

**YWCA NEW HAMPSHIRE**  
**FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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HESSION & PARE, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
YWCA New Hampshire  
Manchester, New Hampshire

We have audited the accompanying financial statements of YWCA New Hampshire (the "Association") (a nonprofit organization), which comprise the statements of financial position as of June 30, 2019 and 2018, 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association'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.

To the Board of Directors  
YWCA New Hampshire

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 the Association as of June 30, 2019 and 2018, 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 2 to the financial statements, as of and for the years ended June 30, 2019 and 2018, the Association adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-4, *Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

### **Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental information on page 24 is presented specifically for Manchester Community Resource Center, Inc. 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 combined financial statements as a whole.

Manchester, New Hampshire  
September 17, 2019

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YWCA NEW HAMPSHIRE

STATEMENT OF FINANCIAL POSITION

As of June 30, 2019  
(with comparative totals for 2018)

ASSETS

	<u>2019</u>	<u>2018</u>
Current assets		
Cash and cash equivalents	\$ 229,067	\$ 15,915
Grants receivable	206,638	91,178
Prepaid expenses	<u>9,150</u>	<u>2,048</u>
Total current assets	444,855	109,141
Security deposit	2,470	2,470
Investments	193,034	182,856
Beneficial interest in trust	1,794,347	1,692,087
Property and equipment, net	<u>1,012,580</u>	<u>1,057,695</u>
Total assets	<u>\$ 3,447,286</u>	<u>\$ 3,044,249</u>

LIABILITIES AND NET ASSETS

Current liabilities		
Accounts payable and accrued expenses	\$ 44,636	\$ 47,245
Deferred revenue	186,941	30,686
Line of credit	-	153,528
Current portion of long-term debt	<u>8,750</u>	<u>22,968</u>
Total current liabilities	<u>240,327</u>	<u>254,427</u>
Non-current liabilities		
Long-term debt, less current portion	105,000	113,749
Other liability (Note 11)	<u>-</u>	<u>34,866</u>
Total non-current liabilities	<u>105,000</u>	<u>148,615</u>
Total liabilities	<u>345,327</u>	<u>403,042</u>
Net assets		
Without donor restrictions	1,100,400	732,339
With donor restrictions	<u>2,001,559</u>	<u>1,908,868</u>
Total net assets	<u>3,101,959</u>	<u>2,641,207</u>
Total liabilities and net assets	<u>\$ 3,447,286</u>	<u>\$ 3,044,249</u>

See notes to financial statements.

**YWCA NEW HAMPSHIRE**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2019**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2019</u>
Public support			
Foundations and grants	\$ 775,769	\$ 11,600	\$ 787,369
United Way	4,364	22,000	26,364
Contributions	122,573	19,525	142,098
Memberships	100	-	100
In-kind donations	34,594	-	34,594
Special events (net of direct costs of \$38,962 in 2019)	(1,287)	11,500	10,213
	<u>936,113</u>	<u>64,625</u>	<u>1,000,738</u>
Total public support			
Revenue			
Program fees	46,121	-	46,121
Facilities rental	36,382	-	36,382
Investment income, net of fees	146	2,148	2,294
Other revenue	17,934	-	17,934
Net assets released from restrictions	83,996	(83,996)	-
	<u>184,579</u>	<u>(81,848)</u>	<u>102,731</u>
Total revenue			
Total public support and revenue	<u>1,120,692</u>	<u>(17,223)</u>	<u>1,103,469</u>
Expenses			
Program services	922,601	-	922,601
Management and general	180,399	-	180,399
	<u>1,103,000</u>	<u>-</u>	<u>1,103,000</u>
Total expenses			
Increase (decrease) in net assets from operations	17,692	(17,223)	469
Non-operating income			
Unrealized losses on investments	(1,145)	(2,054)	(3,199)
Realized gains on investments	1,375	9,708	11,083
Other income (Note 11)	315,253	-	315,253
Forgiveness of debt	34,886	-	34,886
Change in beneficial interest in trust	-	102,260	102,260
	<u>350,369</u>	<u>109,914</u>	<u>460,283</u>
Total non-operating income			
Increase in net assets	368,061	92,691	460,752
Net assets, beginning of year	<u>732,339</u>	<u>1,908,868</u>	<u>2,641,207</u>
Net assets, end of year	<u>\$ 1,100,400</u>	<u>\$ 2,001,559</u>	<u>\$ 3,101,959</u>

See notes to financial statements.

