

NASHVILLE YOUNG WOMEN'S
CHRISTIAN ASSOCIATION

FINANCIAL STATEMENTS,
ADDITIONAL INFORMATION
AND

REPORTS OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

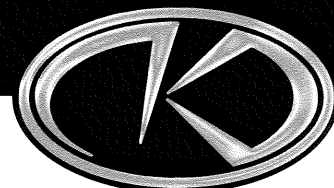
JUNE 30, 2005 AND 2004

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

JUNE 30, 2005 AND 2004

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

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

We have audited the accompanying statements of financial position of the Nashville Young Women's Christian Association (the "YWCA") as of June 30, 2005 and 2004, and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the YWCA's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Nashville Young Women's Christian Association as of June 30, 2005 and 2004, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 9, 2005, on our consideration of the YWCA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal controls over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

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

KraftCPAs PLLC

Nashville, Tennessee
September 9, 2005

NASHVILLE YOUNG WOMEN'S CHRISTIAN ASSOCIATION

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2005 AND 2004

	<u>2005</u>	<u>2004</u>
<u>ASSETS</u>		
Cash and cash equivalents - Note 3	\$ 1,261,134	\$ 1,265,933
Pledges and other receivables, net of allowance for doubtful accounts of \$7,530 in 2005 (\$7,530 in 2004) - Note 6	161,780	26,405
Grants receivable	137,728	222,385
Accounts receivable and prepaids	56,664	79,258
Investments - Note 4	2,910,585	2,681,956
Debt issue costs	18,300	33,579
Land, buildings and equipment, net - Notes 5 and 7	<u>3,717,791</u>	<u>3,911,294</u>
 TOTAL ASSETS	 <u>\$ 8,263,982</u>	 <u>\$ 8,220,810</u>
 <u>LIABILITIES AND NET ASSETS</u>		
 LIABILITIES		
Accounts payable	\$ 653	\$ 17,429
Accrued expenses and withheld taxes	113,442	143,916
Grants payable to subrecipients	16,884	43,082
Deferred revenues	7,647	12,147
Note payable - Note 7	<u>2,391,988</u>	<u>2,491,988</u>
 TOTAL LIABILITIES	 <u>2,530,614</u>	 <u>2,708,562</u>
 NET ASSETS		
Unrestricted:		
Designated by the Board	817,245	505,641
Available for operations	<u>2,572,788</u>	<u>2,518,446</u>
Total unrestricted	3,390,033	3,024,087
 Temporarily restricted - Note 8	570,048	714,874
Permanently restricted	<u>1,773,287</u>	<u>1,773,287</u>
 TOTAL NET ASSETS	 <u>5,733,368</u>	 <u>5,512,248</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 8,263,982</u>	 <u>\$ 8,220,810</u>

See accompanying notes to financial statements.

