

**YWCA NASHVILLE AND MIDDLE TENNESSEE
(FORMERLY NASHVILLE YOUNG WOMEN'S
CHRISTIAN ASSOCIATION)**

FINANCIAL STATEMENTS

June 30, 2016 and 2015

**YWCA NASHVILLE AND MIDDLE TENNESSEE
(FORMERLY NASHVILLE YOUNG WOMEN'S CHRISTIAN ASSOCIATION)**

TABLE OF CONTENTS

	<u>Page</u>
Roster of Board of Directors and Executive Staff.....	1 – 2
Independent Auditor's Report.....	3 – 4
Financial Statements:	
Statements of Financial Position.....	5
Statements of Activities	6
Statements of Functional Expenses.....	7 – 8
Statements of Cash Flows	9
Notes to Financial Statements	10 – 23
Additional Information:	
Schedule of Expenditures of Federal and State Awards	24 – 25
Independent Auditor's Report on Internal Control Over Financial Reporting and On Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	26 – 27
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	28 – 30
Schedule of Findings and Questioned Costs.....	31
Summary Schedule of Prior Audit Findings	32

**YWCA NASHVILLE AND MIDDLE TENNESSEE
(FORMERLY NASHVILLE YOUNG WOMEN'S CHRISTIAN ASSOCIATION)
ROSTER OF BOARD OF DIRECTORS AND
EXECUTIVE STAFF
As of June 30, 2016**

Board of Directors

Beth Chase	Board Chair
Janet Miller	Board Chair - Elect
Sarah Moore	Treasurer
Kasar Abdulla	Board Member
Karl Dean	Board Member
Beth DeBauche	Board Member
Cindy Dempsey	Board Member
April Eaton	Board Member
Ana L. Escobar	Board Member
Sarah Ann Ezzell	Board Member
Rashad Fakhruddin	Board Member
Chris Ferrell	Board Member
Beth Fortune	Board Member
Glenn Funk	Board Member
Gerry Gorman	Board Member
Yolanda Harris-Jackson	Board Member
Joey Hatch	Board Member
Sean Henry	Board Member
Rick Holton	Board Member
Daniel Horwitz	Board Member
Andrea Hyde	Board Member
Mary Jones	Board Member
Susan Short Jones	Board Member
Stacey Garrett Koju	Board Member
David Levy	Board Member
Wanda Lyle	Board Member
Peter Macdonald	Board Member
Tony Majors	Board Member
Gail B. Martin	Board Member
Rita P. Mitchell	Board Member
Anne Morgan	Board Member
Tom Negri	Board Member
Hannah Paramore Breen	Board Member
Mary Winn Pilkington	Board Member
Ann Pruitt	Board Member
Gini Pupo-Walker	Board Member
Sharon Roberson	Board Member
Frances Roy	Board Member
Sunny Spyridon	Board Member
DarKenya Waller	Board Member
Beverly Watts	Board Member
Jeffrey Webster	Board Member
Amanda Weeks-Geveden	Board Member
Evette White	Board Member
Christie Wilson	Board Member

**YWCA NASHVILLE AND MIDDLE TENNESSEE
(FORMERLY NASHVILLE YOUNG WOMEN'S CHRISTIAN ASSOCIATION)
ROSTER OF BOARD OF DIRECTORS AND
EXECUTIVE STAFF (Continued)
As of June 30, 2016**

Executive Staff

Patricia Shea
Orin Crouch
Maria Wolfe
LaRhonda Magras
Tracy DeTomasi
Kandace Groher
Ryan Fleischman

Chief Executive Officer
Chief Financial Officer
VP of Development & Marketing
VP of Community Programs
VP of Domestic Violence Services
VP of Human Resources
VP of Grants Program Evaluation



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
YWCA Nashville and Middle Tennessee
(formerly Nashville Young Women's Christian Association)
Nashville, Tennessee

Report on the Financial Statements

We have audited the accompanying financial statements of YWCA Nashville and Middle Tennessee (formerly Nashville Young Women's Christian Association) (a nonprofit organization), which comprise the statements of financial position as of June 30, 2016 and 2015, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the 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 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 Nashville and Middle Tennessee (formerly Nashville Young Women's Christian Association) as of June 30, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal and state awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 3, 2016, on our consideration of YWCA Nashville and Middle Tennessee's (formerly Nashville Young Women's Christian Association) 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering YWCA Nashville and Middle Tennessee's (formerly Nashville Young Women's Christian Association) internal control over financial reporting and compliance.

Frasier, Du & Hart, PLLC

Nashville, Tennessee
November 3, 2016

YWCA NASHVILLE AND MIDDLE TENNESSEE
(FORMERLY NASHVILLE YOUNG WOMEN'S CHRISTIAN ASSOCIATION)
STATEMENTS OF FINANCIAL POSITION
June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
ASSETS		
Cash and cash equivalents	\$ 264,326	\$ 526,726
Pledges and other receivables, net	45,233	99,328
Grants receivable	172,285	110,380
Prepaid expenses and other assets	19,925	27,109
Beneficial interest in charitable remainder trust, net	18,097	23,227
Investments	4,516,869	4,625,543
Land, buildings and equipment, net	<u>4,391,035</u>	<u>4,609,771</u>
Total assets	<u>\$ 9,427,770</u>	<u>\$ 10,022,084</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	\$ 25,878	\$ 30,647
Accrued expenses and withheld taxes	97,810	191,476
Deferred revenues	80,000	72,330
Capital advance	<u>205,178</u>	<u>256,472</u>
Total liabilities	<u>408,866</u>	<u>550,925</u>
Net assets:		
Unrestricted:		
Undesignated	1,997,925	2,169,352
Designated for land, buildings and equipment	<u>4,391,035</u>	<u>4,609,771</u>
Total unrestricted	6,388,960	6,779,123
Temporarily restricted	855,305	917,397
Permanently restricted	<u>1,774,639</u>	<u>1,774,639</u>
Total net assets	<u>9,018,904</u>	<u>9,471,159</u>
Total liabilities and net assets	<u>\$ 9,427,770</u>	<u>\$ 10,022,084</u>

See accompanying notes to the financial statements.