**YWCA NEW HAMPSHIRE**

**STATEMENT OF ACTIVITIES**

**For the Year Ended June 30, 2018**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2018</u>
Public support			
Foundations and grants	\$ 555,494	\$ 47,000	\$ 602,494
United Way	5,137	-	5,137
Contributions	35,907	3,004	38,911
Memberships	210	-	210
In-kind donations	25,300	-	25,300
Special events (net of direct costs of \$22,281 in 2018)	31,437	-	31,437
	<hr/>	<hr/>	<hr/>
Total public support	653,485	50,004	703,489
Revenue			
Program fees	88,779	-	88,779
Facilities rental	29,047	-	29,047
Investment income, net of fees	781	2,629	3,410
Other revenue	19,204	-	19,204
Net assets released from restrictions	190,009	(190,009)	-
	<hr/>	<hr/>	<hr/>
Total revenue	327,820	(187,380)	140,440
Total public support and revenue	<hr/>	<hr/>	<hr/>
	981,305	(137,376)	843,929
Expenses			
Program services	797,635	-	797,635
Management and general	181,304	-	181,304
	<hr/>	<hr/>	<hr/>
Total expenses	978,939	-	978,939
Increase (decrease) in net assets from operations	2,366	(137,376)	(135,010)
Non-operating income			
Unrealized losses on investments	(1,497)	(6,632)	(8,129)
Realized gains on investments	2,334	9,196	11,530
Change in beneficial interest in trust	-	49,960	49,960
	<hr/>	<hr/>	<hr/>
Total non-operating income	837	52,524	53,361
Increase (decrease) in net assets	3,203	(84,852)	(81,649)
Net assets, beginning of year	<hr/>	<hr/>	<hr/>
	729,136	1,993,720	2,722,856
Net assets, end of year	<hr/>	<hr/>	<hr/>
	\$ 732,339	\$ 1,908,868	\$ 2,641,207

See notes to financial statements.

YWCA NEW HAMPSHIRE

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2019  
(with comparative totals for 2018)

	Program Services			Management and General	2019	2018
	Crisis Services	Youth and Community Service	Total Program Services			
Wages	\$ 541,529	\$ 18,105	\$ 559,634	\$ 33,526	\$ 593,160	\$ 504,526
Payroll taxes	44,030	1,368	45,398	2,963	48,361	45,929
Health and retirement benefits	24,652	1,350	26,002	487	26,489	19,900
Total wages, benefits and payroll taxes	610,211	20,823	631,034	36,976	668,010	570,355
Program expense	80,011	287	80,298	27,479	107,777	56,405
Maintenance and repairs	44,134	2,786	46,920	10,418	57,338	95,245
Heat and utilities	34,304	751	35,055	10,738	45,793	35,778
Insurance	31,041	2,830	33,871	5,331	39,202	83,055
Office expense	24,457	411	24,868	9,532	34,400	17,701
Training, meetings and conferences	21,454	-	21,454	8,788	30,242	7,605
Telephone	13,187	475	13,662	5,045	18,707	15,077
Professional fees	6,616	74	6,690	5,443	12,133	11,620
Miscellaneous	1,022	-	1,022	10,358	11,380	6,158
Interest	5,354	386	5,740	4,762	10,502	11,877
Travel and transportation	6,047	-	6,047	1,380	7,427	9,196
Dues to national organization	1,950	232	2,182	2,461	4,643	660
Dues and subscriptions	1,752	-	1,752	1,429	3,181	6,294
Advertising	-	-	-	1,174	1,174	100
Postage	201	24	225	546	771	1,485
Total expenses before depreciation	881,741	29,079	910,820	141,860	1,052,680	928,611
Depreciation	11,781	-	11,781	38,539	50,320	50,328
Total expenses	\$ 893,522	\$ 29,079	\$ 922,601	\$ 180,399	\$ 1,103,000	\$ 978,939

See notes to financial statements.



