

YWCA Nashville & Middle Tennessee

Financial Statements
For the Years Ended June 30, 2023 and 2022

YWCA Nashville & Middle Tennessee
Financial Statements
For the Years Ended June 30, 2023 and 2022

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YWCA Nashville & Middle Tennessee
Roster of Board of Directors and Executive Staff
As of June 30, 2023

Board of Directors

<u>Name</u>	<u>Position</u>
Cynthia Whitfield-Story	Board Chair
Sallie Bailey	Board Chair - Elect
Sharon K. Roberson	President and Chief Executive Officer
Jen Berres	Board Member
Caroline Bradshaw	Board Member
Louise Brock	Board Member
Rusty Burdge	Board Member
Ruth Cate	Board Member
James Crumlin	Board Member
Kendra Deas	Board Member
Cindy Dempsey	Board Member
Sarah Ann Ezzell	Board Member
Lisa Ferrelli	Board Member
Irwin Fisher	Board Member
Charles K. Grant	Board Member
Joey Hatch	Board Member
Aileen Herndon	Board Member
Latrishia Jemison	Board Member
Beverly Keel	Board Member
Michelle Kennedy	Board Member
Candice Lee	Board Member
Carla Lovell	Board Member
Rick Martin	Board Member
Marcia Masulla	Board Member
Eleanor McDonald	Board Member
Valerie Smith Molette	Board Member
Marlene Moses	Board Member
Berthena Nabaa-McKinney	Board Member
Phylanice Nashe	Board Member
Jayne Parmakian	Board Member
Tracey H. Pearson	Board Member
Roberta Pettis	Board Member
Gleason Rogers	Board Member
Abby Rubenfeld	Board Member
D. Billye Sanders	Board Member
Dr. Jay Sheats	Board Member
Tracey Silverman	Board Member
Cameron Simmons	Board Member
Amber Sims	Board Member
Kristy Sinkfield	Board Member

YWCA Nashville & Middle Tennessee
Roster of Board of Directors and Executive Staff
As of June 30, 2023

Board of Directors

<u>Name</u>	<u>Position</u>
Amy F. Smartt	Board Member
Javier Solano	Board Member
Amanda Weeks-Geveden	Board Member
Kate Wood	Board Member
Alecia Wynn	Board Member
Vicki Yates	Board Member
Sarah Zimmer	Board Member

Executive Staff

<u>Name</u>	<u>Position</u>
Sharon Roberson	President and Chief Executive Officer
Kate Davis	Chief of Staff
Orin Crouch	Chief Operating Officer
Jennifer Zehnder	Chief Development Officer
Ryan Fleischman	Chief Strategy and Compliance Officer
Sheila Holman	Vice President of Human Resources
Latrina Adams	Chief Financial Officer
Michelle Mowery Johnson	Sr Director of Communications & Advocacy
Daffany Baker	VP, Domestic Violence Services



Independent Auditor's Report

Board of Directors
YWCA Nashville & Middle Tennessee

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of YWCA Nashville & Middle Tennessee (a nonprofit organization) (the YWCA), which comprise the statement of financial position as of June 30, 2023, the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of YWCA as of June 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the YWCA and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other Matter

The financial statements of the YWCA, as of and for the year ended June 30, 2022, were audited by other auditors, whose report, dated February 21, 2023, expressed an unmodified opinion on those statements.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the YWCA's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts, and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 YWCA's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the YWCA's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of expenditures of federal awards, as required by Title 2 US *Code of Federal Regulations* 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 GAAS. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the roster of officials but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2023, on our consideration of the YWCA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the YWCA's 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 the YWCA's internal control over financial reporting and compliance.

Blankenship CPA Group, PLLC

Blankenship CPA Group, PLLC
Mt. Juliet, Tennessee
December 19, 2023

YWCA Nashville & Middle Tennessee

Statements of Financial Position

June 30, 2023 and 2022

	2023	2022
Assets		
Cash and cash equivalents	\$ 2,161,224	\$ 1,820,053
Pledges and other receivables, net	13,227	20,229
Grants receivable	281,602	202,159
Prepaid expenses and other assets	169	13,071
Investments	5,531,148	5,156,621
Cash restricted for long-term assets	2,686,930	-
Operating lease right-of-use assets	152,080	-
Land, buildings, and equipment, net	<u>3,660,143</u>	<u>3,746,474</u>
Total assets	\$ 14,486,523	\$ 10,958,607
Liabilities and Net Assets		
Accounts payable	\$ 71,088	\$ 52,605
Accrued expenses	299,561	201,267
Deferred revenues	127,500	72,500
Refundable advance	1,000,000	-
Operating lease liabilities	<u>152,030</u>	<u>-</u>
Total liabilities	1,650,179	326,372
Net assets		
Without donor restrictions	6,894,392	7,537,132
With donor restrictions	<u>5,941,952</u>	<u>3,095,103</u>
Total net assets	<u>12,836,344</u>	<u>10,632,235</u>
Total liabilities and net assets	\$ 14,486,523	\$ 10,958,607