NASHVILLE YOUNG WOMEN'S CHRISTIAN ASSOCIATION

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED JUNE 30, 2005 AND 2004

	2005			2004				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
REVENUES AND SUPPORT								
Contributions	\$ 1,130,119	\$ 106,069	\$ -	\$ 1,236,188	\$ 932,774	\$ 6,468	\$ 250,000	\$ 1,189,242
United Way contributions	306,247	-	-	306,247	251,211	-	-	251,211
Grants from federal, state and local agencies	1,338,249	-	-	1,338,249	2,181,526	-	-	2,181,526
Program service fees	5,001	550	-	5,551	1,953	-	-	1,953
Investment income (loss), net	69,989	10,990	-	80,979	41,196	-	-	41,196
Rental income	17,329	-	-	17,329	8,742	-	-	8,742
Other income	79,089	-	-	79,089	36,477	-	-	36,477
Unrealized gain (loss) on investments, net	85,377	5,403	-	90,780	160,842	9,733	-	170,575
Net assets released from restrictions	267,838	(267,838)	-	-	165,757	(165,757)	-	-
TOTAL REVENUES AND SUPPORT	3,299,238	(144,826)	-	3,154,412	3,780,478	(149,556)	250,000	3,880,922
EXPENSES								
Program services	2,159,651	-	-	2,159,651	2,959,551	-	-	2,959,551
Administrative	435,995	-	-	435,995	467,919	-	-	467,919
Development	337,646	-	-	337,646	301,236	-	-	301,236
TOTAL EXPENSES	2,933,292	-	-	2,933,292	3,728,706	-	-	3,728,706
CHANGE IN NET ASSETS	365,946	(144,826)	-	221,120	51,772	(149,556)	250,000	152,216
NET ASSETS - BEGINNING OF YEAR	3,024,087	714,874	1,773,287	5,512,248	2,972,315	864,430	1,523,287	5,360,032
NET ASSETS - END OF YEAR	\$ 3,390,033	\$ 570,048	\$ 1,773,287	\$ 5,733,368	\$ 3,024,087	\$ 714,874	\$ 1,773,287	\$ 5,512,248

See accompanying notes to financial statements.

NASHVILLE YOUNG WOMEN'S CHRISTIAN ASSOCIATION

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2005

	Program Services					
	Employment Training	Youth Services	Domestic Violence	Total Programs	Administration	Development
						Totals
Salaries	\$ 413,469	\$ 87,945	\$ 697,186	\$ 1,198,600	\$ 223,465	\$ 134,401
Employee benefits and taxes	77,428	19,087	137,626	234,141	43,904	20,432
						\$ 1,556,466
						298,477
TOTAL SALARIES AND RELATED EXPENSES	490,897	107,032	834,812	1,432,741	267,369	154,833
						1,854,943
Professional fees and contracted services	17,153	12,714	22,204	52,071	8,705	60,799
Supplies	15,037	971	20,625	36,633	7,896	7,147
Telephone and postage	14,729	2,805	15,423	32,957	10,078	7,188
Occupancy	40,173	2,351	97,772	140,296	32,137	8,522
Rental and maintenance of equipment	21,887	2,300	21,924	46,111	24,856	5,293
Printing	901	48	4,499	5,448	1,401	25,265
Travel	2,710	455	8,450	11,615	4,506	373
Conferences, conventions and meetings	1,980	25	2,351	4,356	7,523	52,667
Specific assistance - other	2,460	8,680	19,382	30,522	4,500	-
Insurance - general	8,658	2,157	15,539	26,354	5,645	3,806
Miscellaneous	7,440	18	76,929	84,387	19,373	3,945
Grant expenses - Subrecipient	80,500	-	13,265	93,765	-	1,377
						35,022
						35,805
						107,705
						95,142
TOTAL EXPENSES BEFORE DEPRECIATION AND AMORTIZATION	704,525	139,556	1,153,175	1,997,256	393,989	331,215
						2,722,460
Depreciation and amortization	24,097	2,989	135,309	162,395	42,006	6,431
						210,832
TOTAL EXPENSES	\$ 728,622	\$ 142,545	\$ 1,288,484	\$ 2,159,651	\$ 435,995	\$ 337,646
						\$ 2,933,292

See accompanying notes to financial statements.

NASHVILLE YOUNG WOMEN'S CHRISTIAN ASSOCIATION

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2004

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

See accompanying notes to financial statements.