**YWCA NASHVILLE AND MIDDLE TENNESSEE
(FORMERLY NASHVILLE YOUNG WOMEN'S CHRISTIAN ASSOCIATION)
STATEMENTS OF ACTIVITIES**

For the Years Ended June 30, 2016 and 2015

	2016			2015				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues and support:								
Contributions (in-kind of \$228,338 and \$226,556, respectively)	\$ 2,721,623	\$ 59,155	\$ -	\$ 2,780,778	\$ 2,309,042	\$ 68,375	\$ -	\$ 2,377,417
United Way contributions	198,842	-	-	198,842	198,842	-	-	198,842
Grants from federal, state and local agencies	1,320,583	-	-	1,320,583	1,537,403	-	-	1,537,403
Program service fees	28,120	-	-	28,120	21,334	-	-	21,334
Other income	275,212	-	-	275,212	179,307	-	-	179,307
Investment income, net	(55,245)	(53,422)	-	(108,667)	45,450	25,392	-	70,842
Net assets released from restrictions	67,825	(67,825)	-	-	56,113	(56,113)	-	-
Total revenues and support	4,556,960	(62,092)	-	4,494,868	4,347,491	37,654	-	4,385,145
Program services:								
Educational/family literacy services	451,459	-	-	451,459	558,392	-	-	558,392
Youth services	242,957	-	-	242,957	239,066	-	-	239,066
Domestic violence Prevention	2,033,306	-	-	2,033,306	2,041,781	-	-	2,041,781
	166,966	-	-	166,966	-	-	-	-
Total program services	2,894,688	-	-	2,894,688	2,839,239	-	-	2,839,239
Supporting services:								
Administrative	994,057	-	-	994,057	1,025,959	-	-	1,025,959
Development	1,058,378	-	-	1,058,378	924,280	-	-	924,280
Total supporting services	2,052,435	-	-	2,052,435	1,950,239	-	-	1,950,239
Total expenses	4,947,123	-	-	4,947,123	4,789,478	-	-	4,789,478
Change in net assets	(390,163)	(62,092)	-	(452,255)	(441,987)	37,654	-	(404,333)
Net assets - beginning of year	6,779,123	917,397	1,774,639	9,471,159	7,221,110	879,743	1,774,639	9,875,492
Net assets - end of year	\$ 6,388,960	\$ 855,305	\$ 1,774,639	\$ 9,018,904	\$ 6,779,123	\$ 917,397	\$ 1,774,639	\$ 9,471,159

See accompanying notes to the financial statements.

**YWCA NASHVILLE AND MIDDLE TENNESSEE
(FORMERLY NASHVILLE YOUNG WOMEN'S CHRISTIAN ASSOCIATION)
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2016**

	Program Services					Supporting Services		
	Educational/ Family Literacy Services	Youth Services	Domestic Violence	Prevention	Total	Administrative	Development	Total
Salaries	\$ 285,066	\$ 141,921	\$ 996,459	\$ 76,358	\$ 1,499,804	\$ 707,670	\$ 367,137	\$ 1,074,807
Employee benefits and taxes	48,381	29,957	215,983	12,753	307,074	99,675	70,586	170,261
Total salaries and related expenses	333,447	171,878	1,212,442	89,111	1,806,878	807,345	437,723	1,245,068
Professional fees and contracted services (in-kind of \$199,352)	22,384	17,832	177,778	55,000	272,994	52,007	241,975	293,982
Occupancy	30,719	6,342	171,778	2,125	210,964	22,290	34,034	56,324
Conferences, conventions and meetings (in-kind of \$28,986)	1,333	1,244	3,696	119	6,392	10,574	219,817	230,391
Specific assistance - other	1,300	682	159,824	-	161,806	-	-	-
Supplies	7,627	3,816	80,345	5,410	97,198	9,820	9,663	19,483
Miscellaneous	9,076	10,708	31,790	2,109	53,683	25,937	35,926	61,863
Travel	5,067	8,022	26,792	3,628	43,509	4,107	3,241	7,348
Telephone and postage	4,346	2,813	16,780	951	24,890	8,421	10,695	19,116
Insurance - general	3,862	2,107	17,204	702	23,875	5,969	5,266	11,235
Printing	2,686	988	2,573	1,725	7,972	818	16,761	17,579
Rental and maintenance of equipment	2,074	1,504	9,637	1,079	14,294	4,210	4,326	8,536
Bad debt expense	-	-	-	-	-	-	1,400	1,400
Total expenses before depreciation	423,921	227,936	1,910,639	161,959	2,724,455	951,498	1,020,827	1,972,325
Depreciation	27,538	15,021	122,667	5,007	170,233	42,559	37,551	80,110
Total expenses	\$ 451,459	\$ 242,957	\$ 2,033,306	\$ 166,966	\$ 2,894,688	\$ 994,057	\$ 1,058,378	\$ 2,052,435
								\$ 4,947,123

See accompanying notes to the financial statements.