YWCA Nashville & Middle Tennessee

Statement of Activities For the Year Ended June 30, 2023

	Without donor restrictions	With donor restrictions	Total
Revenues and Support			
Contributions of financial and other assets			
General contributions	\$ 2,432,803	\$ 2,920,785	\$ 5,353,588
United Way contributions	201,750	-	201,750
Grants from federal, state, and local agencies	1,815,440	-	1,815,440
Contributions of nonfinancial assets	17,279	-	17,279
Program service fees	10,000	-	10,000
Employee retention credit	575,164	-	575,164
Other income	180,188	-	180,188
Investment income, net	286,036	188,489	474,525
Net assets released from restrictions	<u>262,425</u>	<u>(262,425)</u>	<u>-</u>
Total revenues and support	5,781,085	2,846,849	8,627,934
Expenses			
Program services			
Family Learning Center/Dress for Success	505,422	-	505,422
Girls Inc.	418,219	-	418,219
Domestic Violence Services	2,513,159	-	2,513,159
AMEND Together	<u>308,616</u>	<u>-</u>	<u>308,616</u>
Total program services	3,745,416	-	3,745,416
Supporting services			
Administrative	1,410,245	-	1,410,245
Development	1,236,279	-	1,236,279
National program fee	<u>31,885</u>	<u>-</u>	<u>31,885</u>
Total supporting services	<u>2,678,409</u>	<u>-</u>	<u>2,678,409</u>
Total expenses	6,423,825	-	6,423,825
Change in net assets	(642,740)	2,846,849	2,204,109
Net assets, beginning of year	<u>7,537,132</u>	<u>3,095,103</u>	<u>10,632,235</u>
Net assets, end of year	\$ 6,894,392	\$ 5,941,952	\$ 12,836,344

YWCA Nashville & Middle Tennessee

Statement of Activities For the Year Ended June 30, 2022

	Without donor restrictions	With donor restrictions	Total
Revenues and Support			
Contributions of financial and other assets			
General contributions	\$ 1,950,513	\$ 136,803	\$ 2,087,316
United Way contributions	201,750	-	201,750
Grants from federal, state, and local agencies	1,937,694	-	1,937,694
Contributions of nonfinancial assets	80,161	-	80,161
Program service fees	17,000	-	17,000
Other income	1,468,851	-	1,468,851
Investment loss, net	(555,513)	(330,405)	(885,918)
Net assets released from restrictions	<u>410,852</u>	<u>(410,852)</u>	<u>-</u>
Total revenues and support	5,511,308	(604,454)	4,906,854
Expenses			
Program services			
Family Learning Center/Dress for Success	444,722	-	444,722
Girls Inc.	375,838	-	375,838
Domestic Violence Services	2,167,278	-	2,167,278
AMEND Together	<u>370,060</u>	<u>-</u>	<u>370,060</u>
Total program services	3,357,898	-	3,357,898
Supporting services			
Administrative	1,161,726	-	1,161,726
Development	1,027,961	-	1,027,961
National program fee	<u>36,229</u>	<u>-</u>	<u>36,229</u>
Total supporting services	<u>2,225,916</u>	<u>-</u>	<u>2,225,916</u>
Total expenses	5,583,814	-	5,583,814
Change in net assets	(72,506)	(604,454)	(676,960)
Net assets, beginning of year	<u>7,609,638</u>	<u>3,699,557</u>	<u>11,309,195</u>
Net assets, end of year	\$ 7,537,132	\$ 3,095,103	\$ 10,632,235

YWCA Nashville & Middle Tennessee
Statement of Functional Expenses
For the Year Ended June 30, 2023

	Program Services					Support Services				
	Family Learning Center/Dress for Success	Girls Inc.	Domestic Violence Services	AMEND Together	Total program services	Administrative	Development	National program fee	Total supporting services	Total
Salaries and related expenses										
Salaries	\$ 352,518	\$ 257,085	\$ 1,437,440	\$ 161,004	\$ 2,208,047	\$ 1,052,319	\$ 578,412	\$ -	\$ 1,630,731	\$ 3,838,778
Employee benefits and taxes	65,195	44,298	245,013	30,210	384,716	178,359	92,571	-	270,930	655,646
Total salaries and related expenses	417,713	301,383	1,678,467	195,200	2,592,763	1,230,678	670,983	-	1,901,661	4,494,424
Professional fees and contracted services (in-kind of \$17,279)	12,215	15,573	125,204	51,544	204,536	41,093	203,454	-	244,547	449,083
Occupancy	14,546	7,786	288,067	9,522	319,921	30,871	14,613	-	45,484	365,405
Supplies	3,949	18,628	83,976	6,997	113,550	10,039	30,055	-	40,094	153,644
Miscellaneous	6,321	9,452	31,820	12,933	60,526	15,682	232,388	-	248,070	308,596
Specific assistance, other	3,214	30,151	74,750	-	108,115	-	-	-	-	108,115
Telephone and postage	4,410	1,953	24,301	2,431	33,095	7,545	7,205	-	14,750	47,845
Conference, conventions, and meetings	1,749	580	5,888	666	8,883	2,435	3,368	-	5,803	14,686
Insurance, general	7,186	4,598	33,737	5,412	50,933	10,417	8,618	-	19,035	69,968
National program fee	-	-	-	-	-	-	-	31,885	31,885	31,885
Bad debt expense	-	-	-	-	-	-	19,501	-	19,501	19,501
Rental and maintenance of equipment	1,572	1,011	11,011	1,175	14,769	2,331	1,888	-	4,219	18,988
Printing	50	-	4,278	966	5,294	561	14,511	-	15,072	20,366
Travel	2,041	9,528	7,262	4,607	23,438	24	688	-	712	24,150
Depreciation	30,456	17,576	144,398	17,163	209,593	58,569	29,007	-	87,576	297,169
Total expenses	\$ 505,422	\$ 418,219	\$ 2,513,159	\$ 308,616	\$ 3,745,416	\$ 1,410,245	\$ 1,236,279	\$ 31,885	\$ 2,678,409	\$ 6,423,825