NASHVILLE YOUNG WOMEN'S CHRISTIAN ASSOCIATION

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2005 AND 2004

	<u>2005</u>	<u>2004</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 221,120	\$ 152,216
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	195,553	208,357
Amortization of debt issue costs	15,279	15,274
Realized and unrealized gain on investments	(91,797)	(181,675)
(Gain) loss on sale of land, buildings and equipment	17,324	(11,153)
(Increase) decrease in:		
Pledges and other receivables	(135,375)	93,684
Grants receivable	84,657	193,792
Accounts receivable and prepaids	22,594	(53,023)
Increase (decrease) in:		
Accounts payable	(16,776)	6,101
Accrued expenses and withheld taxes	(30,474)	(49,401)
Grants payable to subrecipients	(26,198)	(14,125)
Deferred revenue	(4,500)	(13,853)
Contributions received for permanent endowment	<u>-</u>	<u>(250,000)</u>
TOTAL ADJUSTMENTS	<u>30,287</u>	<u>(56,022)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>251,407</u>	<u>96,194</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	1,360,000	506,550
Purchase of investments	(1,496,832)	(1,618,953)
Proceeds from sale of land, buildings and equipment	-	15,000
Purchase of land, buildings and equipment	(19,374)	(10,357)
Contributions received for permanent endowment	<u>-</u>	<u>250,000</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(156,206)</u>	<u>(857,760)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of long-term debt	<u>(100,000)</u>	<u>(100,000)</u>
NET CASH USED IN FINANCING ACTIVITIES	<u>(100,000)</u>	<u>(100,000)</u>
DECREASE IN CASH	(4,799)	(861,566)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>1,265,933</u>	<u>2,127,499</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 1,261,134</u>	<u>\$ 1,265,933</u>
INTEREST EXPENSE PAID	<u>\$ 47,107</u>	<u>\$ 28,311</u>

See accompanying notes to financial statements.

NASHVILLE YOUNG WOMEN'S CHRISTIAN ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2005 AND 2004

NOTE 1 - GENERAL

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Contributions

Contributions are recognized as revenues in the period unconditionally pledged. The YWCA reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period as received are reported as unrestricted support. Donations receivable which are expected to be collected over a period greater than one year are discounted at current interest rates, if material.

Net assets

Net assets are classified into one of three categories based on the existence or absence of donor-imposed restrictions, as follows:

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

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

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

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

NASHVILLE YOUNG WOMEN'S CHRISTIAN ASSOCIATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2005 AND 2004

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

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

Land, buildings and equipment

Land, buildings and equipment are stated at cost. Depreciation is calculated using the straight-line method to allocate the cost of depreciable assets over their estimated useful lives. The YWCA assesses impairment of long-lived assets in accordance with Statement of Financial Accounting Standards ("SFAS") No. 121, *Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of*. Donated property is recorded as a contribution equal to the fair value of the asset on the date contributed.

Deferred revenues

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

Debt issue costs

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

Cash equivalents

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

Use of estimates

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

NASHVILLE YOUNG WOMEN'S CHRISTIAN ASSOCIATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2005 AND 2004

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Concentration risks

The YWCA maintains its cash accounts in one commercial bank. The amount on deposit at June 30, 2005, exceeded the insurance limits of the Federal Deposit Insurance Corporation by approximately \$444,000.

Investments are subject to market risk, the risk inherent in a fluctuating market. The broker/dealer that is the custodian of the Company's securities is covered by the Securities Investor Protection Corporation (SIPC), which provides limited protection to investors. SIPC coverage is limited to specified investor-owned securities (notes, bonds, mutual funds, investment company securities and registered securities) held by an insolvent SIPC member at the time a supervising trustee is appointed. The SIPC also protects against unauthorized trading in the Company's security account. SIPC coverage is limited to \$500,000 per customer, including \$100,000 for cash that is on deposit as the result of a security transaction. The amount on deposit at June 30, 2005, exceeded the insurance limits of the SIPC by approximately \$662,000. The SIPC does not cover market risk.

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

Reclassifications

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

Functional allocation of expenses

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

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

NASHVILLE YOUNG WOMEN'S CHRISTIAN ASSOCIATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2005 AND 2004

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Program Services

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

Youth Services - The 2005 fiscal year was a transitional period for the YWCA's youth services. The YWCA Youth@Work program ended on September 30, 2004, after serving at-risk youth over a three-year period. A new program, Youth Advantage, was created in its place. Youth Advantage helps prepare young people for independence, through job preparation workshops and job placement. The services are provided on a sliding scale fee.