YWCA NEW HAMPSHIRE

STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2019  
(with comparative totals for 2018)

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities		
Change in net assets	\$ 460,752	\$ (81,649)
Adjustments to reconcile change in net assets to cash provided by (used in) operating activities		
Depreciation	50,320	50,328
Unrealized losses on investments	3,199	8,129
Realized (gains) on investments	(11,083)	(11,530)
Realized (gains) on real estate	(315,253)	-
(Increase) decrease in grants receivable	(115,460)	178,008
(Increase) decrease in deposits and prepaid expenses	(7,102)	2,401
(Increase) in beneficial interest in trust	(102,260)	(49,960)
(Decrease) increase in accounts payable and accrued expenses	(2,610)	21,245
Increase in deferred revenue	156,255	4,413
Net cash provided by operating activities	<u>116,758</u>	<u>121,385</u>
Cash flows from investing activities		
Purchases of capital assets	(5,205)	(163,345)
Proceeds from sale of real estate	315,253	-
Proceeds from sale of investments	51,693	67,800
Purchase of investments	(53,986)	(21,210)
Net cash provided by (used in) investing activities	<u>307,755</u>	<u>(116,755)</u>
Cash flows from financing activities		
Cash proceeds from line-of-credit	370,500	370,100
Cash payments on line-of-credit	(524,028)	(391,688)
Proceeds from loans	-	37,500
Forgiveness of debt	(34,866)	-
Debt principal payments	(22,967)	(20,251)
Net cash (used in) financing activities	<u>(211,361)</u>	<u>(4,339)</u>
Net increase in cash and cash equivalents	213,152	291
Cash and cash equivalents, beginning of year	<u>15,915</u>	<u>15,624</u>
Cash and cash equivalents, end of year	<u>\$ 229,067</u>	<u>\$ 15,915</u>
Supplemental disclosures of cash flow information		
Cash paid for interest	<u>\$ 10,502</u>	<u>\$ 11,877</u>

See notes to financial statements.

## YWCA NEW HAMPSHIRE

### NOTES TO FINANCIAL STATEMENTS

#### Note 1. NATURE OF ACTIVITIES

YWCA New Hampshire (the "Association"), is a state-wide New Hampshire non-profit organization. It is a member of YWCA USA, with whom it shares the mission of eliminating racism, empowering women and promoting peace, justice, freedom and dignity for all. This mission is met locally through the delivery of social service programs, as well as programs that enrich the general community. The Association's current services include: youth and community services and programming, and victim services, which include 24-hour crisis services, an emergency shelter, support groups and criminal and civil court advocacy.

#### Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### Significant accounting policies

The Association prepares its financial statements in accordance with generally accepted accounting principles promulgated in the United States of America (U.S. GAAP) for not-for-profit entities. The significant accounting and reporting policies used by the Association are described subsequently to enhance the usefulness and understandability of the financial statements.

##### Net assets

The financial statements report net assets and changes in net assets that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

Net assets without donor restrictions – Net assets without donor restrictions are resources available to support operations. The only limits on the use of these net assets are the broad limits resulting from the nature of the Association, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net assets with donor restrictions – Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; the Association must continue to use the resources in accordance with the donor's restrictions.

**YWCA NEW HAMPSHIRE**

**NOTES TO FINANCIAL STATEMENTS**

**Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Use of estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Cash and cash equivalents**

The Association considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

**Grants receivable and revenue**

Grants receivable are recognized when the qualifying costs are incurred for cost-reimbursement grants or contracts, or when a unit of service is provided for performance grants. Grant revenue from federal agencies is subject to review by grantor agencies. The review could result in the disallowance of expenditures under the terms of the grants, or reductions of future grant awards. Based on prior experience, the Association's management believes that costs ultimately disallowed, if any, would not materially affect the financial position of the Association.