YWCA Nashville & Middle Tennessee
Statement of Functional Expenses
For the Year Ended June 30, 2022

	Program Services					Support Services				
	Family Learning Center/Dress for Success	Girls Inc.	Domestic Violence Services	AMEND Together	Total program services	Administrative	Development	National program fee	Total supporting services	Total
Salaries and related expenses										
Salaries	\$ 300,216	\$ 226,564	\$ 1,151,063	\$ 230,442	\$ 1,908,285	\$ 855,334	\$ 447,106	\$ -	\$ 1,302,440	\$ 3,210,725
Employee benefits and taxes	54,978	45,066	197,749	44,296	342,089	134,722	72,000	-	206,722	548,811
Total salaries and related expenses	355,194	271,630	1,348,812	274,738	2,250,374	990,056	519,106	-	1,509,162	3,759,536
Professional fees and contracted services (in-kind of \$80,161)	7,952	13,260	121,547	32,919	175,678	38,515	207,477	-	245,992	421,670
Occupancy	14,205	6,646	270,407	11,357	302,615	28,485	13,503	-	41,988	344,603
Supplies	2,002	16,633	72,573	3,775	94,983	3,267	11,969	-	15,236	110,219
Miscellaneous	13,745	8,234	37,486	10,335	69,800	30,376	200,869	-	231,245	301,045
Specific assistance, other	152	27,478	73,262	3,356	104,248	-	-	-	-	104,248
Telephone and postage	4,315	2,364	22,693	3,174	32,546	5,260	6,444	-	11,704	44,250
Conference, conventions, and meetings	2,727	167	6,978	742	10,614	4,100	3,804	-	7,904	18,518
Insurance, general	5,715	3,340	27,621	5,723	42,399	8,101	6,785	-	14,886	57,285
National program fee	-	-	-	-	-	-	-	36,229	36,229	36,229
Bad debt expense	-	-	-	-	-	-	6,380	-	6,380	6,380
Rental and maintenance of equipment	1,901	1,883	16,149	2,341	22,274	4,734	3,046	-	7,780	30,054
Printing	369	65	5,152	41	5,627	601	14,402	-	15,003	20,630
Travel	1,925	3,848	3,019	1,863	10,655	2,971	504	-	3,475	14,130
Depreciation	34,520	20,290	161,579	19,696	236,085	45,260	33,672	-	78,932	315,017
Total expenses	\$ 444,722	\$ 375,838	\$ 2,167,278	\$ 370,060	\$ 3,357,898	\$ 1,161,726	\$ 1,027,961	\$ 36,229	\$ 2,225,916	\$ 5,583,814

YWCA Nashville & Middle Tennessee
Statements of Cash Flows
For the Years Ended June 30, 2023 and 2022

	2023	2022
Cash and cash equivalents, beginning of year	\$ 1,820,053	\$ 1,155,682
Cash flows from operating activities		
Change in net assets	2,204,109	(676,960)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	297,169	315,017
Unrealized (gain) loss on investments	(169,646)	1,137,496
Noncash lease expense	(50)	-
Contributed stock	(9,985)	-
Contributions restricted for capital campaign	(2,775,000)	-
Change in:		
Pledges and other receivables	7,002	6,162
Grants receivable	(79,443)	293,280
Prepaid expenses and other assets	12,902	(13,071)
Accounts payable	5,783	(49,228)
Accrued expenses	98,294	10,036
Refundable advance	1,000,000	-
Deferred revenues	55,000	16,250
Net cash provided (used) by operating activities	646,135	1,038,982
Cash flows from investing activities		
Proceeds from sale and maturation of investments	736,078	31,764
Purchase of investments	(930,974)	(283,342)
Purchase of land, buildings, and equipment	(198,138)	(123,033)
Net cash provided (used) by investing activities	(393,034)	(374,611)
Cash flows from financing activities		
Collections of contributions restricted for capital campaign and related capital assets	2,775,000	-
Net change in cash and cash equivalents	3,028,101	664,371
Cash and cash equivalents, end of year	\$ 4,848,154	\$ 1,820,053
Supplemental disclosures of cash flow information		
Cash paid for amounts included in measurement of lease liabilities:		
Operating cash outflows, payments on operating leases	\$ 40,351	\$ -
Construction in progress acquired with accounts payable:	\$ 12,700	\$ -
Reconciliation to statements of financial position		
Cash	\$ 2,161,224	\$ 1,820,053
Cash restricted for capital campaign	2,686,930	-
	\$ 4,848,154	\$ 1,820,053

YWCA Nashville & Middle Tennessee
Notes to Financial Statements
For the Years Ended June 30, 2023 and 2022

Note 1. General

YWCA Nashville & Middle Tennessee (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 YWCA USA and pays an annual assessment to the regional organization based on expenses and other factors. The assessment amount was \$31,885 and \$36,229 in 2023 and 2022, respectively.