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

Supporting Services

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

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

NASHVILLE YOUNG WOMEN'S CHRISTIAN ASSOCIATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2005 AND 2004

NOTE 3 - CASH AND CASH EQUIVALENTS

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

	<u>2005</u>	<u>2004</u>
Operating account	\$ 188,386	\$ 414,737
Bond sinking fund - Note 7	11,070	25,609
Money market accounts	<u>1,061,678</u>	<u>825,587</u>
	<u>\$ 1,261,134</u>	<u>\$ 1,265,933</u>

NOTE 4 - INVESTMENTS

Investments are summarized as follows as of June 30:

	<u>2005</u>	<u>2004</u>
Certificates of deposit	\$ 1,077,313	\$ 1,406,133
Bonds	-	99,894
Mutual funds	<u>1,833,272</u>	<u>1,175,929</u>
	<u>\$ 2,910,585</u>	<u>\$ 2,681,956</u>

NASHVILLE YOUNG WOMEN'S CHRISTIAN ASSOCIATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2005 AND 2004

NOTE 5 - LAND, BUILDINGS AND EQUIPMENT

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

	<u>2005</u>	<u>2004</u>
Buidings and improvements	\$ 4,607,338	\$ 4,607,338
Office equipment	700,286	716,786
Program equipment	36,598	73,443
Automobile	<u>30,606</u>	<u>30,606</u>
	5,374,828	5,428,173
Less: accumulated depreciation	<u>(2,062,800)</u>	<u>(1,922,642)</u>
	3,312,028	3,505,531
Land	<u>405,763</u>	<u>405,763</u>
	<u>\$ 3,717,791</u>	<u>\$ 3,911,294</u>

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

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

NOTE 6 - PLEDGES AND OTHER RECEIVABLES

During fiscal 1998, the YWCA initiated a campaign to raise funds for a new domestic violence shelter and for general operating purposes. Current year collections were used substantially for general operating purposes. The remaining uncollected balances of these pledges are due currently and are reported net of a \$7,530 allowance for doubtful accounts as of June 30, 2005.

NASHVILLE YOUNG WOMEN'S CHRISTIAN ASSOCIATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2005 AND 2004

NOTE 7 - LONG-TERM DEBT

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

	<u>2005</u>	<u>2004</u>
Loan payable to the Industrial Development Board of Metropolitan Nashville and Davidson County; interest is payable monthly at a weekly floating interest rate (2.45% and 1.28% as of June 30, 2005 and 2004, respectively); principal installments are payable monthly to a sinking fund through July 1, 2006, at which time a balloon payment for the remaining balance is due; secured by certain land and buildings.	<u>\$ 2,391,988</u>	<u>\$ 2,491,988</u>

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

Simultaneous with issuance of the Bonds, AmSouth Bank (the "Bank") issued an irrevocable letter of credit in the amount of the outstanding Bond principal to secure the payment. There were no borrowings outstanding under the letter of credit as of June 30, 2005 and 2004. Additionally, the YWCA entered into a remarketing agreement with the Bank to provide for the remarketing of the Bonds in the event the bondholders presented the Bonds for payment. The YWCA paid a fee of \$3,437 at closing for the remarketing agreement and is subject to a similar annual payment on July 1 of each year the Bonds are outstanding, based on a rate of 0.125% of the outstanding principal of the Bonds.

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

Principal payments on the loan are deposited into a sinking fund monthly. Principal payments are remitted to the Board whenever the balance of the sinking fund exceeds \$100,000, at which time an equivalent portion of the Bonds is redeemed. A \$100,000 payment was made to the Board during the years ended June 30, 2005 and 2004, based on amounts accumulated in the sinking fund. The balance of the sinking fund was \$11,070 and \$25,609 at June 30, 2005 and 2004, respectively.

