

**YWCA NEW HAMPSHIRE**  
**FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

## TABLE OF CONTENTS

Independent auditor's report .....	1
Statement of financial position .....	4
Statement of activities.....	5
Statement of functional expenses.....	7
Statement of cash flows .....	8
Notes to financial statements .....	9



## **INDEPENDENT AUDITOR'S REPORT**

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

### **Opinion**

We have audited the accompanying financial statements of YWCA New Hampshire (the "Association") (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Association as of June 30, 2022, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Association and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

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

To the Board of Directors  
YWCA New Hampshire

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association's ability to continue as a going concern for a reasonable period of time.

To the Board of Directors  
YWCA New Hampshire

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

**Report on Summarized Comparative Information**

We have previously audited the Association's 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 9, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Manchester, New Hampshire  
December 14, 2022

*Hessum & Paie PC*

YWCA NEW HAMPSHIRE

STATEMENT OF FINANCIAL POSITION

As of June 30, 2022  
(with comparative totals for 2021)

ASSETS

	<u>2022</u>	<u>2021</u>
Current assets		
Cash and cash equivalents	\$ 7,910	\$ 457,643
Grants receivable	186,621	221,783
Prepaid expenses	9,387	18,687
Notes receivable	<u>10,000</u>	<u>10,000</u>
Total current assets	213,918	708,113
Long-term notes receivable, less current portion	30,000	40,000
Investments	193,935	281,394
Beneficial interest in trust	2,015,318	2,225,468
Property and equipment, net	<u>1,292,469</u>	<u>1,256,122</u>
Total assets	<u>\$ 3,745,640</u>	<u>\$ 4,511,097</u>

LIABILITIES AND NET ASSETS

Current liabilities		
Accounts payable and accrued expenses	\$ 152,058	\$ 42,923
Deferred revenue	8,508	-
Fiscal agent funds	3,000	31,892
Line of credit	121,352	-
Current portion of long-term debt	<u>8,750</u>	<u>9,308</u>
Total current liabilities	<u>293,668</u>	<u>84,123</u>
Non-current liabilities		
Long-term debt, less current portion	228,750	236,842
Other liability (Note 12)	<u>-</u>	<u>61,100</u>
Total non-current liabilities	<u>228,750</u>	<u>297,942</u>
Total liabilities	<u>522,418</u>	<u>382,065</u>
Net assets		
Without donor restrictions	1,044,037	1,716,863
With donor restrictions	<u>2,179,185</u>	<u>2,412,169</u>
Total net assets	<u>3,223,222</u>	<u>4,129,032</u>
Total liabilities and net assets	<u>\$ 3,745,640</u>	<u>\$ 4,511,097</u>

See notes to financial statements.

YWCA NEW HAMPSHIRE

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2022

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>2022</u>
Public support			
Foundations and grants	\$ 1,357,109	\$ -	\$ 1,357,109
Contributions	85,547	-	85,547
In-kind contributions	2,680	-	2,680
Special events (net of direct costs of \$23,894 in 2022)	24,490	-	24,490
	<u>1,469,826</u>	<u>-</u>	<u>1,469,826</u>
Total public support			
Revenue			
Program fees	18,430	-	18,430
Facilities rental	43,527	-	43,527
Investment income, net of fees	3,673	6,576	10,249
Other revenue	107	-	107
	<u>65,737</u>	<u>6,576</u>	<u>72,313</u>
Total revenue			
Total public support and revenue	<u>1,535,563</u>	<u>6,576</u>	<u>1,542,139</u>
Expenses			
Program services	1,837,498	-	1,837,498
Management and general	424,595	-	424,595
	<u>2,262,093</u>	<u>-</u>	<u>2,262,093</u>
Total expenses			
(Decrease) increase in net assets from operations	(726,530)	6,576	(719,954)
Non-operating income (loss)			
Unrealized losses on investments	(8,753)	(32,284)	(41,037)
Realized gains on investments	1,357	2,874	4,231
Forgiveness of Paycheck Protection Program loan	61,100	-	61,100
Change in beneficial interest in trust	-	(210,150)	(210,150)
	<u>53,704</u>	<u>(239,560)</u>	<u>(185,856)</u>
Total non-operating income (loss)			
Decrease in net assets	(672,826)	(232,984)	(905,810)
Net assets, beginning of year	<u>1,716,863</u>	<u>2,412,169</u>	<u>4,129,032</u>
Net assets, end of year	<u>\$ 1,044,037</u>	<u>\$ 2,179,185</u>	<u>\$ 3,223,222</u>

See notes to financial statements.