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 (US GAAP).

Net assets of the YWCA and changes therein are classified and reported as follows:

Net assets without donor restrictions – All revenues, gains, and losses that are not restricted by donors are included in this classification. All expenditures are reported in the net assets without donor restrictions class since the use of restricted contributions in accordance with the donors' stipulations results in the release of the restriction. Net assets without donor restrictions may be designated for specific purposes by action of the Board of Directors.

Net assets with donor restrictions – Net assets subject to stipulations imposed by donors are included in this classification. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the YWCA or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Net assets with donor restrictions represent amounts available for specified projects.

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the 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.

Revenues and Support

Contributions are recognized as revenues in the period unconditionally pledged. The YWCA reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions 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 support without donor restrictions. Donor pledges which are expected to be collected over a period greater than one year are discounted at current interest rates, if material.

YWCA Nashville & Middle Tennessee
Notes to Financial Statements
For the Years Ended June 30, 2023 and 2022

Note 2. Summary of Significant Accounting Policies

Revenues and Support

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.

Contributions of Nonfinancial Assets

Noncash gifts, consisting principally of memorabilia donated for fundraisers, are recorded at the realized sales amount in other income in the period of sale.

Contributed services are reported as contributions of nonfinancial assets 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 at date of receipt.

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.

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 15 to 40 years for buildings and improvements and 3 to 7 years for equipment and automobiles.

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.

YWCA Nashville & Middle Tennessee
Notes to Financial Statements
For the Years Ended June 30, 2023 and 2022

Note 2. Summary of Significant Accounting Policies

Investments and Fair Value Measurements

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 financial 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. US GAAP has 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 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 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.

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.

YWCA Nashville & Middle Tennessee
Notes to Financial Statements
For the Years Ended June 30, 2023 and 2022

Note 2. Summary of Significant Accounting Policies

Leases (New Accounting Standard Adopted in 2023)

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Codification (ASC) Topic 842, *Leases*, to increase transparency and comparability among organizations related to their leasing arrangements. The update requires lessees to recognize most leases on their statements of financial position as a right-of-use (ROU) asset representing the right to use an underlying asset and a lease liability representing the obligation to make lease payments over the lease term, measured on a discounted basis. Topic 842 also requires additional disclosure of key quantitative and qualitative information for leasing arrangements. Similar to the previous lease guidance, the update retains a distinction between finance leases (similar to capital leases in Topic 840, *Leases*) and operating leases, with classification affecting the pattern of expense recognition in the statements of activities.

The YWCA adopted Topic 842 on July 1, 2022, using the optional transition method to the modified retrospective approach, which eliminates the requirement to restate the prior-period financial statements. Under this transition provision, the YWCA has applied Topic 842 to reporting periods beginning on July 1, 2022, while prior periods continue to be reported and disclosed in accordance with the YWCA's historical accounting treatment under ASC Topic 840, *Leases*.

The YWCA elected the "package of practical expedients" under the transition guidance within Topic 842, in which the YWCA does not reassess (1) the historical lease classification, (2) whether any existing contracts at transition are or contain leases, or (3) the initial direct costs for any existing leases. The YWCA has not elected to adopt the "hindsight" practical expedient, and therefore will measure the ROU asset and lease liability using the remaining portion of the lease term upon adoption of ASC 842 on July 1, 2022.

The YWCA determines if an arrangement is or contains a lease at inception, which is the date on which the terms of the contract are agreed to, and the agreement creates enforceable rights and obligations. A contract is or contains a lease when (i) explicitly or implicitly identified assets have been deployed in the contract and (ii) the YWCA obtains substantially all of the economic benefits from the use of that underlying asset and directs how and for what purpose the asset is used during the term of the contract. The YWCA also considers whether its service arrangements include the right to control the use of an asset.

The YWCA made an accounting policy election available under Topic 842 not to recognize ROU assets and lease liabilities for leases with a term of 12 months or less. For all other leases, ROU assets and lease liabilities are measured based on the present value of future lease payments over the lease term at the commencement date of the lease (or July 1, 2022, for existing leases upon the adoption of Topic 842). The ROU assets also include any initial direct costs incurred and lease payments made at or before the commencement date and are reduced by any lease incentives. To determine the present value of lease payments, the YWCA made an accounting policy election available to non-public companies to utilize a risk-free borrowing rate, which is aligned with the lease term at the lease commencement date (or remaining term for leases existing upon the adoption of Topic 842).

YWCA Nashville & Middle Tennessee
Notes to Financial Statements
For the Years Ended June 30, 2023 and 2022

Note 2. Summary of Significant Accounting Policies

Leases (New Accounting Standard Adopted in 2023)

Future lease payments may include fixed rent escalation clauses or payments that depend on an index (such as the consumer price index), which is initially measured using the index or rate at lease commencement. Subsequent changes of an index and other periodic market-rate adjustments to base rent are recorded in variable lease expense in the period incurred. Residual value guarantees or payments for terminating the lease are included in the lease payments only when it is probable they will be incurred. The YWCA has not elected to adopt the accounting policy to account for lease and non-lease components in its contracts as a single lease component for its real estate and equipment asset classes. The non-lease components typically represent additional services transferred to the Organization, such as common area maintenance for real estate, which are variable in nature and recorded in variable lease expense in the period incurred.