**YWCA NASHVILLE AND MIDDLE TENNESSEE
(FORMERLY NASHVILLE YOUNG WOMEN'S CHRISTIAN ASSOCIATION)
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2015**

	Program Services				Supporting Services			
	Educational/ Family Literacy Services	Youth Services	Domestic Violence	Total	Administrative	Development	Total	Total Expenses
Salaries	\$ 315,616	\$ 139,446	\$ 878,353	\$ 1,333,415	\$ 700,732	\$ 305,475	\$ 1,006,207	\$ 2,339,622
Employee benefits and taxes	60,357	23,818	176,160	260,335	111,693	48,652	160,345	420,680
Total salaries and related expenses	375,973	163,264	1,054,513	1,593,750	812,425	354,127	1,166,552	2,760,302
Professional fees and contracted services (in-kind of \$142,929)	30,001	23,226	247,994	301,221	47,994	193,696	241,690	542,911
Occupancy	67,730	8,753	170,702	247,185	39,555	16,335	55,890	303,075
Specific assistance - other	1,767	1,009	261,746	264,522	1,000	-	1,000	265,522
Conferences, conventions and meetings (in-kind of \$81,157)	988	973	6,990	8,951	16,278	220,029	236,307	245,258
Miscellaneous	11,226	8,757	35,371	55,354	25,649	29,029	54,678	110,032
Supplies	18,178	6,466	67,418	92,062	9,253	5,510	14,763	106,825
Travel	5,013	6,250	24,262	35,525	7,869	4,468	12,337	47,862
Telephone and postage	5,978	2,505	15,945	24,428	9,578	12,126	21,704	46,132
Insurance - general	5,178	2,198	21,237	28,613	6,228	4,030	10,258	38,871
Bad debt expense	-	-	-	-	152	34,937	35,089	35,089
Printing (in-kind of \$2,470)	2,452	383	8,980	11,815	1,073	21,319	22,392	34,207
Rental and maintenance of equipment	2,728	1,443	10,551	14,722	9,984	2,728	12,712	27,434
Total expenses before depreciation	527,212	225,227	1,925,709	2,678,148	987,038	898,334	1,885,372	4,563,520
Depreciation	31,180	13,839	116,072	161,091	38,921	25,946	64,867	225,958
Total expenses	\$ 558,392	\$ 239,066	\$ 2,041,781	\$ 2,839,239	\$ 1,025,959	\$ 924,280	\$ 1,950,239	\$ 4,789,478

See accompanying notes to the financial statements.

**YWCA NASHVILLE AND MIDDLE TENNESSEE
(FORMERLY NASHVILLE YOUNG WOMEN'S CHRISTIAN ASSOCIATION)
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities:		
Change in net assets	\$ (452,255)	\$ (404,333)
Adjustments to reconcile change in net assets to cash used in operating activities:		
Depreciation	250,343	225,958
Amortization of capital advance	(51,294)	-
Realized and unrealized loss on investments	274,897	164,856
(Increase) decrease in:		
Pledges and other receivables	54,095	(25,607)
Grants receivable	(61,905)	(42,361)
Prepaid expenses and other assets	7,184	(25,914)
Beneficial interest in charitable remainder trust	5,130	3,723
Increase (decrease) in:		
Accounts payable	(4,769)	361
Accrued expenses and withheld taxes	(93,666)	(6,248)
Deferred revenues	7,670	(34,170)
Net cash used in operating activities	<u>(64,570)</u>	<u>(143,735)</u>
Cash flows from investing activities:		
Proceeds from sale and maturation of investments	38,520	191,345
Purchase of investments	(204,743)	(275,582)
Purchase of land, buildings and equipment	(31,607)	(371,695)
Net cash used in investing activities	<u>(197,830)</u>	<u>(455,932)</u>
Cash flows from financing activities:		
Proceeds from capital advance	-	256,472
Borrowings on line of credit	500,000	50,000
Payments on line of credit	(500,000)	(50,000)
Net cash provided by financing activities	<u>-</u>	<u>256,472</u>
Decrease in cash and cash equivalents	(262,400)	(343,195)
Cash and cash equivalents - beginning of year	526,726	869,921
Cash and cash equivalents - end of year	<u>\$ 264,326</u>	<u>\$ 526,726</u>
Supplemental disclosure of cash flow information:		
Interest paid	<u>\$ -</u>	<u>\$ 69</u>

See accompanying notes to the financial statements.

**YWCA NASHVILLE AND MIDDLE TENNESSEE
(FORMERLY NASHVILLE YOUNG WOMEN'S CHRISTIAN ASSOCIATION)
NOTES TO FINANCIAL STATEMENTS
June 30, 2016 and 2015**

NOTE 1 – GENERAL

YWCA Nashville and Middle Tennessee (formerly 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 regional organization based on expenses and other factors. The assessment amount was \$25,443 in 2016 and \$21,600 in 2015, and is included in professional fees and contracted services.

The Board of Directors voted to change the name of the Organization from Nashville Young Women's Christian Association to YWCA Nashville and Middle Tennessee during fiscal year 2016.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements present the financial position and changes in net assets of the YWCA on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Resources are classified as unrestricted, temporarily restricted and permanently restricted based on the existence or absence of donor-imposed restrictions as follows:

Unrestricted net assets are free of donor-imposed restrictions. All revenues, gains and losses that are not temporarily or permanently restricted by donors are included in this classification. All expenditures are reported in the unrestricted class of net assets since the use of restricted contributions in accordance with the donors' stipulations results in the release of the restriction.