**Investments**

The Association accounts for investments in accordance with U.S. GAAP. U.S. GAAP requires that investments with readily determinable values and all investments in debt securities are stated at their fair value in the statement of financial position. Investments, which consist of marketable equity, mutual funds and money market accounts, are carried at market value and are classified as long-term assets since it is the Association's intent to hold these securities for more than one year. All realized and unrealized gains and losses are included in the changes in net assets in the accompanying statement of activities. Investment income is recorded on the accrual basis.

**YWCA NEW HAMPSHIRE**  
**NOTES TO FINANCIAL STATEMENTS**

**Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Endowment investments**

Endowment investments consist of investments purchased with the following resources:

- Donor-restricted permanent endowments, which are contributions restricted by donors to investment in perpetuity with only investment income and appreciation being used to support the Association's activities.
- Board-designated endowments, which are resources set aside by the Board of Directors for an indeterminate period to operate in a manner similar to a donor-restricted permanent endowment. Because a Board-designated endowment results from an internal designation, it can be spent upon action of the Board of Directors.

Endowment investments also include investments purchased with unspent investment income and net gains on these resources.

**Property and equipment**

Property and equipment are recorded at cost, or in the case of donated assets, at fair market value. Items with an individual or aggregate cost of less than \$1,000 are expensed in the year of purchase. Repairs and maintenance are expensed as incurred.

Depreciation is provided on the straight-line method by charges to expense in amounts estimated to recover the cost of these assets over their estimated useful lives as follows:

Buildings and improvements	10 - 39 years
Equipment	5 - 7 years

**YWCA NEW HAMPSHIRE**  
**NOTES TO FINANCIAL STATEMENTS**

**Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Contributions**

Contributions, including unconditional promises to give, are recognized when received. All contributions are reported as increases in net assets without donor restrictions unless use of the contributed assets is specifically restricted by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in net assets with donor restrictions. When a restriction expires, donor restricted net assets are reclassified to net assets without donor restrictions.

**Donated material and services**

Donated services are recognized as contributions in accordance with U.S. GAAP if the services (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by people with those skills and would otherwise be purchased by the Association.

A substantial number of volunteers have donated significant amounts of their time to the Association's program services; however, the value of this contributed time is not reflected in the accompanying financial statements since the volunteers' time does not meet the criteria for recognition.

Donations of materials and equipment are recorded as support at fair market value on the date of receipt. At June 30, 2019 and 2018, there were donated materials of \$34,594 and \$25,300, respectively.

**Functional allocation of expenses**

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**Compensated absences**

It was the Association's policy that accrued vacation benefits must be used by the end of the second quarter of the next calendar year or be lost. Sick leave benefits up to 60 days accrue, but are not payable upon severance. The Association instituted a self-managed Paid Time Off program as of July 1, 2019. Therefore, on June 30, 2019 all accrued vacation benefits were paid out to employees. Under the new program, no vacation time is accrued. Therefore, no provision has been made for such absences.

**YWCA NEW HAMPSHIRE**  
**NOTES TO FINANCIAL STATEMENTS**

**Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Fair value of financial instruments**

Cash, trade and other accounts receivable, accounts payable, accrued expenses and other liabilities are carried in the financial statements as amounts which approximate fair value due to the inherently short-term nature of the transactions. The fair values determined for financial instruments are estimates, which for certain accounts may differ significantly from the amounts that could be realized upon immediate liquidation.

**Income taxes**

The Association is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code as a charitable organization, whereby only unrelated business income as defined by Section 509(a)(1) of the Code is subject to federal income tax. At June 30, 2019 and 2018, the Association had no unrelated business income. Accordingly, no provision for income taxes has been recorded. The income tax filings for the tax years before 2015 are no longer subject to examination by federal and state taxing authorities.