The YWCA has made an accounting policy election to use the risk-free rate as the discount rate if the rate implicit in the lease is not readily determinable. The risk-free rate is the rate of a zero coupon US Treasury instrument for the same period as the time of the lease term.

Adoption of Topic 842 resulted in the recording of additional ROU assets and lease liabilities related to the YWCA's operating leases of \$192,381 at July 1, 2022. The adoption of the new lease standard did not result in a cumulative-effect adjustment to the opening balance of net assets.

Deferred Revenues

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

Functional Allocation of Expenses

The costs of providing program services and supporting services have been summarized on a functional basis in the statements of activities and statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited based upon estimates by management. While most costs have been directly assigned to a functional category, certain personnel costs have been allocated to program and management and general based on time and effort estimates made by management.

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

Program Services

Family Learning Center/Dress for Success – Learning offers four components of a comprehensive literacy program: 1) Adult Education; 2) Children's Education; 3) Parent Time; and 4) Parent and Child Together 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 children (ages 3 through 5). Dress for Success 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. A suite of services supports every phase of their professional lives, so that clients find and keep their jobs, build thriving careers, and prosper in the mainstream workplace.

YWCA Nashville & Middle Tennessee
Notes to Financial Statements
For the Years Ended June 30, 2023 and 2022

Note 2. Summary of Significant Accounting Policies

Functional Allocation of Expenses

Girls Inc. – 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. Girls Inc. inspires all girls to be strong, smart, and bold through life-changing programs and experiences that help girls navigate gender, economic, and social barriers. Research-based curricula, delivered by trained, mentoring professionals in a positive all-girl environment, equip girls to achieve academically; lead healthy and physically active lives; manage money; navigate media messages; and discover an interest in science, technology, engineering, and math.

Domestic Violence Services – Fulfilling its mission of empowering women, YWCA has been Nashville’s primary provider of domestic violence services for over 40 years. YWCA Domestic Violence Services offer more than temporary safety – they help break the cycle of violence by offering a continuum of services, including: a 24-hour crisis and information hotline, a 65-bed emergency shelter for women and their children fleeing domestic violence, a 25-unit transitional housing program, community support groups, as well as community outreach and education.

AMEND Together – AMEND together is a primary prevention initiative dedicated to ending violence against women and girls by engaging men and boys to be a part of the solution. AMEND Together seeks to challenge the culture that supports violence, cultivate healthy masculinity, and change the future for women and girls.

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. Other activities include the cost of solicitations as well as the creation and distribution of fundraising materials.

Income Taxes

The YWCA is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and is not a private foundation. Therefore, no provision for income taxes has been made in the accompanying financial statements.

The YWCA follows FASB ASC guidance that clarifies the accounting for uncertainty in income taxes recognized in an entity’s financial statements. This guidance prescribes a minimum probability threshold that a tax position must meet before a financial statement benefit is recognized. The minimum threshold is defined as a tax position that is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than 50% likely of being realized upon ultimate settlement. The YWCA has no tax penalties or interest reported in the accompanying financial statements.

YWCA Nashville & Middle Tennessee
Notes to Financial Statements
For the Years Ended June 30, 2023 and 2022

Note 2. Summary of Significant Accounting Policies

Reclassifications

Certain prior period amounts are reclassified to conform to current year presentation.

Note 3. Liquidity and Availability

Financial assets available for general expenditures, that is, without donor restriction or other restrictions limiting their use within one year of the statements of financial position comprise the following at June 30:

	2023	2022
Financial assets		
Cash and cash equivalents	\$ 4,848,154	\$ 1,820,053
Pledges and other receivables, net	13,227	20,229
Grants receivable	281,602	202,159
Investments	<u>5,531,148</u>	<u>5,156,621</u>
Total financial assets at year-end	10,674,431	7,199,062
Less amounts not available to be used within one year		
Purpose restrictions, including earnings on endowment	(1,480,383)	(1,310,064)
Board designated funds functioning as endowment	(2,487,508)	(2,264,286)
Contributions restricted for long-term assets	(2,686,930)	-
Time restrictions	-	(10,400)
Amounts held in perpetuity	<u>(1,774,639)</u>	<u>(1,774,639)</u>
Financial assets available to meet cash needs for general expenditures within one year	\$ 2,244,971	\$ 1,839,673

The YWCA regularly monitors liquidity required to meet its operating needs and other contractual commitments. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the YWCA considers all expenditures related to its ongoing program service activities as well as the conduct of services undertaken to support those activities to be general expenditures.