YWCA NEW HAMPSHIRE

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2021

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>2021</u>
Public support			
Foundations and grants	\$ 1,036,903	\$ -	\$ 1,036,903
United Way	35,726	-	35,726
Contributions	1,134,751	-	1,134,751
In-kind contributions	1,407	-	1,407
Special events (net of direct costs of \$8,536 in 2021)	21,001	-	21,001
	<u>2,229,788</u>	<u>-</u>	<u>2,229,788</u>
Total public support			
Revenue			
Program fees	64,109	-	64,109
Facilities rental	42,982	-	42,982
Investment income, net of fees	761	4,671	5,432
Other revenue	7,974	-	7,974
Net assets released from restrictions	15,000	(15,000)	-
	<u>130,826</u>	<u>(10,329)</u>	<u>120,497</u>
Total revenue			
Total public support and revenue	<u>2,360,614</u>	<u>(10,329)</u>	<u>2,350,285</u>
Expenses			
Program services	1,254,496	-	1,254,496
Management and general	462,211	-	462,211
	<u>1,716,707</u>	<u>-</u>	<u>1,716,707</u>
Total expenses			
Increase (decrease) in net assets from operations	643,907	(10,329)	633,578
Non-operating income			
Unrealized gains on investments	2,833	17,402	20,235
Realized gains on investments	779	4,785	5,564
Change in beneficial interest in trust	-	371,364	371,364
	<u>3,612</u>	<u>393,551</u>	<u>397,163</u>
Total non-operating income			
Increase in net assets	647,519	383,222	1,030,741
Net assets, beginning of year	<u>1,069,344</u>	<u>2,028,947</u>	<u>3,098,291</u>
Net assets, end of year	<u>\$ 1,716,863</u>	<u>\$ 2,412,169</u>	<u>\$ 4,129,032</u>

See notes to financial statements.



YWCA NEW HAMPSHIRE

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2022  
(with comparative totals for 2021)

	Program Services	Management and General	<u>2022</u>	<u>2021</u>
Wages	\$ 844,192	\$ 224,406	\$ 1,068,598	\$ 862,848
Payroll taxes	71,230	18,934	90,164	60,824
Health and retirement benefits	76,056	20,217	96,273	74,504
<b>Total wages, benefits and payroll taxes</b>	<b>991,478</b>	<b>263,557</b>	<b>1,255,035</b>	<b>998,176</b>
Program expense	412,362	-	412,362	248,791
Maintenance and repairs	79,438	6,217	85,655	58,165
Professional fees	66,180	17,592	83,772	55,545
Office expense	49,104	13,053	62,157	51,834
Training, meetings and conferences	49,005	13,027	62,032	45,898
Insurance	47,476	12,620	60,096	38,246
Condo fees	43,350	11,523	54,873	6,308
Heat and utilities	30,493	12,832	43,325	57,079
Telephone	21,632	6,156	27,788	20,157
Event sponsorships	-	16,300	16,300	-
Dues and subscriptions	11,581	3,078	14,659	2,055
Travel and transportation	7,110	3,636	10,746	35,056
Interest	7,264	1,931	9,195	628
Miscellaneous	3,749	1,649	5,398	24,216
Advertising	3,437	914	4,351	18,095
Dues to national organization	2,375	631	3,006	4,742
Postage	279	74	353	1,299
<b>Total expenses before depreciation</b>	<b>1,826,313</b>	<b>384,790</b>	<b>2,211,103</b>	<b>1,666,290</b>
Depreciation	11,185	39,805	50,990	50,417
<b>Total expenses</b>	<b>\$ 1,837,498</b>	<b>\$ 424,595</b>	<b>\$ 2,262,093</b>	<b>\$ 1,716,707</b>

See notes to financial statements.