Temporarily restricted net assets are limited as to use by donor-imposed restrictions that expire with the passage of time or that can be satisfied by use for the specific purpose.

Permanently restricted net assets are amounts required by donors to be held in perpetuity, including gifts requiring that the principal be invested and the income or specific portions thereof be used for certain restricted or unrestricted purposes.

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

**YWCA NASHVILLE AND MIDDLE TENNESSEE
(FORMERLY NASHVILLE YOUNG WOMEN'S CHRISTIAN ASSOCIATION)
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2016 and 2015**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions and Support (Continued)

restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted and reported in the statements 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 clothing donations for the YWCA's resale boutique and memorabilia donated for fundraisers are recorded at the realized sales amount in other income in the period of sale.

Contributed services are reported as contribution revenue and as assets or expense when services would otherwise need to be purchased by the YWCA, require specialized skills and are provided by persons with those skills. Such contributions are reported at estimated fair value.

Cash Equivalents

Cash equivalents include demand deposits with banks 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 that are expected to be collected within one year are recorded as contributions receivable at their net realizable value. The YWCA uses the allowance method to determine uncollectible contributions receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

Grants receivable are collectible from local, state, and federal government grantors and generally represent reimbursements for grant specific expenses.

**YWCA NASHVILLE AND MIDDLE TENNESSEE
(FORMERLY NASHVILLE YOUNG WOMEN'S CHRISTIAN ASSOCIATION)
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2016 and 2015**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 (or upon the noncharitable beneficiary's death). 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 to the noncharitable beneficiary.

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.

Land, Buildings and Equipment

Land, buildings and equipment are stated at cost. Equipment purchases less than \$5,000 are generally expensed. 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 automobiles.

Deferred Revenues

Deferred revenues consist of sponsorships received prior to year-end for special events to be held in the following fiscal year.

Investments and Fair Value Measurements

Investments in money market accounts, certificates of deposit, mutual funds and equity securities with readily determinable fair values and all investments in debt securities are reported at fair value, with unrealized gains and losses recognized currently in the statements of activities.

The YWCA has an established process for determining fair value. Fair value is based upon quoted market prices, where available. If listed prices or quotes are not available, fair value is based upon internally developed models or processes that use primarily market-based or independently-sourced market data and third party information. Valuation adjustments may be made to ensure that financial

YWCA NASHVILLE AND MIDDLE TENNESSEE
(FORMERLY NASHVILLE YOUNG WOMEN'S CHRISTIAN ASSOCIATION)
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2016 and 2015

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments and Fair Value Measurements (Continued)

instruments are recorded at fair value. Furthermore, while the 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 estimate of fair value at the reporting date. Generally accepted accounting principles have a three-level valuation hierarchy for fair value measurements. A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

The three levels are explained as follows:

Level 1 – inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 – inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset and liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3 – inputs to the valuation methodology are unobservable and significant to the fair value measurement.

An asset's 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 should maximize the use of observable inputs and minimize the use of unobservable inputs.

A description of the valuation methodologies used for instruments measured at fair value as well as the general classification of such instruments pursuant to the valuation hierarchy, is set forth below. In general, fair value is based on quoted market prices, where available. If such quoted market prices are not available, fair value is based on internally developed models that primarily use, as inputs, observable market-based parameters. Valuation adjustments may be made to ensure that financial instruments are recorded at fair value. These adjustments may include amounts to reflect counterparty credit quality and valuation adjustments are applied consistently over time. The YWCA's valuation methodologies may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. While management believes the valuation methodologies 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 estimate of fair value at the reporting date.

**YWCA NASHVILLE AND MIDDLE TENNESSEE
(FORMERLY NASHVILLE YOUNG WOMEN'S CHRISTIAN ASSOCIATION)
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2016 and 2015**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments and Fair Value Measurements (Continued)

Furthermore, the reported fair value amounts have not been comprehensively revalued since the presentation dates and, therefore, estimates of fair value after the balance sheet date may differ significantly from the amounts presented herein.

Fair values for investments in money market accounts and mutual funds are valued at the net asset value of shares held by the YWCA at year end. Fair values for investments in exchange-traded funds are valued at the closing price reported on the active market on which the securities are traded. Fair values for investments in certificates of deposit and corporate bonds are based primarily on other observable values, such as interest rates and yield curves.

The measurement of the YWCA's beneficial interest in charitable remainder trust was determined at the date of gift and is adjusted annually for the change in present value of the estimated future cash flows. The valuation is based on the term of the trust or actuarial life expectancy of the life income recipient using the discount rate in existence at the time of notification by the trustee of the YWCA's interest.

No changes in the valuation methodologies have been made since the prior year.

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:

Program Services:

Educational/Family Literacy Services – The YWCA offers GED/HiSET Preparation Services at four Davidson County locations to help adults and children improve their literacy skills. The Family Literacy Center offers four components of a comprehensive literacy program: 1) Adult Education, 2) Children's Education, 3) Parent Time and 4) Parent and Child Time (PACT). Free classes are offered to adults to earn their high school equivalency diploma, and obtain the knowledge and skills necessary for employment and self-sufficiency. Free classes for Children's Education, Parent Time, and PACT are offered to promote the growth and development of pre-k children (ages 3-5). The YWCA also offers Dress for

**YWCA NASHVILLE AND MIDDLE TENNESSEE
(FORMERLY NASHVILLE YOUNG WOMEN'S CHRISTIAN ASSOCIATION)
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2016 and 2015**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Allocation of Expenses (Continued)

Success Nashville which transitions women to self-sufficiency by providing professional attire, a network of support, and career development tools to help them thrive in work, home and community.