Note 4. Pledges and Other Receivables

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

	2023	2022
Due within one year	\$ 20,772	\$ 27,775
Less: allowance for doubtful accounts	<u>(7,545)</u>	<u>(7,546)</u>
Total pledges and other receivables, net	\$ 13,227	\$ 20,229

YWCA Nashville & Middle Tennessee
Notes to Financial Statements
For the Years Ended June 30, 2023 and 2022

Note 5. Investments and Fair Value Measurements

The following tables set 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, 2023:

	Level 1	Level 2	Level 3	Total
Investments				
Savings deposits	\$ 902,672	\$ -	\$ -	\$ 902,672
Exchange-traded funds	944,891	-	-	944,891
Mutual funds				
Fixed income	1,709,784	-	-	1,709,784
Large cap	326,942	-	-	326,942
Foreign large growth	167,163	-	-	167,163
Large blend	343,883	-	-	343,883
Large value	419,226	-	-	419,226
Foreign large blend	193,574	-	-	193,574
Diversified emerging markets	164,106	-	-	164,106
Foreign small/mid growth	172,400	-	-	172,400
Small growth	<u>186,507</u>	<u>-</u>	<u>-</u>	<u>186,507</u>
Total investments	\$ 5,531,148	\$ -	\$ -	\$ 5,531,148

YWCA Nashville & Middle Tennessee
Notes to Financial Statements
For the Years Ended June 30, 2023 and 2022

Note 5. Investments and Fair Value Measurements

The following tables set 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, 2022:

	Level 1	Level 2	Level 3	Total
Investments				
Money market				
accounts	\$ 87,640	\$ -	\$ -	\$ 87,640
Exchange-traded funds	850,958	-	-	850,958
Mutual funds				
Fixed income	1,810,277	-	-	1,810,277
Large cap	270,028	-	-	270,028
Foreign large growth	176,231	-	-	176,231
World stock	229,067	-	-	229,067
Large blend	300,466	-	-	300,466
Large value	413,989	-	-	413,989
Foreign large blend	187,692	-	-	187,692
Diversified emerging markets	148,583	-	-	148,583
Foreign small/mid growth	150,549	-	-	150,549
Preferred stock	155,287	-	-	155,287
Small growth	165,554	-	-	165,554
Small cap	<u>210,300</u>	<u>-</u>	<u>-</u>	<u>210,300</u>
Total investments	\$ 5,156,621	\$ -	\$ -	\$ 5,156,621

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

	2023	2022
Interest and dividend income, net	\$ 210,459	\$ 251,578
Realized and unrealized gain (loss) on investments	<u>264,066</u>	<u>(1,137,496)</u>
Investment income (loss), net	\$ 474,525	\$ (885,918)

Investment expenses of \$24,643 and \$29,993 were included in interest and dividend income for the years ended June 30, 2023 and 2022, respectively.

YWCA Nashville & Middle Tennessee
Notes to Financial Statements
For the Years Ended June 30, 2023 and 2022

Note 6. Land, Buildings, and Equipment

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

	2023	2022
Land	\$ 405,763	\$ 405,763
Buildings and improvements	7,585,138	7,593,163
Furniture and equipment	1,070,621	970,017
Automobiles	83,533	83,533
Construction in Progress	118,261	-
Land, buildings, and equipment	9,263,316	9,052,476
Less: accumulated depreciation	(5,603,173)	(5,306,002)
Land, buildings, and equipment, net	\$ 3,660,143	\$ 3,746,474

Note 7. Refundable Advance

On April 6, 2023, the YWCA entered into a \$2,000,000 grant contract with The Metropolitan Government of Nashville and Davidson County. The grant is to be used for repairs and infrastructure improvements to the Weaver Domestic Violence Shelter. The YWCA received a \$1,000,000 payment on April 14, 2023. No qualifying expenditures have been made for this grant as of June 30, 2023. The YWCA has a \$1,000,000 refundable advance at June 30, 2023.

Note 8. Line of Credit

The YWCA has a \$1,200,000 revolving line of credit agreement with a bank, with interest on outstanding borrowings charged at a fluctuating rate equal to Bloomberg Short-Term Bank Yield Index plus 2%, not to be less than 0%. The line of credit is secured by an investment account of the YWCA. There was no outstanding balance on the line of credit for the year ended June 30, 2022.

On April 7, 2023 the YWCA renewed the \$1,200,000 revolving line of credit. The terms remain the same on the renewal. There was no outstanding balance on the line of credit for the year ended June 30, 2023. The revolving line of credit agreement expires April 8, 2024.

Note 9. Net Assets with Donor Restrictions

Net assets with donor restrictions have been restricted by the donors for the following restrictions as of June 30:

	2023	2022
Endowment funds with perpetual restrictions	\$ 1,774,639	\$ 1,774,639
Scholarships	211,382	174,198
Pledges receivable	-	10,400
Pet Shelter	-	18,170
Capital Campaign	2,686,930	-
Net gains on endowment since inception	1,269,001	1,117,696
	\$ 5,941,952	\$ 3,095,103

YWCA Nashville & Middle Tennessee
Notes to Financial Statements
For the Years Ended June 30, 2023 and 2022

Note 10. Endowment Funds

FASB provides 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 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 net assets with donor restrictions (a) the original value of gifts donated to the endowment and (b) the original value of subsequent gifts to the endowment. Any remaining accumulated portion of the donor-restricted endowment fund that is not classified in net assets with donor restrictions is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the YWCA in a manner consistent with the standard of prudence prescribed by UPMIFA.