**YWCA NEW HAMPSHIRE**  
**STATEMENT OF CASH FLOWS**  
**For the Year Ended June 30, 2022**  
**(with comparative totals for 2021)**

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities		
Change in net assets	\$ (905,810)	\$ 1,030,741
Adjustments to reconcile change in net assets to cash provided by (used in) operating activities		
Depreciation	50,990	50,417
Unrealized losses (gains) on investments	41,037	(20,235)
Realized (gains) on investments	(4,231)	(5,564)
Decrease (increase) in grants receivable	35,162	(80,812)
Decrease (increase) in deposits and prepaid expenses	9,300	(12,610)
Decrease (increase) in notes receivable	10,000	(50,000)
Decrease (increase) in beneficial interest in trust	210,150	(371,364)
Increase (decrease) accounts payable and accrued expenses	109,135	(26,720)
Increase (decrease) in deferred revenue	8,508	(63,548)
(Decrease) increase in fiscal agent funds	<u>(28,892)</u>	<u>31,892</u>
Net cash (used in) provided by operating activities	<u>(464,651)</u>	<u>482,197</u>
Cash flows from investing activities		
Purchases of capital assets	(87,337)	(233,791)
Proceeds from sale of investments	89,607	28,787
Purchase of investments	<u>(38,954)</u>	<u>(84,219)</u>
Net cash (used in) investing activities	<u>(36,684)</u>	<u>(289,223)</u>
Cash flows from financing activities		
Cash proceeds from line-of-credit	281,541	73,000
Cash payments on line-of-credit	(160,189)	(73,000)
Forgiveness of payroll protection program loan	(61,100)	-
Debt principal payments	<u>(8,650)</u>	<u>(8,750)</u>
Net cash provided by (used in) financing activities	<u>51,602</u>	<u>(8,750)</u>
Net (decrease) increase in cash and cash equivalents	(449,733)	184,224
Cash and cash equivalents, beginning of year	<u>457,643</u>	<u>273,419</u>
Cash and cash equivalents, end of year	<u>\$ 7,910</u>	<u>\$ 457,643</u>
Supplemental disclosures of cash flow information		
Cash paid for interest	<u>\$ 9,195</u>	<u>\$ 628</u>
Noncash financing activity		
Forgiveness of Paycheck Protection Program loan	<u>\$ 61,100</u>	<u>\$ -</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 services include: youth and community services and programming, victim services, which include 24-hour crisis services, an emergency shelter, support groups and criminal and civil court advocacy. The Association’s major sources of revenue are foundation and grant income.

#### 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. Cash allocated to the investment portfolio as part of the Allocation's investment strategy is reported as investments.

**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. For the years ended June 30, 2022, 2021, and 2020, grants receivable was \$186,621, \$221,783, and \$140,971, respectively.

**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

**Revenue recognition**

The Association has revenue streams that are accounted for as reciprocal exchange transactions, including grant revenues, special events, program fees, and facilities rental.

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

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

Grant revenues, special events, program fees, and facilities rental is recognized ratably over the period each service is provided on a straight-line basis in an amount that reflects the consideration the Association expects to be entitled to in exchange for those services. All the Association's revenue from contracts with customers are from performance obligations satisfied over time. Prices are specific to a distinct performance obligation and do not consist of multiple transactions.

Because the Association's performance obligations relate to contracts with a duration less than one year, the Association has elected to apply the optional exemption provided in FASB ASC 606-10-50-14(a), *Revenue from Contracts with Customers*, and therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period. There are no incremental costs of obtaining a contract and no significant financing components.

**Contributions**

The Association records contributions within the appropriate net asset category based on the existence or absence of donor conditional promises to give. A conditional promise to give is a contribution with a measurable performance or other barrier and a right to return. The Association recognizes conditional promises to give when the measurable performance or barrier imposed by the donor are substantially met or explicitly waived by the donor. Contributions restricted by the donor are reported as increases in net assets without donor restrictions if the restriction expires in the fiscal year in which the contributions are recognized. 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.