**Change in accounting principles**

The Association implemented FASB ASU No. 2016-14 in the current year, applying the changes retrospectively. The new standards change the following aspects of the financial statements:

- The unrestricted net asset class has been renamed net assets without donor restrictions.
- The temporarily restricted and permanently restricted net asset class has been combined into a single net asset class called net assets with donor restrictions.
- The financial statements include a disclosure about liquidity and availability of resources (Note 3).

**YWCA NEW HAMPSHIRE**  
**NOTES TO FINANCIAL STATEMENTS**

**Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)**

The changes had the following effect on net assets at July 1, 2018:

<u>Net asset class</u>	<u>As originally presented</u>	<u>After adoption of ASU 2016-14</u>
Unrestricted net assets	\$ 732,339	
Temporarily restricted net assets	1,779,778	
Permanently restricted net assets	129,090	
Net assets without donor restrictions		\$ 732,339
Net assets with donor restrictions	<u>                    </u>	<u>1,908,868</u>
Total net assets	<u>\$ 2,641,207</u>	<u>\$ 2,641,207</u>

**Note 3. LIQUIDITY AND AVAILABILITY**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use within one year of June 30, 2019 are:

Financial assets:	
Cash and cash equivalents	\$ 229,067
Grants receivable	206,638
Investments	193,034
Beneficial interest in trust	<u>1,794,347</u>
Total financial assets	2,423,086
Less financial assets held to meet donor-imposed restrictions:	
Purpose-restricted net assets	(41,206)
Donor-restricted endowment funds	(166,006)
Less financial assets not available within one year:	
Beneficial interest in trust	(1,794,347)
Less board-designated endowment fund	<u>(27,028)</u>
Amount available for general expenditures within one year	<u>\$ 394,499</u>

**YWCA NEW HAMPSHIRE**

**NOTES TO FINANCIAL STATEMENTS**

**Note 3. LIQUIDITY AND AVAILABILITY (concluded)**

The Association's endowment funds consist of donor-restricted endowments and funds designated by the Board as endowments. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. Donor-restricted endowment funds are not available for general expenditure.

The Association's endowment of \$193,034 is subject to an annual spending rate as described in Note 6. Although management does not intend to spend from this endowment (other than amounts appropriated for general expenditure as part of the Board's annual budget approval and appropriation), these amounts could be made available if necessary.

**Note 4. FAIR VALUE MEASUREMENTS**

The FASB defines fair value as the price that would be received for an asset or paid to transfer a liability (an exit price) in the Association's principal or most advantageous market in an orderly transaction between market participants on the measurement date.

The standard establishes a fair value hierarchy which requires the Association to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority.

Level 2 inputs consist of quoted prices for similar assets in active markets, quoted prices for identical or similar assets in inactive markets, or observable inputs other than quoted market prices.

Level 3 inputs consist of inputs that are unobservable and significant to the fair value measurement and have the lowest priority.



**YWCA NEW HAMPSHIRE**

**NOTES TO FINANCIAL STATEMENTS**

**Note 4. FAIR VALUE MEASUREMENTS (concluded)**

The Association uses appropriate valuation techniques based on available inputs to measure the fair value of its investments and beneficial interest in trust. An asset'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 must maximize the use of observable inputs and minimize the use of unobservable inputs.

**Note 5. INVESTMENTS**

Investments consisted of the following at June 30:

	<u>2019</u>		<u>2018</u>	
	<u>Cost</u>	<u>Market Value</u>	<u>Cost</u>	<u>Market Value</u>
Money market funds	\$ 3,610	\$ 3,610	\$ 6,884	\$ 6,884
Mutual funds- domestic	170,345	171,810	137,540	138,050
Mutual funds- international	17,797	17,614	18,816	17,898
Common stock- domestic	<u>-</u>	<u>-</u>	<u>15,345</u>	<u>20,024</u>
Total	<u>\$ 191,752</u>	<u>\$ 193,034</u>	<u>\$ 178,585</u>	<u>\$ 182,856</u>

For the years ended June 30, 2019 and 2018, investment fees were \$1,862 and \$2,264, respectively.

