

YWCA NASHVILLE AND MIDDLE TENNESSEE
FINANCIAL STATEMENTS

As of and for the Years Ended June 30, 2020 and 2019

YWCA NASHVILLE AND MIDDLE TENNESSEE
TABLE OF CONTENTS

ROSTER OF BOARD OF DIRECTORS AND EXECUTIVE STAFF 1

REPORT OF INDEPENDENT AUDITOR 2-3

FINANCIAL STATEMENTS

Statements of Financial Position.....4

Statements of Activities.....5

Statements of Functional Expenses 6-7

Statements of Cash Flows8

Notes to the Financial Statements 9-20

ADDITIONAL INFORMATION

Schedule of Expenditures of Federal Awards.....21

Notes to the Schedule of Expenditures of Federal Awards and State Financial Assistance.....22

Report of Independent Auditor 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* 23-24

Report of Independent Auditor on Compliance for Each Major Program and on
Internal Control over Compliance Required by the Uniform Guidance 25-26

Schedule of Findings and Questioned Costs..... 27-28

YWCA NASHVILLE AND MIDDLE TENNESSEE

ROSTER OF BOARD OF DIRECTORS AND EXECUTIVE STAFF

JUNE 30, 2020

Board of Directors

Rita Mitchell	Board Chair
Amanda Weeks-Geveden	Board Chair - Elect
Lisa Ferrelli	Treasurer
Anne Morgan	Board Secretary
Gail Alexander	Board Member
Caroline Bradshaw	Board Member
Rebekah Carroll	Board Member
Monica Cintado-Scokin	Board Member
Kendra Deas	Board Member
Beth DeBauche	Board Member
Cindy Dempsey	Board Member
Jamie Dunham	Board Member
Katharin Dyer	Board Member
Rashad Fakhruddin	Board Member
Wanda Lyle	Board Member
David Fischette	Board Member
Beth Fortune	Board Member
Glenn Funk	Board Member
Charles K. Grant	Board Member
Janie Greenwood Harris	Board Member
Sean Henry	Board Member
Kate Herman Wood	Board Member
Rick Holton	Board Member
Rita Johnson-Mills	Board Member
Candice Lee	Board Member
Carla Lovell	Board Member
Jamie K. McPherson	Board Member
Osei Mevs	Board Member
Tracey Pearson	Board Member
Lisa Quigley	Board Member
Abby Rubenfeld	Board Member
Tara Scarlett	Board Member
Amber Sims	Board Member
Javier Solano	Board Member
Sunny Spyridon	Board Member
DarKenya Waller	Board Member
Jeffrey Webster	Board Member
Evette White	Board Member
Cynthia Whitfield-Story	Board Member
Mrs. Rusty Powell	Board Member

Executive Staff

Sharon Roberson	President and Chief Executive Officer
Orin Crouch	Chief Operating Officer
Shan Foster	VP of External Affairs & AMEND Together
Beth Boord	Chief Development Officer
Ryan Fleischman	SVP of Grants & Strategic Initiatives
Jessica Guzman	Deputy Administrator
Sheila Holman	Senior Director of Human Resources
Latrina Adams	VP, Controller
Echell Eady	VP, Workforce Development
Michelle Mowery Johnson	Senior Director of Communications
Kristi Steel	VP, Domestic Violence Services

Report of Independent Auditor

To the Board of Directors
YWCA Nashville and Middle Tennessee
Nashville, Tennessee

Report on the Financial Statements

We have audited the accompanying financial statements of YWCA Nashville and Middle Tennessee (a nonprofit organization) (the “YWCA”), which comprise the statements of financial position as of June 30, 2020 and 2019, 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 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 audits 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 as of June 30, 2020 and 2019, 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.

Emphasis of Matter

As discussed in Note 16, towards the end of December 2019, an outbreak of a novel strain of coronavirus (COVID-19) emerged globally. There have been various mandates and/or requests from federal, state, and local authorities resulting in closures of non-essential businesses, which could negatively impact the YWCA's operations. Although it is not possible to reasonably estimate the length or severity of this outbreak and hence its financial impact, any significant reduction of revenues and support could negatively impact the YWCA's operations for an indeterminable time period. Our opinion is not modified with respect to this matter.

Other Matters

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *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 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.