NASHVILLE YOUNG WOMEN'S CHRISTIAN ASSOCIATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2005 AND 2004

NOTE 7 - LONG-TERM DEBT (CONTINUED)

Covenants under the irrevocable letter of credit with the Bank require the YWCA to maintain a two-year average minimum cash flow coverage ratio. The YWCA complied with applicable covenants at June 30, 2005 and 2004.

Interest expense for the years ended June 30, 2005 and 2004 was \$49,596 and \$30,846, respectively, and is included in occupancy expense.

Scheduled principal maturities of long-term debt, by year, are as follows as of June 30, 2005:

2006	\$ 100,000
2007	<u>2,291,988</u>
	<u>\$ 2,391,988</u>

The YWCA also has an unsecured, \$250,000 revolving line of credit agreement with a bank, with interest on outstanding borrowings charged at a fluctuating rate equal to the prime rate. There were no borrowings made under the agreement during fiscal years 2005 or 2004.

NOTE 8 - NET ASSETS

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

	<u>2005</u>	<u>2004</u>
Scholarship fund	\$ 39,142	\$ 33,787
Domestic Violence program	463,841	649,010
Education program	7,375	-
JRCD program	-	6,468
Youth Advantage program	48,620	-
Other	<u>11,070</u>	<u>25,609</u>
Total temporarily restricted net assets	<u>\$ 570,048</u>	<u>\$ 714,874</u>

Permanently restricted net assets at June 30, 2005 and 2004 consist entirely of endowment funds. Income from such endowment funds is unrestricted.

NASHVILLE YOUNG WOMEN'S CHRISTIAN ASSOCIATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2005 AND 2004

NOTE 9 - RETIREMENT PLAN

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

Pension expense recognized by the YWCA was approximately \$43,000 and \$50,000 for the years ended June 30, 2005 and 2004, respectively.

NOTE 10 - COMMITMENTS AND CONTINGENCIES

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

ADDITIONAL INFORMATION

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

FOR THE YEAR ENDED JUNE 30, 2005

GRANT DESCRIPTION	FEDERAL CFDA NUMBER	GRANTOR'S NUMBER	GRANT PERIOD	GRANT AMOUNT	(ACCRUED)	(ACCRUED)	
					6/30/04	7/1/04 - 6/30/05	6/30/05
US DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT							
PASSED THROUGH METROPOLITAN DEVELOPMENT AND HOUSING AGENCY							
Emergency Shelter Grant Program	14.231	S01MC47004	4/1/03 - 3/31/04	\$ 12,579	\$ (12,759)	\$ 12,759	\$ -
Emergency Shelter Grant Program	14.231	S01MC47004	4/4/04 - 3/31/05	12,579	-	-	3,916
TOTAL PASSED THROUGH METROPOLITAN DEVELOPMENT AND HOUSING AGENCY							
					(12,759)	12,759	3,916
PASSED THROUGH TENNESSEE DEPARTMENT OF HUMAN SERVICES							
Emergency Shelter Grant Program	14.231	Z-05-020657	7/1/04 - 6/30/07	18,348	-	17,676	18,348
TOTAL US DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT							
					(12,759)	30,435	22,264
US DEPARTMENT OF JUSTICE							
PASSED THROUGH TENNESSEE DEPARTMENT OF FINANCE AND ADMINISTRATION, OFFICE OF CRIMINAL JUSTICE PROGRAMS:							
Victims of Crime Act (VOCA)	16.575	Z-00-004845-02	7/1/03 - 6/30/06	309,354	(3,147)	100,130	102,795
STOP Violence Against Women	16.588	Z-00-001413-01	7/1/03 - 6/30/06	218,196	(2,463)	61,891	62,782
TOTAL PASSED THROUGH TENNESSEE DEPARTMENT OF FINANCE AND ADMINISTRATION, OFFICE OF CRIMINAL JUSTICE PROGRAMS:							
					(5,610)	162,021	165,577
PASSED THROUGH TENNESSEE COALITION AGAINST DOMESTIC & SEXUAL VIOLENCE							
Legal Assistance for Victims Grant Program	16.524	2004WLAX0024	1/1/05 - 12/31/06	60,000	-	2,650	4,180
TOTAL US DEPARTMENT OF JUSTICE							
					(5,610)	164,671	169,757
US DEPARTMENT OF LABOR							
PASSED THROUGH THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY							
Youth@Work	17.259	01-09-037-209-98-00	10/1/03-9/30/04	1,051,639	(56,952)	56,952	-
Youth@Work	17.259	01-09-037-209-98-00	10/1/03-9/30/04	1,051,639	-	72,236	72,236
TOTAL US DEPARTMENT OF LABOR							
					(56,952)	129,188	72,236
US DEPARTMENT OF HEALTH AND HUMAN SERVICES							
PASSED THROUGH TENNESSEE DEPARTMENT OF FINANCE AND ADMINISTRATION, OFFICE OF CRIMINAL JUSTICE PROGRAMS:							
Family Violence Shelter Programs	93.671	Z-02-004898-00	7/1/03 - 6/30/04	110,644	(1,345)	1,345	-
Family Violence Shelter Programs	93.671	Z-05-021966-00	7/1/04 - 6/30/05	391,932	-	127,337	130,134
TOTAL PASSED THROUGH TENNESSEE DEPARTMENT OF FINANCE AND ADMINISTRATION, OFFICE OF CRIMINAL JUSTICE PROGRAMS:							
					(1,345)	128,682	130,134
							(2,797)