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

YWCA Nashville & Middle Tennessee
Notes to Financial Statements
For the Years Ended June 30, 2023 and 2022

Note 10. Endowment Funds

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, 2023 and 2022.

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% to 70% equities, 20% to 70% fixed income, 0% to 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.

A schedule of endowment net asset composition by type of fund as of June 30, 2023 follows:

	Without donor restrictions	With donor restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 3,043,640	\$ 3,043,640
Board designated funds functioning as endowment	<u>2,487,508</u>	<u>-</u>	<u>2,487,508</u>
Endowment net assets, June 30, 2023	\$ 2,487,508	\$ 3,043,640	\$ 5,531,148

A schedule of endowment net asset composition by type of fund as of June 30, 2022 follows:

	Without donor restrictions	With donor restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 2,892,335	\$ 2,892,335
Board designated funds functioning as endowment	<u>2,264,286</u>	<u>-</u>	<u>2,264,286</u>
Endowment net assets, June 30, 2022	\$ 2,264,286	\$ 2,892,335	\$ 5,156,621

YWCA Nashville & Middle Tennessee
Notes to Financial Statements
For the Years Ended June 30, 2023 and 2022

Note 10. Endowment Funds

A schedule of changes in endowment net asset follows for the years ended June 30, 2023:

	Without donor restrictions	With donor restrictions	Total
Endowment net assets, July 1, 2022	\$ 2,264,286	\$ 2,892,335	\$ 5,156,621
Dividends and interest	143,878	66,581	210,459
Realized and unrealized gain, net	179,342	84,724	264,066
Appropriations	<u>(99,998)</u>	<u>-</u>	<u>(99,998)</u>
Endowment net assets, June 30, 2023	\$ 2,487,508	\$ 3,043,640	\$ 5,531,148

A schedule of changes in endowment net asset follows for the years ended June 30, 2022:

	Without donor restrictions	With donor restrictions	Total
Endowment net assets, July 1, 2021	\$ 2,853,947	\$ 3,188,592	\$ 6,042,539
Dividends and interest	167,449	84,129	251,578
Realized and unrealized loss, net	<u>(757,110)</u>	<u>(380,386)</u>	<u>(1,137,496)</u>
Endowment net assets, June 30, 2022	\$ 2,264,286	\$ 2,892,335	\$ 5,156,621

Note 11. Leases

The YWCA leases storage and copiers under operating lease agreements that have initial terms ranging from two to four years.

Operating lease cost is recognized on a straight-line basis over the lease term. The components of lease expense are as follows for the year ended June 30, 2023:

Operating lease cost	\$ 40,301
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Supplemental statement of financial position information related to leases is as follows as of June 30, 2023:

Operating leases	
Operating lease right-of-use assets	152,080
Operating lease liabilities, current portion	61,470
Operating lease liabilities, net of current portion	<u>90,560</u>
Total operating lease liabilities	\$ 152,030

Weighted-average remaining lease term	
Operating leases	3.58 years

Weighted-average discount rate	
Operating leases	4.08%

YWCA Nashville & Middle Tennessee
Notes to Financial Statements
For the Years Ended June 30, 2023 and 2022

Note 11. Leases

Future undiscounted cash flows for the next five years and thereafter, and a reconciliation to the lease liabilities recognized on the statement of financial position are as follows as of June 30:

Years ending June 30,	Operating Leases
2024	\$ 61,470
2025	41,253
2026	41,253
2027	<u>17,188</u>
Total lease payments	161,164
Less imputed interest	<u>(9,134)</u>
Total present value of lease liabilities	\$ 152,030

Note 12. Contributions of Nonfinancial Assets

The YWCA is the recipient of numerous donated goods and services, which play a vital role in the YWCA's operations and in the sustaining of certain programs and activities. The following summarizes contributions of nonfinancial assets for the years ended June 30:

	2023	2022
Gift cards	\$ 2,400	\$ -
Services	-	78,911
Supplies	<u>14,879</u>	<u>1,250</u>
Total revenues	\$ 17,279	\$ 80,161

Note 13. 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 \$107,000 and \$76,000 for the years ended June 30, 2023 and 2022, respectively.

Note 14. Employee Retention Credit

Under the CARES Act, the Organization was eligible for a refundable Employee Retention Credit (ERC) subject to certain criteria. The Organization claimed an ERC of \$575,164 recognized as employee retention credit on the statement of activities for the year ended June 30, 2023.

YWCA Nashville & Middle Tennessee
Notes to Financial Statements
For the Years Ended June 30, 2023 and 2022

Note 15. Cash Restricted for Long-Term Assets

At June 30, 2023, the YWCA had cash on hand of \$2,686,930 that was restricted for long-term assets related to the capital campaign. The amount reflected in the statement of cash flows for the year ended June 30, 2023 of \$2,775,000, reflects cash inflows of contributions from donors for long-term assets as part of the capital campaign for construction of long-term assets.

Note 16. 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 any required reimbursements would not be significant. Accordingly, no provision has been made for any potential reimbursements to the grantors.

Note 17. Concentrations

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, 2023 and 2022 totaled \$4,551,829 and \$1,483,868, respectively.