**YWCA NEW HAMPSHIRE**

**NOTES TO FINANCIAL STATEMENTS**

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

Donations of materials and equipment are recorded as support at fair market value on the date of receipt. At June 30, 2022 and 2021, there were donated materials of \$2,680 and \$1,407, 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.

**Reclassification**

Certain 2021 amounts have been reclassified to conform to 2022 classification. These reclassifications had no effect on the increase in net assets for 2021.

**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, 2022 and 2021, 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 2018 are no longer subject to examination by federal and state taxing authorities.

**YWCA NEW HAMPSHIRE**

**NOTES TO FINANCIAL STATEMENTS**

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

**Accounting pronouncement adopted**

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers Topic (606)*. This ASU supersedes the revenue recognition requirements in *Topic 605, Revenue Recognition*, and most industry-specific guidance. The core principle of the guidance is that 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. The Association adopted this ASU on July 1, 2020.

The Association implemented ASU 2014-09 using a full retrospective method of application. The adoption of ASU 2014-09 resulted in changes to the disclosure of revenue. There were no material changes to the recognition or presentation of revenue as a result of the application of ASU 2014-09. As a result, no cumulative effect adjustment was recorded upon adoption.

**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 are:

	<u>2022</u>	<u>2021</u>
Financial assets:		
Cash and cash equivalents	\$ 7,910	\$ 457,643
Grants receivable	186,621	221,783
Investments	193,935	281,394
Notes receivable	40,000	50,000
Beneficial interest in trust	<u>2,015,318</u>	<u>2,225,468</u>
 Total financial assets	 2,443,784	 3,236,288
 Less financial assets held to meet donor-imposed restrictions:		
Donor-restricted endowment funds	(163,867)	(186,701)
 Less financial assets not available within one year:		
Beneficial interest in trust	(2,015,318)	(2,225,468)
Notes receivable	(30,000)	(40,000)
 Less board-designated endowment fund	 <u>(30,068)</u>	 <u>(94,693)</u>



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

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

Amount available for general expenditures within one year	<u>\$ 204,531</u>	<u>\$ 689,426</u>
--	-------------------	-------------------

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 \$193,935 is subject to an annual spending rate as described in Note 7. 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.

As part of their liquidity management plan, the Association maintains a revolving line of credit of \$225,000 to cover short-term cash needs (Note 10).

**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. NOTES RECEIVABLE**

On April 30, 2021, the Association signed five promissory notes in the amount of \$10,000 each, for a total of \$50,000. The notes bear interest at 1%, are payable to the Association on an annual basis and have maturity dates between April 30, 2022 and April 30, 2026.

The following is a summary of maturities due on each note as of June 30, 2022:

Year ending <u>June 30,</u>	<u>Amount</u>
2023	\$ 10,000
2024	10,000
2025	10,000
2026	<u>10,000</u>
Total	<u>\$ 40,000</u>

**Note 6. INVESTMENTS**

Investments consisted of the following at June 30:

	<u>2022</u>		<u>2021</u>	
	<u>Cost</u>	<u>Market Value</u>	<u>Cost</u>	<u>Market Value</u>
Money market funds	\$ 3,935	\$ 3,935	\$ 5,282	\$ 5,282
Mutual funds	201,585	186,173	242,226	264,587
Exchange-traded fund	<u>3,533</u>	<u>3,827</u>	<u>7,965</u>	<u>11,525</u>
Total	<u>\$ 209,053</u>	<u>\$ 193,935</u>	<u>\$ 255,473</u>	<u>\$ 281,394</u>

YWCA NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

**Note 6. INVESTMENTS (concluded)**

For the years ended June 30, 2022 and 2021, investment fees were \$2,627 and \$2,491, respectively.

Investment (loss) return at June 30 is summarized as follows:

	<u>2022</u>	<u>2021</u>
Net interest and dividend income	\$ 9,347	\$ 5,432
Realized gains on investments	4,231	5,564
Unrealized (losses) gains on investments	<u>(41,037)</u>	<u>20,235</u>
Total	<u>\$ (27,459)</u>	<u>\$ 31,231</u>

As discussed in Note 4 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, 2022.