The Roster of Board of Directors and Executive Staff on page 1, which is the responsibility of management, is of a nonaccounting nature and has not been subjected to the audit procedures applied in the audit of the financial statements. Accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 28, 2021 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 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.

Cheryl Bekant LLP

Nashville, Tennessee
January 28, 2021

YWCA NASHVILLE AND MIDDLE TENNESSEE
STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2020 AND 2019

	2020	2019
ASSETS		
Cash and cash equivalents	\$ 264,427	\$ 1,398
Pledges and other receivables, net	1,963	21,044
Grants receivable	33,569	92,590
Prepaid expenses and other assets	445	1,409
Investments	4,964,510	6,000,525
Land, buildings, and equipment, net	4,019,522	4,277,938
Total Assets	\$ 9,284,436	\$ 10,394,904
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	\$ 61,870	\$ 93,446
Accrued expenses and withheld taxes	144,889	108,171
Note payable, line of credit	347,713	69,931
Deferred grant revenue	686,200	-
Deferred revenues	25,000	41,500
Capital advance	-	51,294
Total Liabilities	1,265,672	364,342
Net Assets:		
Without Donor Restrictions:		
Undesignated	945,565	2,612,717
Designated for land, buildings, and equipment	4,019,522	4,277,938
Total Without Donor Restrictions	4,965,087	6,890,655
With Donor Restrictions	3,053,677	3,139,907
Total Net Assets	8,018,764	10,030,562
Total Liabilities and Net Assets	\$ 9,284,436	\$ 10,394,904

The accompanying notes to the financial statements are an integral part of these statements.

YWCA NASHVILLE AND MIDDLE TENNESSEE
STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2020 AND 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Support:						
Contributions (in-kind of \$50,425 and \$58,750, respectively)	\$ 2,202,735	\$ 10,116	\$ 2,212,851	\$ 3,050,469	\$ 195,213	\$ 3,245,682
United Way contributions	201,758	-	201,758	201,749	-	201,749
Grants from federal, state, and local agencies	1,329,664	-	1,329,664	1,530,799	-	1,530,799
Program service fees	56,658	-	56,658	15,438	-	15,438
Other income	137,924	-	137,924	155,603	-	155,603
Investment income, net	(1,516)	-	(1,516)	281,282	-	281,282
Net assets released from restrictions	96,346	(96,346)	-	16,016	(16,016)	-
Total Revenues and Support	4,023,569	(86,230)	3,937,339	5,251,356	179,197	5,430,553
Expenses:						
Program Services:						
Educational/family learning services	430,594	-	430,594	464,530	-	464,530
Youth services	350,558	-	350,558	308,984	-	308,984
Domestic violence	2,350,386	-	2,350,386	2,216,522	-	2,216,522
Prevention	337,837	-	337,837	413,190	-	413,190
Total Program Services	3,469,375	-	3,469,375	3,403,226	-	3,403,226
Supporting Services:						
Administrative	1,122,465	-	1,122,465	1,113,283	-	1,113,283
Development	1,357,297	-	1,357,297	883,568	-	883,568
Total Supporting Services	2,479,762	-	2,479,762	1,996,851	-	1,996,851
Total Expenses	5,949,137	-	5,949,137	5,400,077	-	5,400,077
Change in net assets	(1,925,568)	(86,230)	(2,011,798)	(148,721)	179,197	30,476
Net assets, beginning of year	6,890,655	3,139,907	10,030,562	7,039,376	2,960,710	10,000,086
Net assets, end of year	<u>\$ 4,965,087</u>	<u>\$ 3,053,677</u>	<u>\$ 8,018,764</u>	<u>\$ 6,890,655</u>	<u>\$ 3,139,907</u>	<u>\$ 10,030,562</u>

The accompanying notes to the financial statements are an integral part of these statements.