Investment return at June 30 is summarized as follows:

	<u>2019</u>	<u>2018</u>
Net interest and dividend income	\$ 2,294	\$ 3,410
Realized gain on investments	11,083	11,530
Unrealized (loss) on investments	<u>(3,199)</u>	<u>(8,129)</u>
Total	<u>\$ 10,178</u>	<u>\$ 6,811</u>

YWCA NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

**Note 5. INVESTMENTS (concluded)**

As discussed in Note 3 to these financial statements, the Association is required to report its fair value measurements in one of three levels, which are based on the ability to observe in the marketplace the inputs to the Association's valuation techniques. The valuation technique used to measure investments is Level 1. Level 1, the most observable level of inputs, is for investments measured at quoted prices in active markets for identical investments as of June 30, 2019.

**Note 6. ENDOWMENT FUND ASSETS**

The Association's endowment consists of funds established either by donors (referred to as *donor designated endowment funds*) and/or by resources set aside by the Board of Directors to function as endowments (referred to as *board designated endowment funds*). As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor imposed restrictions.

The State of New Hampshire enacted the Uniform Prudent Management of Institutional Funds Act (UPMIFA). UPMIFA establishes law for the management and investment of donor-restricted endowment funds. The Board of Directors of the Association has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds unless there are explicit donor stipulations to the contrary. The original gift is defined by the Association as (a) the original value of gifts donated to all donor-restricted endowments, (b) the original value of any subsequent gifts to donor-restricted endowments, and (c) the original value of accumulations to donor-restricted endowments made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

**YWCA NEW HAMPSHIRE**  
**NOTES TO FINANCIAL STATEMENTS**

**Note 6. ENDOWMENT FUND ASSETS (continued)**

The following schedule includes activity for all investments held by the Association:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>June 30, 2019</b>			
Investments, beginning of year	\$ 14,154	\$ 168,702	\$ 182,856
Investment return			
Net investment income	146	2,148	2,294
Realized gain	1,375	9,708	11,083
Unrealized loss	<u>(1,145)</u>	<u>(2,054)</u>	<u>(3,199)</u>
Total investment return	<u>376</u>	<u>9,802</u>	<u>10,178</u>
Appropriation of endowment assets:			
Spending rate	<u>12,498</u>	<u>(12,498)</u>	<u>-</u>
Investments, end of year	<u>\$ 27,028</u>	<u>\$ 166,006</u>	<u>\$ 193,034</u>

Investment Net Asset Composition by Fund Type

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>June 30, 2019</b>			
Board designated	\$ 27,028	\$ -	\$ 27,028
Donor designated	<u>-</u>	<u>166,006</u>	<u>166,006</u>
Total	<u>\$ 27,028</u>	<u>\$ 166,006</u>	<u>\$ 193,034</u>

**YWCA NEW HAMPSHIRE**  
**NOTES TO FINANCIAL STATEMENTS**

**Note 6. ENDOWMENT FUND ASSETS (continued)**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
June 30, 2018			
Investments, beginning of year	\$ 49,574	\$ 176,471	\$ 226,045
Investment return			
Net investment income	781	2,629	3,410
Realized gain	2,334	9,196	11,530
Unrealized loss	<u>(1,497)</u>	<u>(6,632)</u>	<u>(8,129)</u>
Total investment return	<u>1,618</u>	<u>5,193</u>	<u>6,811</u>
Appropriation of endowment assets:			
Board designated withdrawal	(50,000)	-	(50,000)
Spending rate	<u>12,962</u>	<u>(12,962)</u>	<u>-</u>
Investments, end of year	<u>\$ 14,154</u>	<u>\$ 168,702</u>	<u>\$ 182,856</u>

Investment Net Asset Composition by Fund Type

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
June 30, 2018			
Board designated	\$ 14,154	\$ -	\$ 14,154
Donor designated	<u>-</u>	<u>168,702</u>	<u>168,702</u>
Total	<u>\$ 14,154</u>	<u>\$ 168,702</u>	<u>\$ 182,856</u>

The Association has adopted an investment policy to provide a total return sufficient to support annual funding needs while preserving the assets against inflation. Total return is defined as dividend or interest income, plus realized and unrealized capital appreciation or depreciation at fair market value, net of fees.