(continued on next page)

NASHVILLE YOUNG WOMEN'S CHRISTIAN ASSOCIATION

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

FOR THE YEAR ENDED JUNE 30, 2005

GRANT DESCRIPTION	FEDERAL CFDA NUMBER	GRANTOR'S NUMBER	GRANT PERIOD	GRANT AMOUNT	(ACCRUED)	(ACCRUED)	
					DEFERRED REVENUE 6/30/04	7/1/04 - 6/30/05 RECEIPTS	7/1/04 - 6/30/05 EXPENDITURES
PASSED THROUGH TENNESSEE DEPARTMENT OF HUMAN SERVICES							
Families First - Client Services	93.558	(1) GR-02-14033-03	7/1/01 - 6/30/04	*	(80,227)	80,227	-
Families First - Client Services	93.558	(1) GR-05-16260-00	7/1/04 - 6/30/06	1,877,923	-	242,927	276,353
TOTAL PASSED THROUGH TENNESSEE DEPARTMENT OF HUMAN SERVICES							
					(80,227)	323,154	276,353
							(33,426)
PASSED THROUGH TENNESSEE DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT							
Families First - Adult Education	93.558	(1) Z-04-016568-01	7/1/03 - 6/30/04	174,881	(21,902)	21,902	-
Families First - Adult Education	93.558	(1) Z-05-022370-00	7/1/04 - 6/30/05	162,554	-	152,170	161,730
TOTAL PASSED THROUGH TENNESSEE DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT							
					(21,902)	174,072	161,730
							(9,560)
TOTAL US DEPARTMENT OF HEALTH AND HUMAN SERVICES							
					(103,474)	625,908	568,217
							(45,783)
US DEPARTMENT OF HOMELAND SECURITY							
PASSED THROUGH THE EMERGENCY FOOD AND SHELTER NATIONAL BOARD PROGRAM:							
Emergency Food and Shelter National Board Program	97.024	LROID-765200-008	11/1/03 - 10/31/04	19,457	(8,999)	8,999	-
Emergency Food and Shelter National Board Program	97.024	LROID-765200-008	11/1/04 - 10/31/05	16,903	-	9,079	14,872
TOTAL US DEPARTMENT OF HOMELAND SECURITY							
					(8,999)	18,078	14,872
							(5,793)
TOTAL EXPENDITURES OF FEDERAL AWARDS							
					(187,794)	968,280	847,346
							(66,860)
EXPENDITURES OF STATE AND OTHER AWARDS							
Tennessee Department of Corrections	State	GR-04-16070-00	11/1/03 - 6/30/04	139,000	(14,079)	14,079	-
Tennessee Department of Corrections	State	GR-05-16729-00	7/1/04 - 6/30/05	139,000	-	111,048	129,877
							(18,829)
Metro Government of Nashville and Davidson County	Local	L-908	7/1/03 - 6/30/04	420,000	(17,955)	17,955	-
Metro Government of Nashville and Davidson County	Local	L-1211	7/1/04 - 6/30/05	322,000	-	275,814	322,000
Metro Government of Nashville and Davidson County	Local	TN 370B204006		*	(2,557)	2,557	-
Metro Government of Nashville and Davidson County	Local	TN 370B204006		*	-	33,173	39,026
TOTAL EXPENDITURES OF STATE AND OTHER AWARDS							
					(34,591)	454,626	490,903
							(70,868)
TOTAL EXPENDITURES OF FEDERAL, STATE AND OTHER AWARDS							
					\$ (222,385)	\$ 1,422,906	\$ 1,338,249
							\$ (137,728)