YWCA NASHVILLE AND MIDDLE TENNESSEE
STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2020

	Program Services					Supporting Services			
	Family Learning Center/ Dress for Success	Girls Inc.	Domestic Violence Services	AMEND Together	Total	Admin	Development	Total	Total Expenses
Salaries	\$ 284,349	\$ 211,770	\$ 1,249,553	\$ 222,359	\$ 1,968,031	\$ 809,812	\$ 463,096	\$ 1,272,908	\$ 3,240,939
Employee benefits and taxes	47,497	43,294	246,392	47,435	384,618	136,880	76,802	213,682	598,300
Total Salaries and Related Expenses	331,846	255,064	1,495,945	269,794	2,352,649	946,692	539,898	1,486,590	3,839,239
Professional fees and contracted services (in-kind of \$50,425)	15,704	9,661	147,710	8,293	181,368	48,212	232,566	280,778	462,146
Conferences, conventions, and meetings	1,553	865	1,676	40	4,134	4,634	409,648	414,282	418,416
Occupancy	16,169	7,406	197,147	7,042	227,764	29,276	11,663	40,939	268,703
Specific assistance - other	303	12,761	161,457	-	174,521	-	-	-	174,521
Miscellaneous	14,535	12,316	57,340	9,858	94,049	22,976	51,176	74,152	168,201
Supplies	2,153	16,342	78,285	2,221	99,001	4,954	10,405	15,359	114,360
Telephone and postage	5,878	3,586	27,587	3,311	40,362	8,140	10,765	18,905	59,267
Travel	1,097	7,288	12,241	9,456	30,082	2,652	12,050	14,702	44,784
Insurance - general	4,253	2,594	17,547	2,468	26,862	5,308	4,083	9,391	36,253
Printing	260	205	2,008	3,978	6,451	1,558	19,081	20,639	27,090
Bad debt expense	-	-	-	-	-	-	20,580	20,580	20,580
Rental and maintenance of equipment	1,673	1,020	6,888	971	10,552	5,038	1,607	6,645	17,197
Total Expenses Before Depreciation	395,424	329,108	2,205,831	317,432	3,247,795	1,079,440	1,323,522	2,402,962	5,650,757
Depreciation	35,170	21,450	144,555	20,405	221,580	43,025	33,775	76,800	298,380
Total Expenses	\$ 430,594	\$ 350,558	\$ 2,350,386	\$ 337,837	\$ 3,469,375	\$ 1,122,465	\$ 1,357,297	\$ 2,479,762	\$ 5,949,137

The accompanying notes to the financial statements are an integral part of these statements.

YWCA NASHVILLE AND MIDDLE TENNESSEE
STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2019

	Program Services					Supporting Services			
	Family Learning Center/ Dress for Success	Girls Inc.	Domestic Violence Services	AMEND Together	Total	Admin	Development	Total	Total Expenses
Salaries	\$ 314,812	\$ 183,773	\$ 1,174,257	\$ 265,438	\$ 1,938,280	\$ 743,535	\$ 271,257	\$ 1,014,792	\$ 2,953,072
Employee benefits and taxes	47,463	41,078	241,614	52,600	382,755	134,819	54,861	189,680	572,435
Total Salaries and Related Expenses	362,275	224,851	1,415,871	318,038	2,321,035	878,354	326,118	1,204,472	3,525,507
Professional fees and contracted services (in-kind of \$58,750)	25,287	13,300	137,181	17,834	193,602	82,723	212,021	294,744	488,346
Miscellaneous	8,600	8,799	130,097	10,044	157,540	25,343	65,887	91,230	248,770
Occupancy	15,830	7,013	178,054	8,458	209,355	27,191	8,066	35,257	244,612
Conferences, conventions, and meetings	1,487	1,709	3,976	198	7,370	10,587	189,192	199,779	207,149
Supplies	3,937	13,956	75,916	16,323	110,132	16,944	21,993	38,937	149,069
Specific assistance - other	1,478	-	74,854	-	76,332	-	-	-	76,332
Travel	2,008	13,963	22,566	13,433	51,970	11,235	3,694	14,929	66,899
Telephone and postage	5,295	2,864	16,682	3,199	28,040	7,948	8,629	16,577	44,617
Insurance - general	4,007	2,363	16,892	2,694	25,956	4,988	2,632	7,620	33,576
Printing	630	299	3,231	949	5,109	173	18,464	18,637	23,746
Rental and maintenance of equipment	1,429	844	7,683	963	10,919	7,638	941	8,579	19,498
Bad debt expense	-	-	-	-	-	-	4,420	4,420	4,420
Total Expenses Before Depreciation	432,263	289,961	2,083,003	392,133	3,197,360	1,073,124	862,057	1,935,181	5,132,541
Depreciation	32,267	19,023	133,519	21,057	205,866	40,159	21,511	61,670	267,536
Total Expenses	\$ 464,530	\$ 308,984	\$ 2,216,522	\$ 413,190	\$ 3,403,226	\$ 1,113,283	\$ 883,568	\$ 1,996,851	\$ 5,400,077

The accompanying notes to the financial statements are an integral part of these statements.

