of Nashville and Davidson County	Local	L-908	7/1/03 - 6/30/04	420,000	-	402,045	420,000	(17,955)
	Interdepartmental	Z-04016568-01		174,881	-	150,819	172,721	(21,902)
		TN 370B204006			-	38,686	41,243	(2,557)
Tennessee Department of Corrections	State	GR-04-16070-00	11/1/03 - 6/30/04	139,000	-	120,087	134,166	(14,079)
Tennessee Department of Corrections	State	GR-03-15166-00	7/1/02 - 6/30/03	139,000	(25,306)	25,306	-	-
TOTAL EXPENDITURE OF OTHER AWARDS					(25,306)	736,943	768,130	(56,493)
TOTAL EXPENDITURES OF FEDERAL AND OTHER AWARDS					\$ (416,177)	\$ 2,375,317	\$ 2,181,525	\$ (222,385)

\* Not specified  
(1) Denotes a major Program

**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 COMPLIANCE  
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
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, 2004, and have issued our report thereon dated August 27, 2004. 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.

Compliance

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 grants, 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 that are required to be reported under *Government Auditing Standards*.

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 assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a 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 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to the management of the YWCA in a separate letter dated August 27, 2004.

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

Kristen C. O'Leary

Nashville, Tennessee  
August 27, 2004



REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS  
ON COMPLIANCE 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 its major federal program for the year ended June 30, 2004. The YWCA's major federal program is 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 its major federal program 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 its major federal program for the year ended June 30, 2004.

### 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 YWCA's internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relative low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants 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 and others within the YWCA, the Comptroller of the Treasury, State of Tennessee, and federal awarding agencies, and is not intended to be and should not be used by anyone other than these specified parties.

K2B CPAs PLLC

Nashville, Tennessee  
August 27, 2004

NASHVILLE YOUNG WOMEN'S CHRISTIAN ASSOCIATION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2004

Section I - Summary of Auditors' Results

**Financial Statements**

Type of auditors' report issued:

Unqualified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted?

☐ Yes ☒ No

**Federal Awards**

Internal control over major programs:

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

Identification of major programs:

<i>CFDA Number(s)</i>	<i>Name of Federal Program or Cluster</i>
17.259	WIA Youth Activities

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

\$300,000

Auditee qualified as low-risk auditee?

☒ Yes ☐ No



NASHVILLE YOUNG WOMEN'S CHRISTIAN ASSOCIATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2004

**Section II - Financial Statement Findings**

**PRIOR YEAR REPORTABLE CONDITIONS**

None were reported in prior year.

**CURRENT YEAR REPORTABLE CONDITIONS**

None.

NASHVILLE YOUNG WOMEN'S CHRISTIAN ASSOCIATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2004

**Section III - Federal Award Findings and Questioned Costs**

None