**Note 7. 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 7. 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, 2022</b>			
Investments, beginning of year	\$ 94,693	\$ 186,701	\$ 281,394
Investment loss			
Net investment income	2,771	6,576	9,347
Realized gain	1,357	2,874	4,231
Unrealized gain	<u>(8,753)</u>	<u>(32,284)</u>	<u>(41,037)</u>
Total investment loss	<u>(4,625)</u>	<u>(22,834)</u>	<u>(27,459)</u>
Appropriation of endowment assets	<u>(60,000)</u>	-	<u>(60,000)</u>
Investments, end of year	<u>\$ 30,068</u>	<u>\$ 163,867</u>	<u>\$ 193,935</u>

Investment Net Asset Composition by Fund Type

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>June 30, 2022</b>			
Board designated	\$ 30,068	\$ -	\$ 30,068
Donor designated	<u>-</u>	<u>163,867</u>	<u>163,867</u>
Total	<u>\$ 30,068</u>	<u>\$ 163,867</u>	<u>\$ 193,935</u>

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

**Note 7. ENDOWMENT FUND ASSETS (continued)**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
June 30, 2021			
Investments, beginning of year	\$ 40,320	\$ 159,843	\$ 200,163
Investment return			
Net investment income	761	4,671	5,432
Realized gain	779	4,785	5,564
Unrealized gain	<u>2,833</u>	<u>17,402</u>	<u>20,235</u>
Total investment return	<u>4,373</u>	<u>26,858</u>	<u>31,231</u>
Contribution	<u>50,000</u>	<u>-</u>	<u>50,000</u>
Investments, end of year	<u>\$ 94,693</u>	<u>\$ 186,701</u>	<u>\$ 281,394</u>

Investment Net Asset Composition by Fund Type

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
June 30, 2021			
Board designated	\$ 94,693	\$ -	\$ 94,693
Donor designated	<u>-</u>	<u>186,701</u>	<u>186,701</u>
Total	<u>\$ 94,693</u>	<u>\$ 186,701</u>	<u>\$ 281,394</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 7. 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 8. 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 balance at June 30, 2022 and 2021 was \$2,015,318 and \$2,225,468, respectively.

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 the trust are comprised of the following:

	<u>Interest in remainder trust</u>
Balance, July 1, 2020	\$ 1,854,104
Change in value of beneficial interest	<u>371,364</u>
Balance, June 30, 2021	<u>\$ 2,225,468</u>
Balance, July 1, 2021	\$ 2,225,468
Change in value of beneficial interest	<u>(210,150)</u>
Balance, June 30, 2022	<u>\$ 2,015,318</u>

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

**Note 9. PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following at June 30:

	<u>2022</u>	<u>2021</u>
Land	\$ 63,325	\$ 63,325
Buildings and improvements	3,121,272	3,052,739
Equipment	<u>125,600</u>	<u>106,796</u>
Total	3,310,197	3,222,860
Less accumulated depreciation	<u>2,017,728</u>	<u>1,966,738</u>
Net property and equipment	<u>\$ 1,292,469</u>	<u>\$ 1,256,122</u>

**Note 10. 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 (5.75% at June 30, 2022). The line of credit is secured by general business assets of the Association. As of June 30, 2022 and 2021, the amount due on the line of credit was \$121,352 and \$0, respectively.