Youth Services – This program uses a research-based curriculum that develops 5th and 6th grade girls' leadership skills, knowledge about safety issues, and abilities to resist stereotypes. The YWCA partners with the Girls, Inc. Agency for the program, "Girls, Inc.," at the YWCA.

Domestic Violence – The YWCA Weaver 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. The YWCA has helped thousands of individuals 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 via outreach programs.

Prevention – This program is to engage men to reduce violence against women and girls by identifying, recruiting, educating, and equipping coaches and athletes to serve as advocates for violence prevention and cultural change, providing positive role models for young men and boys in the greater Nashville area. It will provide hands-on tools to help men and boys change the mentalities, language, and behaviors thereby transforming the culture that perpetuates the violence.

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, public relations, and fundraising. Expense associated with the YWCA's 2616 retail store are also included in development. Other activities include the cost of solicitations as well as the creation and distribution of fundraising materials.

**YWCA NASHVILLE AND MIDDLE TENNESSEE
(FORMERLY NASHVILLE YOUNG WOMEN'S CHRISTIAN ASSOCIATION)
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2016 and 2015**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

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

The YWCA follows guidance for the financial statement recognition measurement and disclosure of uncertain tax positions. Income tax positions must meet a more-likely-than-not recognition threshold to be recognized.

As of June 30, 2016 and 2015, the YWCA did not have any accrued interest or penalties related to income tax liabilities, and no interest or penalties have been charged to operations for the years then ended.

The YWCA files U.S. Federal Form 990 for organizations exempt from income tax. Tax returns are subject to audit by the U.S. Internal Revenue Service for three years following the date of filing. Tax returns for years prior to fiscal year ended June 30, 2013 are closed.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications

Certain reclassifications have been made to the 2015 financial statements in order to conform to the 2016 presentation.

Subsequent Events

The YWCA has evaluated events and transactions that occurred between June 30, 2016 and November 3, 2016, the date the financial statements were available to be issued, for possible recognition or disclosure in the financial statements. Management is not aware of any significant events that occurred subsequent to the statement of financial position date but prior to the filing of this report that would have a material impact on the financial statements.

YWCA NASHVILLE AND MIDDLE TENNESSEE
(FORMERLY NASHVILLE YOUNG WOMEN'S CHRISTIAN ASSOCIATION)
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2016 and 2015

NOTE 3 – CONCENTRATION OF CREDIT RISK

The YWCA maintains cash balances at financial institutions whose accounts are insured by the Federal Deposit Insurance Company up to statutory limits. Management believes the YWCA is not exposed to any significant credit risk on its cash balances. Uninsured balances at June 30, 2016 and 2015 totaled \$0 and \$179,273, respectively.

NOTE 4 – INVESTMENTS AND FAIR VALUE MEASUREMENTS

The following table sets forth the YWCA's major categories of assets and liabilities measured at fair value on a recurring basis, by level within the fair value hierarchy, as of June 30:

<u>2016</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments:				
Money market accounts	\$ 25,228	\$ -	\$ -	\$ 25,228
Exchange-traded funds	403,285	-	-	403,285
Mutual Funds:				
Fixed income funds	1,998,956	-	-	1,998,956
Large cap	765,321	-	-	765,321
World stock	222,482	-	-	222,482
Foreign large growth	186,112	-	-	186,112
Diversified emerging markets	165,906	-	-	165,906
Foreign large blend	188,920	-	-	188,920
Small cap	160,602	-	-	160,602
Small growth	132,446	-	-	132,446
Foreign small/mid growth	130,732	-	-	130,732
Moderate allocation	<u>136,879</u>	<u>-</u>	<u>-</u>	<u>136,879</u>
Total investments	4,516,869	-	-	4,516,869
Beneficial interest in charitable remainder trust	<u>-</u>	<u>-</u>	<u>18,097</u>	<u>18,097</u>
	<u>\$ 4,516,869</u>	<u>\$ -</u>	<u>\$ 18,097</u>	<u>\$ 4,534,966</u>
<u>2015</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments:				
Money market accounts	\$ 20,617	\$ -	\$ -	\$ 20,617
Exchange-traded funds	504,273	-	-	504,273
Mutual Funds:				
Fixed income funds	1,923,547	-	-	1,923,547

YWCA NASHVILLE AND MIDDLE TENNESSEE
(FORMERLY NASHVILLE YOUNG WOMEN'S CHRISTIAN ASSOCIATION)
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2016 and 2015

NOTE 4 – INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)

<u>2015</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Large cap	812,303	-	-	812,303
World stock	215,004	-	-	215,004
Foreign large growth	199,300	-	-	199,300
Diversified emerging markets	185,945	-	-	185,945
Foreign large blend	184,681	-	-	184,681
Small blend	154,093	-	-	154,093
Small growth	145,872	-	-	145,872
Foreign small/mid growth	145,168	-	-	145,168
Moderate allocation	<u>134,740</u>	<u>-</u>	<u>-</u>	<u>134,740</u>
Total investments	4,625,543	-	-	4,625,543
Beneficial interest in charitable remainder trust	<u>-</u>	<u>-</u>	<u>23,227</u>	<u>23,227</u>
	<u>\$ 4,625,543</u>	<u>\$ -</u>	<u>\$ 23,227</u>	<u>\$ 4,648,770</u>

A summary of the changes in assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) follows:

Beneficial interest in charitable remainder trust

Balance, July 1, 2015	\$ 23,227
Change in fair value of beneficial interest	<u>(5,130)</u>
Balance, June 30, 2016	<u>\$ 18,097</u>

Investment income was as follows for the years ended June 30:

	<u>2016</u>	<u>2015</u>
Interest and dividend income	\$ 166,230	\$ 235,698
Realized and unrealized losses on investments	<u>(274,897)</u>	<u>(164,856)</u>
Total investment income (loss)	<u>\$ (108,667)</u>	<u>\$ 70,842</u>

Investment expenses of \$22,435 and \$23,248 were included in interest and dividend income for the years ended June 30, 2016 and 2015, respectively.