YWCA NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

**Note 6. ENDOWMENT FUND ASSETS (concluded)**

The Association has a Board approved spending policy of up to 7% of the total value of the portfolio, which includes interest and dividends, as annual cash requirements.

In recognition of the prudence required of fiduciaries, reasonable diversification is sought where possible. Asset allocation parameters have been developed based on investment objectives, liquidity needs, and time horizon for intended use.

**Note 7. BENEFICIAL INTEREST IN TRUST**

The Association is an irrevocable beneficiary of a charitable remainder trust held by a bank as trustee. These resources are neither in the possession of, nor under the control of the Association. The terms of the trust provide for income of the trust to be distributed to the current beneficiary, and upon the beneficiary's death, the principal is to be distributed to charitable beneficiaries. The fair value of the beneficial interest was determined by applying the Association's percentage interest (14%) to the fair value of the trust assets as reported by the Trustee.

The fair market value of the beneficial interest in a trust is based upon the present value of the estimated future cash receipts from the trust's assets, considering a rate of return on the assets in the trust. As discussed in Note 4, the valuation technique used by the Association is a Level 3 measure because there are no observable market transactions.

Changes in fair value of the beneficial interest in trust are comprised of the following:

Balance at June 30, 2017	\$ 1,642,127
Change in value of beneficial interest in trust	<u>49,960</u>
Balance at June 30, 2018	\$1,692,087
Change in value of beneficial interest in trust	<u>102,260</u>
Balance at June 30, 2019	<u><u>\$1,794,347</u></u>

**YWCA NEW HAMPSHIRE**  
**NOTES TO FINANCIAL STATEMENTS**

**Note 8. PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following at June 30:

	<u>2019</u>	<u>2018</u>
Land	\$ 63,325	\$ 63,325
Buildings and improvements	2,719,034	2,719,034
Equipment	<u>98,553</u>	<u>93,348</u>
Total	2,880,912	2,875,707
Less accumulated depreciation	<u>1,868,332</u>	<u>1,818,012</u>
Net property and equipment	<u>\$ 1,012,580</u>	<u>\$ 1,057,695</u>

**Note 9. LINE OF CREDIT**

In fiscal year 2005, the Association entered into a revolving line of credit agreement with a bank for \$150,000. During fiscal year 2014, the Association increased the line of credit for maximum borrowings of \$225,000. The terms of the agreement are due on demand, at a rate of interest equal to 1.5% above the Wall Street Journal prime rate (7.0% at June 30, 2019). The line of credit is secured by general business assets of the Association. As of June 30, 2019 and 2018, \$0 and \$153,528 was advanced on the line of credit, respectively.

**Note 10. LONG-TERM DEBT**

Long-term debt consisted of the following at June 30:

	<u>2019</u>	<u>2018</u>
Note payable to NH Housing Finance Authority, in monthly installments of \$1,448 including interest at 4%, due December 1, 2018, secured by real property located in Manchester, New Hampshire. The amount was paid in full during 2019.	\$ -	\$ 14,217
Note payable to City of Manchester in annual installments of \$3,750, interest at 0%, due July 1, 2028, secured by real property located in Manchester, New Hampshire.	33,750	37,500

**YWCA NEW HAMPSHIRE**  
**NOTES TO FINANCIAL STATEMENTS**

**Note 10. LONG-TERM DEBT (concluded)**

Note payable to City of Manchester in annual installments of \$5,000, interest at 0%, due October 1, 2034, secured by real property located in Manchester, New Hampshire.	<u>80,000</u>	<u>85,000</u>
Total debt	<b>113,750</b>	136,717
Less current maturities	<u>8,750</u>	<u>22,968</u>
Long-term debt	<b><u>\$ 105,000</u></b>	<b><u>\$ 113,749</u></b>