**Note 11. LONG-TERM DEBT**

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

	<u>2022</u>	<u>2021</u>
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.	\$ 22,500	\$ 26,250
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.	65,000	70,000

**YWCA NEW HAMPSHIRE**

**NOTES TO FINANCIAL STATEMENTS**

**Note 11. LONG-TERM DEBT (concluded)**

Note payable to US Small Business Administration in monthly installments of \$641 commencing in November 2022, interest at 2.75%, due April 27, 2050	<u>150,000</u>	<u>149,900</u>
Total debt	237,500	246,150
Less current maturities	<u>8,750</u>	<u>9,308</u>
Long-term debt	<u>\$ 228,750</u>	<u>\$ 236,842</u>

The following is a summary of maturities due on long-term debt as of June 30, 2022:

Year ending <u>June 30,</u>	<u>Amount</u>
2023	\$ 8,750
2024	8,750
2025	8,750
2026	12,263
2027	12,463
Thereafter	<u>186,524</u>
Total	<u>\$ 237,500</u>

**Note 12. OTHER LIABILITY**

On April 28, 2020, the Association was granted a loan from Bangor Savings Bank in the amount of \$61,100 through the Paycheck Protection Program (“PPP”) under Division A, Title I of the CARES Act, which was enacted March 27, 2020. Funds from the loan may only be used for payroll costs, costs used to continue group health care benefits, rent, and utilities. Under the terms of the PPP, certain amounts of the loan may be forgiven if they are used for qualifying expenses as described in the CARES Act. On July 26, 2021, the entire loan amount was forgiven.



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

**Note 13. NET ASSETS WITH DONOR RESTRICTIONS**

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

	<u>2022</u>	<u>2021</u>
Restricted for		
Time		
Beneficial interest in trust	\$ 2,015,318	\$ 2,225,468
Endowment earnings	34,777	57,611
Endowment invested in perpetuity	<u>129,090</u>	<u>129,090</u>
 Total	 <u>\$ 2,179,185</u>	 <u>\$ 2,412,169</u>

**Note 14. 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, 2022 and 2021, total pension expense associated with this plan was \$32,831 and \$20,470, respectively.

**Note 15. 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. For the years ended June 30, 2022 and 2021, the dues paid was \$3,006 and 4,742, respectively.

**YWCA NEW HAMPSHIRE**

**NOTES TO FINANCIAL STATEMENTS**

**Note 16. LEASE OF FACILITIES**

During 2017, the Association entered into a three-year agreement to lease office space to another nonprofit organization. The lease agreement was renewed in 2020 for an additional three years, expiring June 2023. During June 30, 2022 and 2021, total monthly lease payments were \$2,991. During February 2020, the Association entered into a one-year agreement to lease office space. The lease agreement was renewed in 2021 for an additional one year and expired January 2022. The lease is now on a month-to-month basis. The monthly lease payments are \$500. The minimum rental income under these operating lease agreements is as follows:

Year ending <u>June 30,</u>	<u>Amount</u>
2023	<u>\$ 35,892</u>
Total	<u><u>\$ 35,892</u></u>

During June 30, 2022 and 2021, total rental income was \$43,527 and \$42,982, respectively.

**Note 17. OPERATING LEASE COMMITMENT**

The Association has an operating lease agreement for office space in Derry, New Hampshire under a non-cancelable agreement that expires in May 2024. The Association has the right to renew the lease agreement in March 2024 provided there is written notice 90 days prior to termination. The lease requires a base monthly rental payment of \$995, increased annually by 5% over the lease term. In addition to base rent, the Association is required to pay their share of utilities.

The Association has an operating lease agreement for a vehicle and equipment under a non-cancelable agreement that expires in June 2023 and March 2025, respectively. The lease requires a monthly rental payment of \$615 and \$275.

**YWCA NEW HAMPSHIRE**

**NOTES TO FINANCIAL STATEMENTS**

**Note 17. OPERATING LEASE COMMITMENT (concluded)**

Minimum future commitments under non-cancelable operating leases are as follows:

Year ending <u>June 30,</u>	<u>Amount</u>
2023	\$ 23,270
2024	15,345
2025	<u>2,475</u>
Total	<u>\$ 41,090</u>

For the years ended June 30, 2022 and 2021, rent expense was \$20,869 and \$21,923, respectively.

**Note 18. 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 Association has entered into grant agreements that are recognized when qualifying costs are incurred for cost-reimbursement grants or when a unit of service is provided for performance grants. Revenue from government 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.

**Note 19. SUBSEQUENT EVENTS**

The Association has evaluated subsequent events through December 14, 2022, 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, 2022.