YWCA NASHVILLE AND MIDDLE TENNESSEE

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
Cash flows from operating activities:		
Change in net assets	\$ (2,011,798)	\$ 30,476
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	298,380	267,536
Amortization of capital advance	(51,294)	(51,294)
Gain on sale of assets	-	(18,242)
Realized and unrealized loss (gain) on investments	85,522	(150,586)
Changes in operating assets and liabilities:		
Pledges and other receivables	19,081	(10,527)
Grants receivable	59,021	69,290
Prepaid expenses and other assets	964	16,804
Accounts payable	(31,576)	1,559
Accrued expenses	36,718	12,899
Deferred grant revenue	686,200	-
Deferred revenues	(16,500)	7,000
Net cash (used in) provided by operating activities	<u>(925,282)</u>	<u>174,915</u>
Cash flows from investing activities:		
Proceeds from sale and maturation of investments	1,061,332	28,492
Purchase of investments	(110,839)	(159,293)
Proceeds from sale of land, buildings, and equipment	-	12,242
Purchase of land, buildings, and equipment	(39,964)	(485,323)
Net cash provided by (used in) investing activities	<u>910,529</u>	<u>(603,882)</u>
Cash flows from financing activities:		
Borrowings on line of credit	4,327,729	2,480,534
Payments on line of credit	(4,049,947)	(2,410,603)
Net cash provided by financing activities	<u>277,782</u>	<u>69,931</u>
Increase (decrease) in cash and cash equivalents	263,029	(359,036)
Cash and cash equivalents, beginning of year	1,398	360,434
Cash and cash equivalents, end of year	<u>\$ 264,427</u>	<u>\$ 1,398</u>

The accompanying notes to the financial statements are an integral part of these statements.

YWCA NASHVILLE AND MIDDLE TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

Note 1—General

YWCA Nashville and 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 the YWCA USA and pays an annual assessment to the regional organization based on expenses and other factors. The assessment amount was \$24,389 and \$33,552 in 2020 and 2019, respectively, and is included in miscellaneous expenses.

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 (U.S. 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.

Contributions and Support – Contributions are recognized as revenues in the period unconditionally pledged. The YWCA reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, 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.

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

Noncash gifts, consisting principally of memorabilia donated for 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.

YWCA NASHVILLE AND MIDDLE TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

Note 2—Summary of significant accounting policies (continued)

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.

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 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. U.S. 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'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.

YWCA NASHVILLE AND MIDDLE TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

Note 2—Summary of significant accounting policies (continued)

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.

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.

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 Nashville – 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 Nashville 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.

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.

YWCA NASHVILLE AND MIDDLE TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

Note 2—Summary of significant accounting policies (continued)

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 Financial Accounting Standards Board ("FASB") Accounting Standards Codification 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.

Use of Estimates – The preparation of financial statements in conformity with U.S. 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.

Adoption of New Accounting Pronouncement – In June 2018, FASB issued Accounting Standards Update ("ASU") 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The standard provides guidance on determining whether a transaction should be accounted for as a contribution or as an exchange transaction. A primary aspect of this determination is whether the two parties receive and sacrifice commensurate value. The standard also provides guidance on determining whether a contribution is conditional, helping entities better distinguish a donor-imposed condition from a donor-imposed restriction. The YWCA evaluated the new standard and determined the accounting standard did not require a change to the YWCA's practice for recording contributions.

YWCA NASHVILLE AND MIDDLE TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

Note 2—Summary of significant accounting policies (continued)

In January 2016, FASB issued ASU 2016-01, *Recognition and Measurement of Financial Assets and Financial Liabilities*. This guidance revises accounting related to (1) the classification and measurement of investment in equity securities and (2) the presentation of certain fair value changes for financial liabilities measured at fair value. It also amends certain disclosure requirements associated with the fair value of financial instruments. The YWCA evaluated the new standard and determined the accounting standard did not require a change to the YWCA's practice for recording financial assets and liabilities.

New Accounting Pronouncements – In May 2014, FASB issued ASU 2014-09, *Revenue from Contracts with Customers*. ASU 2014-09 clarifies the principles for recognizing revenue and develops a common revenue standard under U.S. GAAP under which an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. ASU 2014-09 is effective for the YWCA for the year ended June 30, 2021. The YWCA is currently evaluating the effect of the implementation of this new standard.