YWCA NASHVILLE AND MIDDLE TENNESSEE
(FORMERLY NASHVILLE YOUNG WOMEN'S CHRISTIAN ASSOCIATION)
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2016 and 2015

NOTE 5 – LAND, BUILDINGS AND EQUIPMENT

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

	<u>2016</u>	<u>2015</u>
Land	\$ 405,763	\$ 405,763
Buildings and improvements	7,033,365	7,009,368
Office equipment	619,322	611,712
Automobile	<u>54,865</u>	<u>54,865</u>
	8,113,315	8,081,708
Less: accumulated depreciation	<u>(3,722,280)</u>	<u>(3,471,937)</u>
	<u>\$ 4,391,035</u>	<u>\$ 4,609,771</u>

NOTE 6 – PLEDGES AND OTHER RECEIVABLES

Pledges and other receivables consist of the following as of June 30:

	<u>2016</u>	<u>2015</u>
Due within one year	\$ 63,558	\$ 117,653
Less: allowance for doubtful accounts	<u>(18,325)</u>	<u>(18,325)</u>
Total pledges and other receivables	<u>\$ 45,233</u>	<u>\$ 99,328</u>

NOTE 7 – LINE OF CREDIT

The YWCA has a \$500,000 revolving line of credit agreement with a bank, with interest on outstanding borrowings charged at a fluctuating rate equal to LIBOR plus 2%, not to be less than 3.5%. The line of credit is secured by an investment account of the YWCA. There was no balance on the line of credit at June 30, 2016 and 2015. The revolving line of credit agreement expires March 15, 2017.

NOTE 8 – CAPITAL ADVANCE

During fiscal year 2015, the YWCA received a capital advance from the Metropolitan Development and Housing Agency ("MDHA") in order to fund capital improvements to the Weaver Domestic Violence Center in the amount of \$256,472. The YWCA is not required to make repayments of this capital advance so long as the property remains a domestic violence shelter for five years. The capital advance bears no interest and is forgiven pro rata over the five year period. However, failure

YWCA NASHVILLE AND MIDDLE TENNESSEE
(FORMERLY NASHVILLE YOUNG WOMEN'S CHRISTIAN ASSOCIATION)
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2016 and 2015

NOTE 8 – CAPITAL ADVANCE (Continued)

of the YWCA to keep the facility available for domestic violence victims would result in MDHA's billing the YWCA for the capital advance balance outstanding. The YWCA recognized one fifth of the capital advance totaling \$51,294 in the statement of activities for the year ended June 30, 2016.

NOTE 9 – TEMPORARILY RESTRICTED NET ASSETS

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

	<u>2016</u>	<u>2015</u>
Beneficial interest in charitable remainder trust	\$ 18,097	\$ 23,227
Scholarships	122,872	128,623
Pledges receivable	59,155	68,375
Net gains on permanently restricted endowment since inception	<u>655,181</u>	<u>697,172</u>
Total temporarily restricted net assets	<u>\$ 855,305</u>	<u>\$ 917,397</u>

NOTE 10 – ENDOWMENT FUNDS

Financial accounting standards provide guidance on the net asset classification of donor-restricted endowment funds for a nonprofit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 ("UPMIFA"). Net assets associated with endowment funds are required to be classified and reported based on the existence or absence of donor-imposed restrictions.

The YWCA's endowment consists of donor-restricted funds established for a variety of purposes. The endowment represents perpetual funds in which the annual income is to be used for the appropriate purpose as specified by the donor. All endowment funds are considered permanent or perpetual in nature.

Interpretation of applicable law – In applying the provisions of the applicable law, the board of directors has determined that the YWCA is required to account for the fair value of donor-restricted endowment fund gifts as of the gift date, absent explicit donor stipulations to the contrary. As a result of this interpretation, the YWCA classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment and (b) the original value of subsequent gifts to the permanent endowment. Any remaining accumulated 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.

**YWCA NASHVILLE AND MIDDLE TENNESSEE
(FORMERLY NASHVILLE YOUNG WOMEN'S CHRISTIAN ASSOCIATION)
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2016 and 2015**

NOTE 10 – ENDOWMENT FUNDS (Continued)

The YWCA's endowment funds are governed by donor agreements which adhere to the spending policies described below. In the absence of such donor restrictions, the YWCA would follow UPMIFA and the State of Tennessee's State Uniform Prudent Management of Institutional Funds Act (SUPMIFA). In accordance with UPMIFA, the YWCA considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purpose of the YWCA and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of the investments
- The investment policies of the YWCA

Spending policy – The YWCA has a policy that allows for distribution up to 5% of the endowment fund, except as otherwise stipulated by donors, to fund annual operating needs. There were no distributions from the endowment for the years ended June 30, 2016 and 2015.