The following is a summary of maturities due on long-term debt as of June 30, 2019:

Year ending <u>June 30,</u>	<u>Amount</u>
2020	\$ 8,750
2021	8,750
2022	8,750
2023	8,750
2024	8,750
Thereafter	<u>70,000</u>
Total	<b><u>\$ 113,750</u></b>

**Note 11. OTHER LIABILITY**

The Association owed \$34,866 in 2018 to Antoinette Hill apartments for building improvements paid on their behalf during fiscal year 2010. During 2019, Antoinette Hill apartments was sold and the total amount owed of \$34,866 was forgiven. The Association received \$315,253 from the sale in 2019.

**YWCA NEW HAMPSHIRE**  
**NOTES TO FINANCIAL STATEMENTS**

**Note 12. NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions were available for the following purposes as of June 30:

	<u>2019</u>	<u>2018</u>
Restricted for		
Programs		
Shelter replacement reserve	\$ -	\$ 12,022
Crisis services	35,703	32,254
Events	5,503	-
Building improvements	-	3,803
Time		
Beneficial interest in trust	1,794,347	1,692,087
Endowment earnings	36,916	39,612
Endowment invested in perpetuity	<u>129,090</u>	<u>129,090</u>
	<u>\$ 2,001,559</u>	<u>\$ 1,908,868</u>

The shelter replacement reserve was an escrow account required as part of the New Hampshire Housing Finance Authority mortgage (Note 10). The Association was required to deposit \$167 each month into the account, and disbursements were restricted to repair and replacement expenses for the mortgaged property. The reserve was transferred to the Association upon payoff of the mortgage during 2019.

**Note 13. PENSION PLAN**

The Association participates in a defined benefit retirement plan with the YWCA Retirement Fund, Inc. There are no prior service costs and it is the policy of the Association to timely fund pension costs. For the years ended June 30, 2019 and 2018, total pension expense associated with this plan was \$13,031 and \$8,597, respectively.

**Note 14. RELATED PARTY TRANSACTIONS**

The Association is affiliated with the National Office of the YWCA. The Association is required to pay dues to the National Office, calculated as a percentage of certain expenses.



**YWCA NEW HAMPSHIRE**  
**NOTES TO FINANCIAL STATEMENTS**

**Note 15. LEASE OF FACILITIES**

The Association entered into a three-year lease agreement to lease office space to another nonprofit organization, with total monthly lease payments of \$1,191 expiring June 2020. The minimum rental income under this operating lease agreement is as follows:

Year ending <u>June 30,</u>	<u>Amount</u>
2020	<u>\$ 14,430</u>
Total	<u><u>\$ 14,430</u></u>

During June 30, 2019 and 2018, total rental income was \$36,382 and \$29,047, respectively.

**Note 16. RISKS AND UNCERTAINTIES**

The Association invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported in the statements of financial position.

The majority of the Association's grants are received from foundations and from agencies of the State of New Hampshire. As such, the Association's ability to generate resources via grants is dependent upon the economic health of that area and of the State of New Hampshire. An economic downturn could cause a decrease in grants that coincides with an increase in demand for the Association's services.

**Note 17. SUBSEQUENT EVENTS**

The Association has evaluated subsequent events through September 17, 2019, the date which the financial statements were available to be issued, and has not evaluated subsequent events after that date. No subsequent events were identified that would require disclosure in the financial statements for the year ended June 30, 2019.

YWCA NEW HAMPSHIRE

SCHEDULE OF INCOME AND EXPENSES  
FOR MANCHESTER COMMUNITY RESOURCE CENTER, INC.

For the Year Ended June 30, 2019

Income		
	Operating income	<u>\$ 9,538</u>
Expenses		
	Wages	9,450
	Payroll tax expense	753
	Benefits	<u>77</u>
	Total disbursements	<u>10,280</u>
Net loss		<u><u>\$ (742)</u></u>