In February 2016, FASB issued ASU 2016-02, *Leases*. This guidance introduces a lessee model that brings substantially all leases on the statements of financial position. This guidance is effective for the year ending June 30, 2023. The YWCA is evaluating the impact this guidance may have on its financial statements.

Subsequent Events – The YWCA has evaluated subsequent events through January 28, 2021, when these financial statements were available to be issued.

Note 3—Liquidity and availability

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. 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, 2020 and 2019:

	2020	2019
Financial assets at year-end:		
Cash and cash equivalents	\$ 264,427	\$ 1,398
Pledges and other receivables, net	1,963	21,044
Grants receivable	33,569	92,590
Investments	4,964,510	6,000,525
Total financial assets	5,264,469	6,115,557
Less amounts not available to be used for general expenditures within one year:		
Purpose restrictions including earnings on endowments	1,268,888	1,347,180
Time restrictions	10,150	18,088
Amounts held in perpetuity	1,774,639	1,774,639
Financial assets not available to be used within one year	3,053,677	3,139,907
Financial assets available to meet general expenditures within one year	\$ 2,210,792	\$ 2,975,650

YWCA NASHVILLE AND MIDDLE TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

Note 4—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, 2020 and 2019 totaled \$35,640 and \$0-, respectively.

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:

	2020			
	Level 1	Level 2	Level 3	Total
Investments:				
Money market accounts	\$ 262,145	\$ -	\$ -	\$ 262,145
Exchange-traded funds	241,112	-	-	241,112
Mutual funds:				
Fixed income funds	1,803,645	-	-	1,803,645
Large cap	796,075	-	-	796,075
Foreign large growth	137,521	-	-	137,521
World stock	217,804	-	-	217,804
Large blend	491,858	-	-	491,858
Foreign large blend	218,145	-	-	218,145
Diversified emerging markets	176,033	-	-	176,033
Foreign small/mid growth	155,260	-	-	155,260
Preferred stock	167,840	-	-	167,840
Small growth	171,227	-	-	171,227
Small cap	125,845	-	-	125,845
Total investments	<u>\$ 4,964,510</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,964,510</u>

YWCA NASHVILLE AND MIDDLE TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

Note 5—Investments and fair value measurements (continued)

	2019			
	Level 1	Level 2	Level 3	Total
Investments:				
Money market accounts	\$ 59,099	\$ -	\$ -	\$ 59,099
Exchange-traded funds	581,986	-	-	581,986
Mutual funds:				
Fixed income funds	2,078,712	-	-	2,078,712
Large cap	1,072,613	-	-	1,072,613
Foreign large growth	286,259	-	-	286,259
World stock	285,682	-	-	285,682
Large blend	242,025	-	-	242,025
Foreign large blend	233,022	-	-	233,022
Diversified emerging markets	231,396	-	-	231,396
Foreign small/mid growth	226,316	-	-	226,316
Preferred stock	208,997	-	-	208,997
Small growth	194,561	-	-	194,561
Small cap	157,530	-	-	157,530
Energy limited partnership	142,327	-	-	142,327
	<u>\$ 6,000,525</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,000,525</u>

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

	2020	2019
Interest and dividend income	\$ 84,006	\$ 130,696
Realized and unrealized (loss) gain on investments	(85,522)	150,586
Investment (loss) income, net	<u>\$ (1,516)</u>	<u>\$ 281,282</u>

Investment expenses of \$26,832 and \$28,492 were included in interest and dividend income for the years ended June 30, 2020 and 2019, respectively.

YWCA NASHVILLE AND MIDDLE TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

Note 6—Land, buildings, and equipment

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

	2020	2019
Land	\$ 405,763	\$ 405,763
Buildings and improvements	7,312,574	7,285,709
Furniture and equipment	898,593	872,194
Automobiles	92,171	92,171
Construction in progress	23,950	37,250
	8,733,051	8,693,087
Less accumulated depreciation	(4,713,529)	(4,415,149)
Total land, buildings, and equipment, net	\$ 4,019,522	\$ 4,277,938

Note 7—Pledges and other receivables

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

	2020	2019
Due within one year	\$ 9,240	\$ 30,327
Less allowance for doubtful accounts	(7,277)	(9,283)
Total pledges and other receivables, net	\$ 1,963	\$ 21,044

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 LIBOR plus 2%, not to be less than 3.5%. The line of credit is secured by an investment account of the YWCA. The outstanding balance on the line of credit for the years ended June 30, 2020 and 2019 was \$347,713 and \$69,931, respectively. The revolving line of credit agreement expires April 15, 2021.