Investment return objective, risk parameters and strategies – The YWCA has adopted investment and spending policies, approved by the board of directors, to establish asset allocation targets, investment objectives and guidelines and the degree of investment risk the board of directors deems acceptable. The goal of the endowment is to exist in perpetuity, and therefore, provide for funding in perpetuity. To attain this goal, the overriding objective of the endowment is to maintain purchasing power and, net of spending, to grow the aggregate portfolio value at the rate of inflation or greater over the endowment's investment horizon. Specific performance standards have been formulated for the endowment. Underlying these standards is the belief that the management of the endowment should be directed toward achieving the following investment objective.

- The endowment taken as a whole should achieve a minimum three- to five-year return (income, realized capital gains and losses and unrealized capital gains and losses) equal to or higher than the three- to five-year average of the three-month Treasury bill rate plus 3%.

Asset allocations are targeted at 30% - 70% equities, 20% - 70% fixed income, 0% - 25% alternative investments, and estimated one month of operating expenses in cash and cash equivalents. Investment allocations are spread between cash and cash equivalents, certificates of deposit, corporate bonds, preferred stock, common stock, and mutual funds.

**YWCA NASHVILLE AND MIDDLE TENNESSEE
(FORMERLY NASHVILLE YOUNG WOMEN'S CHRISTIAN ASSOCIATION)
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2016 and 2015**

NOTE 10 – ENDOWMENT FUNDS (Continued)

A schedule of endowment net asset composition by type of fund as of June 30 follows:

		2016			
		<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds		<u>\$ -</u>	<u>\$ 655,181</u>	<u>\$ 1,774,639</u>	<u>\$ 2,429,820</u>

		2015			
		<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds		<u>\$ -</u>	<u>\$ 697,172</u>	<u>\$ 1,774,639</u>	<u>\$ 2,471,811</u>

A schedule of changes in endowment net asset follows for the years ended June 30:

2016				
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, July 1, 2015	\$ -	\$ 697,172	\$ 1,774,639	\$ 2,471,811
Dividends and interest	-	63,266	-	63,266
Realized and unrealized loss, net	-	(105,257)	-	(105,257)
Endowment net assets, June 30, 2016	<u>\$ -</u>	<u>\$ 655,181</u>	<u>\$ 1,774,639</u>	<u>\$ 2,429,820</u>
2015				
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, July 1, 2014	\$ -	\$ 671,548	\$ 1,774,639	\$ 2,446,187
Dividends and interest	-	85,335	-	85,335
Realized and unrealized loss, net	-	(59,711)	-	(59,711)
Endowment net assets, June 30, 2015	<u>\$ -</u>	<u>\$ 697,172</u>	<u>\$ 1,774,639</u>	<u>\$ 2,471,811</u>

YWCA NASHVILLE AND MIDDLE TENNESSEE
(FORMERLY NASHVILLE YOUNG WOMEN'S CHRISTIAN ASSOCIATION)
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2016 and 2015

NOTE 11 – OPERATING LEASES

YWCA has an operating lease agreement for retail space. The lease requires a base rent and common area charge each month for five years, ending on January 31, 2019. YWCA also leases storage and office equipment with varying lease terms, none of which exceed five years. Future minimum lease payments under these leases are as follows for the years ending June 30:

2017	\$ 62,272
2018	47,882
2019	29,190
2020	1,188
2021	594
Thereafter	<u>-</u>
	<u>\$ 141,126</u>

Rent expense totaled \$70,307 and \$59,090 for the years ended June 30, 2016 and 2015, respectively.

NOTE 12 – 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 does not administer the Fund. Payments are made by the YWCA to the Fund on behalf of eligible employees based on the employee's compensation.

Pension expense recognized by the YWCA was approximately \$46,000 and \$28,000 for the years ended June 30, 2016 and 2015, respectively.

NOTE 13 – 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

**YWCA NASHVILLE AND MIDDLE TENNESSEE
(FORMERLY NASHVILLE YOUNG WOMEN'S CHRISTIAN ASSOCIATION)
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2016**

Federal Grantor/Pass-Through Grantor	Program Name	CFDA Number	Contract Number	Expenditures
FEDERAL AWARDS				
U.S. Dept. of Housing and Urban Development	Housing Assistance for Homeless Women	14.235	TN0212L4J041401	\$ 11,812
U.S. Dept. of Housing and Urban Development	Housing Assistance for Homeless Women	14.235	TN0114L4J041406	142,229
Total for CFDA No. 14.235				<u>154,041</u>
U.S. Dept. of Housing and Urban Development Passed Through:				
Nashville Metropolitan Development and Housing Agency	Summer Youth Program	14.218	N/A	16,288
Nashville Metropolitan Development and Housing Agency	Community Development Block Grant	14.218	N/A	256,472
Total for CFDA No. 14.218				<u>272,760</u>
Nashville Metropolitan Development and Housing Agency	Emergency Shelter Grant Program	14.231	N/A	43,077
Total U.S. Dept. of Housing and Urban Development				<u>469,878</u>
U.S. Dept. of Justice	Transitional Housing Assistance for Victims of Domestic Violence, Dating Violence, Stalking, or Sexual Assault	16.736	2012-WH-AX-0079	5,213
U.S. Dept. of Justice	Transitional Housing Assistance for Victims of Domestic Violence, Dating Violence, Stalking, or Sexual Assault	16.736	2015-WH-AX-0021	52,144
Total for CFDA No. 16.736				<u>57,357</u>
U.S. Dept. of Justice	Consolidated and Technical Assistance Grant Program to Address Children and Youth Experiencing Domestic and Sexual Violence and Engage Men and Boys as Allies	16.888*	2013-CY-AX-K001	370,513
U.S. Dept. of Justice Passed Through:				
TN Dept. of Finance and Administration, Office of Criminal Justice Programs	Crime Victim Assistance	16.575		288,802
Total U.S. Dept. of Justice				<u>716,672</u>
U.S. Dept. of Health and Human Services Passed Through:				
TN Dept. of Human Services	Child and Adult Nutrition Programs	10.558		62,019
Total U.S. Dept. of Health and Human Services				<u>62,019</u>
Total Federal Awards				<u>\$ 1,248,569</u>