* Not specified
(1) Denotes a major Program (Total expenditures under CFDA # 93.588 are \$438,083)

BASIS OF PRESENTATION

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

OTHER REPORTS



REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited the financial statements of the Nashville Young Women's Christian Association (the "YWCA") as of and for the year ended June 30, 2005, and have issued our report thereon dated September 9, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over financial Reporting

In planning and performing our audit, we considered the YWCA's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involving matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the YWCA's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings and questioned costs as item 2005-1.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the YWCA's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

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

Kyle CPAs PLLC

Nashville, Tennessee
September 9, 2005



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

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

Compliance

We have audited the compliance of the Nashville Young Women's Christian Association (the "YWCA") with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2005. The YWCA's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the YWCA's management. Our responsibility is to express an opinion on the YWCA's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the YWCA's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the YWCA's compliance with those requirements.

In our opinion, the YWCA complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2005.

Internal Control Over Compliance

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

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

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

Kirby CPAs PLLC

Nashville, Tennessee
September 9, 2005

NASHVILLE YOUNG WOMEN'S CHRISTIAN ASSOCIATION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2005

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:

Unqualified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted?

☐ Yes ☒ No

Federal Awards

Internal control over major programs:

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

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

Unqualified

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

☐ Yes ☒ No

Identification of major programs:

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

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

\$300,000

Auditee qualified as low-risk auditee?

☒ Yes ☐ No

NASHVILLE YOUNG WOMEN'S CHRISTIAN ASSOCIATION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2005

Section II - Financial Statement Findings

PRIOR YEAR REPORTABLE CONDITIONS

None were reported in prior year.

CURRENT YEAR REPORTABLE CONDITIONS

2005-1 SEGREGATION OF DUTIES

Because of the Organizations limited size, segregation of duties issue over cash and cash disbursements is not ideal. The companies CFO signs checks, records transactions in books of original entry, prepares the bank reconciliations and has access to other company accounting records. While dual signatures are required on disbursement accounts, the CFO has access to a signature stamp of other authorized signors. Accordingly, one person has access to cash and cash records, a condition, which could be exploited by anyone intent on misappropriating company funds. Without the involvement of other persons to afford a cross check, manipulation or errors could be perpetrated and difficult to detect. Therefore, at a minimum, an individual with no other regular accounting duties should sign or co-sign checks after examining supporting data, and the CFO should not have access to a signature stamp of any other authorized signors.

NASHVILLE YOUNG WOMEN'S CHRISTIAN ASSOCIATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2005

Section III - Federal Award Findings and Questioned Costs

None.