Note 9—Deferred grant revenue

The YWCA received a Paycheck Protection Program loan ("PPP loan") in the amount of \$686,200. The PPP loan is granted by the Small Business Administration under the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"). PPP loans are considered conditional contributions under ASC 958-605, *Not-for-Profit Entities – Revenue Recognition*. The loan must be repaid if the YWCA does not overcome certain barriers within the CARES Act. The barriers under the program include the requirement to maintain employee headcount, spend up to 60% of the loan proceeds on certain payroll and employee benefits, and restricts other loan proceeds to be used for other qualifying expenses such as mortgage interest, rent, and utilities. The YWCA had deferred recognition of grant revenue for the year ended June 30, 2020 because the conditions for forgiveness have not yet been substantially met, however, the YWCA believes it will substantially meet the conditions required for forgiveness in the following year.

YWCA NASHVILLE AND MIDDLE TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

Note 10—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 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, \$51,294, in the statements of activities for the years ended June 30, 2020 and 2019.

Note 11—Net assets with donor restrictions

Net assets with donor restrictions as of June 30, 2020 and 2019 have been restricted by the donors for the following purpose restrictions:

	2020	2019
Endowment funds with perpetual restrictions	\$ 1,774,639	\$ 1,774,639
Scholarships	166,793	166,286
Pledges receivable	10,150	18,088
Pet Shelter	4,750	83,008
Net gains on endowment since inception	1,097,345	1,097,886
	<u>\$ 3,053,677</u>	<u>\$ 3,139,907</u>

Note 12—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 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.

YWCA NASHVILLE AND MIDDLE TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

Note 12—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, 2020 and 2019.

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 follows:

2020		
Without Donor Restriction	With Donor Restrictions	Total
\$ -	\$ 2,871,984	\$ 2,871,984
Donor-restricted endowment funds		
2019		
Without Donor Restriction	With Donor Restrictions	Total
\$ -	\$ 2,872,525	\$ 2,872,525
Donor-restricted endowment funds		

YWCA NASHVILLE AND MIDDLE TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

Note 12—Endowment funds (continued)

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

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, July 1, 2019	\$ -	\$ 2,872,525	\$ 2,872,525
Dividends and interest	-	29,165	29,165
Realized and unrealized loss, net	-	(29,706)	(29,706)
Endowment net assets, June 30, 2020	<u>\$ -</u>	<u>\$ 2,871,984</u>	<u>\$ 2,871,984</u>

	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, July 1, 2018	\$ -	\$ 2,789,247	\$ 2,789,247
Dividends and interest	-	47,079	47,079
Realized and unrealized gain, net	-	36,199	36,199
Endowment net assets, June 30, 2019	<u>\$ -</u>	<u>\$ 2,872,525</u>	<u>\$ 2,872,525</u>

Note 13—Operating leases

YWCA 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:

2021	\$ 45,182
2022	44,391
2023	31,992
2024	6,882
2025	1,272
Thereafter	106
	<u>\$ 129,825</u>

Rent expense totaled \$51,664 and \$37,453 for the years ended June 30, 2020 and 2019, respectively.

Note 14—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 \$85,000 and \$81,000 for the years ended June 30, 2020 and 2019, respectively.

YWCA NASHVILLE AND MIDDLE TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

Note 15—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 16—Uncertainty

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a global pandemic which continues to spread throughout the world and has adversely impacted global commercial activity and contributed to significant volatility in the financial markets. The coronavirus outbreak and government responses are creating disruption to global supply chains and adversely impacting many industries. The outbreak has caused a material, adverse impact on the economic and market conditions. The rapid development and fluidity of this situation precludes any prediction as to the ultimate material, adverse impact of the coronavirus outbreak. Nevertheless, the outbreak presents uncertainty and risk with respect to the YWCA, its performance, and its financial results.