**YWCA NASHVILLE AND MIDDLE TENNESSEE
(FORMERLY NASHVILLE YOUNG WOMEN'S CHRISTIAN ASSOCIATION)
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (Continued)
For the Year Ended June 30, 2016**

Federal Grantor/Pass-Through Grantor	Program Name	CFDA		
		Number	Contract Number	Expenditures
STATE AWARDS				
Metro Government of Nashville & Davidson County		N/A	L-3616	300,000
Nashville Afterschool Zone Alliance		N/A		28,485
Total State Awards				328,485
Total Federal and State Awards				\$ 1,577,054

* Denotes a major program.

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

NOTE 1 - BASIS OF PRESENTATION

This schedule of expenditures of federal and state awards (the "Schedule") includes the federal and state grant activity of YWCA Nashville and Middle Tennessee for the year ended June 30, 2016. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of Renewal House, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-122, Cost Principles for Non-Profit Organizations, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

YWCA Nashville and Middle Tennessee expended indirect costs using a multiple allocation base method and did not elect to use the 10% de minimis cost rate allowed under the Uniform Guidance.



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors of
YWCA Nashville and Middle Tennessee
(formerly Nashville Young Women's Christian Association)
Nashville, Tennessee

We have audited, 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, the financial statements of YWCA Nashville and Middle Tennessee (formerly Nashville Young Women's Christian Association) (a nonprofit organization), which comprise the statement of financial position as of June 30, 2016, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and issued our report thereon dated November 3, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the YWCA Nashville and Middle Tennessee's (formerly Nashville Young Women's Christian Association) internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of YWCA Nashville and Middle Tennessee's (formerly Nashville Young Women's Christian Association) internal control. Accordingly, we do not express an opinion on the effectiveness of the YWCA Nashville and Middle Tennessee's (formerly Nashville Young Women's Christian Association) internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material

weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether YWCA Nashville and Middle Tennessee's (formerly Nashville Young Women's Christian Association) 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



FRASIER, DEAN & HOWARD, PLLC

Nashville, Tennessee

November 3, 2016



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE
UNIFORM GUIDANCE**

To the Board of Directors of
YWCA Nashville and Middle Tennessee
(formerly Nashville Young Women's Christian Association)
Nashville, Tennessee

Report on Compliance for Each Major Federal Program

We have audited the YWCA Nashville and Middle Tennessee's (formerly Nashville Young Women's Association) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of YWCA Nashville and Middle Tennessee's (formerly Nashville Young Women's Christian Association) major federal programs for the year ended June 30, 2016. YWCA Nashville and Middle Tennessee's (formerly Nashville Young Women's Christian Association) major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of YWCA Nashville and Middle Tennessee's (formerly Nashville Young Women's Christian Association) major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test

basis, evidence about YWCA Nashville and Middle Tennessee's (formerly Nashville Young Women's Christian Association) compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of YWCA Nashville and Middle Tennessee's (formerly Nashville Young Women's Christian Association) compliance.

Opinion on Each Major Federal Program

In our opinion, YWCA Nashville and Middle Tennessee (formerly Nashville Young Women's Christian Association) complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

Report on Internal Control Over Compliance

Management of YWCA Nashville and Middle Tennessee (formerly Nashville Young Women's Christian Association) is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered YWCA Nashville and Middle Tennessee's (formerly Nashville Young Women's Christian Association) internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of YWCA Nashville and Middle Tennessee's (formerly Nashville Young Women's Christian Association) internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any

deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Fraser, Dean & Howard, PLLC

FRASIER, DEAN & HOWARD, PLLC

Nashville, Tennessee

November 3, 2016

**YWCA NASHVILLE AND MIDDLE TENNESSEE
(FORMERLY NASHVILLE YOUNG WOMEN'S CHRISTIAN ASSOCIATION)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2016**

SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unmodified opinion on whether the financial statements of YWCA were prepared in accordance with GAAP.
2. No significant deficiencies relating to the audit of the financial statements are reported in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of YWCA, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies in internal control over major federal award programs were disclosed in the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance required by the Uniform Guidance.
5. The auditor's report on compliance for the major federal award programs for YWCA expresses an unmodified opinion on all major federal programs.
6. There were no audit findings that are required to be reported in accordance with 2 CFR Section 200.516(a).
7. The programs tested as major programs include:

CFDA Number

Name of Federal Program or Cluster

16.888

Consolidated and Technical Assistance Grant
Program to Address Children and Youth
Experiencing Domestic and Sexual Violence
and Engage Men and Boys as Allies

8. The threshold for distinguishing Types A and B programs was \$750,000.
9. YWCA was determined to be a low-risk auditee.

**YWCA NASHVILLE AND MIDDLE TENNESSEE
(FORMERLY NASHVILLE YOUNG WOMEN'S CHRISTIAN ASSOCIATION)
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended June 30, 2016**

NONE