For the year ended June 30, 2022, a bequest was received from one donor which represented approximately 24% of total revenue received by the YWCA. For the year ended June 30, 2023, capital contributions were received from two donors which represented approximately 33% of total revenue received by the YWCA.

Note 18. Subsequent Events

Management has evaluated subsequent events through December 19, 2023, the date on which the financial statements were available for issuance.

Compliance Section

YWCA Nashville & Middle Tennessee
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

Grantor/pass-through grantor	Program name	Assistance listing number	Contract number	Expenditures
Federal awards				
US Department of Housing and Urban Development Nashville Metropolitan Development and Housing Agency	Emergency Solutions Grant Program	14.231	N/A	\$ 30,000
US Department of Justice	Transitional Housing Assistance for Victims of Domestic Violence, Stalking, or Sexual Assault	16.736	2015-WH-AX-0021	13,160
US Department 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	2019-CY-AX-0012	24,186
US Department 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	5JOVW-22-GG-01085-ENGA	12,833
Total 16.888				<u>37,019</u>
US Department of Justice	Crime Victim Assistance/Discretionary Grants	16.582	2020-V3-GX-0137	114,613
US Department of Justice TN Department of Finance and Administration, Office of Criminal Justice Programs	Crime Victim Assistance	16.575	47729	398,566
US Department of Justice TN Department of Finance and Administration, Office of Criminal Justice Programs	Family Violence Prevention and Services Act	93.671	47699	203,257
US Department of Justice TN Department of Finance and Administration, Office of Criminal Justice Programs	Covid-19 Family Violence Prevention and Services Act	93.671	47694	148,847
Total 93.671				<u>352,104</u>
US Department of Health and Human Services TN Department of Human Services	Temporary Assistance for Needy Families	93.558	76804	377,172
US Department of Health and Human Services TN Department of Human Services	Community Based Two Generation Services	93.588	68173	169,922
US Department of Homeland Security Davidson County, TN	Covid-19 Emergency Food and Shelter National Board Program	97.024	N/A	16,921
Total federal awards				\$ 1,509,477

YWCA Nashville & Middle Tennessee
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of YWCA Nashville & Middle Tennessee (the YWCA) under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 US Code of Federal Regulations 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 the YWCA, it is not intended to, and does not present the financial position, changes in net assets, or cash flows of the YWCA.

Note 2. Summary of Significant Accounting Policies

Basis of Accounting

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.

Indirect Cost Rate

The YWCA 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.

Note 3. Noncash Awards

The YWCA did not receive noncash federal awards during the year.

Note 4. Subrecipients

The YWCA did not have any expenditures to subrecipients during the year.

Note 5. Contingencies

These programs are subject to financial and compliance audits by grantor agencies. The amount, if any, of expenditures that may be disallowed by the grantor agencies cannot be determined at this time, although the YWCA expects such amounts, if any, to be immaterial.



**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***

Board of Directors
YWCA Nashville & Middle Tennessee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of YWCA Nashville & Middle Tennessee (a not-for-profit organization, the YWCA), which comprise the statement of financial position as of June 30, 2023, the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements as listed in the table of contents, and have issued our report thereon dated December 19, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the YWCA's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the YWCA's internal control. Accordingly, we do not express an opinion on the effectiveness of the YWCA's 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the YWCA's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Blankenship CPA Group, PLLC

Blankenship CPA Group, PLLC
Mt. Juliet, Tennessee
December 19, 2023



**Independent Auditor's Report on Compliance for Each Major Federal Program
and on Internal Control Over Compliance Required by the Uniform Guidance**

Board of Directors
YWCA Nashville & Middle Tennessee

Report on Compliance for Each Major Federal Program
Opinion on Each Major Federal Program

We have audited YWCA Nashville & Middle Tennessee's (the YWCA) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the YWCA's major federal programs for the year ended June 30, 2023. The YWCA's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the YWCA 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, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the YWCA and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the YWCA's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the YWCA's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the YWCA's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the YWCA's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the YWCA's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the YWCA's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the YWCA's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Blankenship CPA Group, PLLC

Blankenship CPA Group, PLLC
Mt. Juliet, Tennessee
December 19, 2023

YWCA Nashville & Middle Tennessee
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023

Section I. Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with US GAAP	Unmodified
Internal control over financial reporting	
Material weakness identified?	No
Significant deficiency identified?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major federal programs	
Material weakness identified?	No
Significant deficiency identified?	None reported
Type of auditor's report issued on compliance for major federal programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No
Identification of major federal programs (Assistance Listing and name of federal program or cluster)	
93.671 Family Violence Prevention and Services Act	
Dollar threshold used to distinguish between type A and type B programs	\$750,000
Auditee qualified as low-risk auditee?	Yes

Section II. Financial Statement Findings

There were no findings required to be reported in accordance with *Government Auditing Standards*.

Section III. Federal Award Findings and Questioned Costs

There were no findings or questioned costs required to be reported in accordance with 2 CFR 200.516(a).

YWCA Nashville & Middle Tennessee
Summary Schedule of Prior Year Findings
For the Year Ended June 30, 2023

Section I. **Financial Statement Findings**

There were no prior year findings reported.

Section II. **Federal Award Findings and Questioned Costs**

There were no prior year findings or questioned costs reported.