ADDITIONAL INFORMATION

YWCA NASHVILLE AND MIDDLE TENNESSEE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2020

Federal Grantor/Pass-Through Grantor	Program Name	CFDA Number	Contract Number	Passed through to Subrecipients	Expenditures
FEDERAL AWARDS					
U.S. Dept. of Housing and Urban Development Passed Through:					
Nashville Metropolitan Development and Housing Agency	Community Development Block Grant/Entitlement Grants	14.218	N/A	\$ -	\$ 3,792
Total CDBG-Entitlement Grants Cluster				-	3,792
Nashville Metropolitan Development and Housing Agency	Emergency Shelter Grant Program	14.231	N/A	-	49,000
Total U.S. Dept. of Housing and Urban Development				-	52,792
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	-	103,121
U.S. Dept. of Justice	Transitional Housing Assistance for Victims of Domestic Violence, Dating Violence, Stalking, or Sexual Assault	16.736	2019-CY-AX-0012	-	20,328
Total CFDA 16.736				-	123,449
U.S. Dept. of Justice Passed Through:					
TN Dept. of Finance and Administration, Office of Criminal Justice Programs	Crime Victim Assistance	16.575*	26722	-	763,198
Total U.S. Dept. of Justice				-	886,647
U.S. Dept. of Homeland Security	Emergency Food and Shelter Program	97.024	N/A	-	18,934
Total U.S. Dept. of Homeland Security				-	18,934
Total Federal Awards				\$ -	\$ 958,373

* Denotes a major program.

YWCA NASHVILLE AND MIDDLE TENNESSEE

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2020

Note 1—Basis of presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") summarizes the expenditures of YWCA Nashville and Middle Tennessee under programs of the federal and state governments for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the 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").

Note 2—Summary of significant accounting policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Grant revenues are recognized when the related program expenditures are incurred.

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.

**Report of Independent Auditor 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
YWCA Nashville and Middle Tennessee
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 (a nonprofit organization), which comprise the statement of financial position as of June 30, 2020, 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 we have issued our report thereon dated January 28, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the YWCA Nashville and Middle Tennessee'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 YWCA Nashville and Middle Tennessee's internal control. Accordingly, we do not express an opinion on the effectiveness of the YWCA Nashville and Middle Tennessee'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 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 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 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 YWCA Nashville and Middle Tennessee'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 YWCA Nashville and Middle Tennessee's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Cherry Bekant LLP

Nashville, Tennessee

January 28, 2021

Report of Independent Auditor on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance

To the Board of Directors
YWCA Nashville and Middle Tennessee
Nashville, Tennessee

Report on Compliance for Each Major Federal Program

We have audited the YWCA Nashville and Middle Tennessee's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of YWCA Nashville and Middle Tennessee's major federal programs for the year ended June 30, 2020. YWCA Nashville and Middle Tennessee's 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 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 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 compliance.

Opinion on Each Major Federal Program

In our opinion, YWCA Nashville and Middle Tennessee 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, 2020.

Report on Internal Control over Compliance

Management of YWCA Nashville and Middle Tennessee 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 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 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.

A handwritten signature in cursive script that reads "Cherry Beckett LLP".

Nashville, Tennessee
January 28, 2021

YWCA NASHVILLE AND MIDDLE TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2020

Section I – Summary of Audit Results

Financial Statement Section

Type of auditor's report issued on whether financial statements were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

_____ Yes x No

Significant deficiency(ies) identified

_____ Yes x None Reported

Noncompliance material to financial statements noted

_____ Yes x No

Federal Awards

Internal control over major programs:

Material weakness(es) identified?

_____ Yes x No

Significant deficiency(ies) identified

_____ Yes x None Reported

Type of auditor's report on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

_____ Yes x No

Identification of Major Programs

Name of Federal Program or Cluster		CFDA Number(s)
Crime Victim Assistance		16.575
Dollar threshold used to distinguish between type A and type B programs	\$ 750,000	
Auditee qualified as low-risk auditee?	<u> x </u> Yes	<u> </u> No

Section II – Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*.

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

YWCA NASHVILLE AND MIDDLE TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2020

Section III – Federal Award Findings and Questioned Costs – Major Federal Awards

This section identifies the significant deficiencies, material weaknesses, and material instances of noncompliance, including questioned costs, as well as any material abuse findings, related to the audit of major programs, as required to be reported by 2 CFR 200.516(a).

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

Section IV – Schedule of Prior Year Audit Findings

There were no prior audit findings reported.