

**WALSH & CO.**  
ACCOUNTANTS & CONSULTANTS

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Independent Auditor's Report

Board of Directors  
YWCA of Greater Lawrence, Inc.

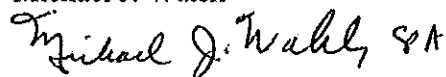
We have audited the accompanying consolidated statements of financial position of the YWCA of Greater Lawrence, Inc. (a nonprofit corporation) as of June 30, 2010 and 2009 and the related consolidated statements of activities and changes in net assets and cash flows, and consolidated statements of functional expenses for the years then ended. These consolidated financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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

In our opinion, the consolidated financial statements, and consolidated statements of functional expenses referred to above present fairly, in all material respects, the consolidated financial position of the YWCA of Greater Lawrence, Inc. as of June 30, 2010 and 2009 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.

October 21, 2010

Michael J. Walsh



Certified Public Accountant

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YWCA OF GREATER LAWRENCE, INC.

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YWCA OF GREATER LAWRENCE, INC.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
AS OF JUNE 30, 2010 AND 2009

ASSETS:	2010	2009
Current Assets:		
Cash and cash equivalents	\$ 1,246,503	\$ 1,137,777
Accounts receivable - programs	545,184	430,493
Investments	10,309	10,034
Prepaid expenses and deposits	43,710	22,315
Total Current Assets	<u>1,845,706</u>	<u>1,600,619</u>
Fixed Assets:		
Land and buildings	2,650,071	2,644,327
Equipment	478,801	473,201
Motor vehicle	17,175	17,175
Total	<u>3,146,047</u>	<u>3,134,703</u>
Less: Allowance for depreciation	<u>1,688,770</u>	<u>1,583,247</u>
Property and Equipment, net	<u>1,457,277</u>	<u>1,551,456</u>
Accrued interest on note receivable – Fina House, LLC	32,182	29,146
Note receivable FINA House (Developer loan)	56,854	56,854
Note receivable FINA House (McKinney loan)	<u>278,698</u>	<u>268,268</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 3,670,717</u></b>	<b><u>\$ 3,506,343</u></b>
LIABILITIES AND NET ASSETS:		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 564,150	\$ 566,484
Deferred revenue - programs	372,007	347,850
Deferred revenue – Fina House, LLC	<u>248,000</u>	<u>248,000</u>
Total Current Liabilities	<u>1,184,157</u>	<u>1,162,334</u>
Noncurrent Liabilities:		
Mortgage and note payable	126,903	126,903
FINA House developer note payable	56,854	56,854
Note payable – McKinney	<u>278,698</u>	<u>268,268</u>
Total Noncurrent Liabilities	<u>462,455</u>	<u>452,025</u>
<b>TOTAL LIABILITIES</b>	<b><u>1,646,612</u></b>	<b><u>1,614,359</u></b>
Commitments and contingent liabilities		
NET ASSETS:		
Unrestricted	1,883,853	1,879,984
Temporarily restricted	<u>140,252</u>	<u>12,000</u>
<b>TOTAL NET ASSETS</b>	<b><u>2,024,105</u></b>	<b><u>1,891,984</u></b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 3,670,717</u></b>	<b><u>\$ 3,506,343</u></b>

See accompanying notes.

YWCA OF GREATER LAWRENCE, INC.

CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
YEAR ENDED JUNE 30, 2010

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>SUPPORT AND REVENUE:</b>			
Merrimack Valley United Fund, Inc. - Allotment	\$ 72,663		\$ 72,663
Grants	297,582		297,582
Program Service fees	3,686,947		3,686,947
Gifts and Contributions	111,424	\$ 135,613	247,037
Investment return	16,952		16,952
Other	1,409		1,409
Net assets released from restrictions	<u>3,000</u>	<u>(3,000)</u>	
Total Support and Revenue	<u>4,189,977</u>	<u>132,613</u>	<u>4,322,590</u>
<b>EXPENSES:</b>			
<b>Program Services:</b>			
Counseling Services	605,351		605,351
Children's Center	1,799,975		1,799,975
Girls Club	191,280		191,280
Health Promotions	163,015		163,015
Residency	850,573		850,573
Community learning	<u>12,398</u>		<u>12,398</u>
Total Program Services	3,622,592		3,622,592
<b>Supporting Services:</b>			
General and administrative	<u>563,516</u>	<u>4,361</u>	<u>567,877</u>
Total Expenses	<u>4,186,108</u>	<u>4,361</u>	<u>4,190,469</u>
INCREASE IN NET ASSETS	3,869	128,252	132,121
<b>NET ASSETS:</b>			
Beginning of Year	<u>1,879,984</u>	<u>12,000</u>	<u>1,891,984</u>
End of Year	<u>\$ 1,883,853</u>	<u>\$ 140,252</u>	<u>\$ 2,024,105</u>

See accompanying notes.

YWCA OF GREATER LAWRENCE, INC.

CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
YEAR ENDED JUNE 30, 2009

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>SUPPORT AND REVENUE:</b>			
Merrimack Valley United Fund, Inc. - Allotment	\$ 80,535		\$ 80,535
Grants	254,850		254,850
Program Service fees	3,679,228		3,679,228
Gifts and Contributions	209,002	\$ 14,020	223,022
Investment return	23,694		23,694
Other	2,795		2,795
Net assets released from restriction	<u>3,000</u>	<u>(3,000)</u>	
Total Support and Revenue	<u>4,253,104</u>	<u>11,020</u>	<u>4,264,124</u>
<b>EXPENSES:</b>			
<b>Program Services:</b>			
Counseling Services	692,523		692,523
Children's Center	1,740,783	14,020	1,754,803
Girls Club	186,550		186,550
Health Promotions	196,348		196,348
Residency	833,347		833,347
Community Learning	<u>14,197</u>		<u>14,197</u>
Total Program Services	3,663,748	<u>14,020</u>	3,677,768
<b>Supporting Services:</b>			
General and administrative	<u>586,190</u>		<u>586,190</u>
Total Expenses	<u>4,249,938</u>	<u>14,020</u>	<u>4,263,958</u>
INCREASE (DECREASE) IN NET ASSETS	3,166	(3,000)	166
<b>NET ASSETS:</b>			
Beginning of Year	<u>1,876,818</u>	<u>15,000</u>	<u>1,891,818</u>
End of Year	<u>\$ 1,879,984</u>	<u>\$ 12,000</u>	<u>\$ 1,891,984</u>

See accompanying notes.

YWCA OF GREATER LAWRENCE, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash received from support and revenue	\$ 4,212,068	\$ 4,280,303
Cash paid to suppliers and employees	(4,108,674)	(4,210,392)
Investment income received	<u>16,952</u>	<u>23,694</u>
Net Cash Provided by Operating Activities	<u>120,346</u>	<u>93,605</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Capital expenditures	(11,345)	(52,103)
Increase in note receivable FINA House (McKinney loan)	(10,430)	(10,431)
Proceeds from investments	<u>(275)</u>	<u>731</u>
Net Cash Used in Investing Activities	<u>(22,050)</u>	<u>(61,803)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Borrowings on note payable	<u>10,430</u>	<u>10,431</u>
Net Cash Used by Financing Activities	<u>10,430</u>	<u>10,431</u>
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>	108,726	42,233
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<u>1,137,777</u>	<u>1,095,544</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 1,246,503</u>	<u>\$ 1,137,777</u>
<b>RECONCILIATION OF INCREASE (DECREASE) IN NET ASSETS TO CASH FLOWS - OPERATING ACTIVITIES:</b>		
<b>INCREASE IN NET ASSETS</b>	<u>132,121</u>	<u>166</u>
<b>ADJUSTMENTS TO RECONCILE INCREASE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>		
Depreciation	105,524	102,465
Increase in accounts receivable - programs	(114,691)	(16,352)
(Increase) decrease in prepaid expenses	(21,395)	5,972
Increase in accrued interest on notes receivable - Fina House, LLC	(3,036)	(3,036)
Decrease in accounts payable and accrued expenses	(2,334)	(68,891)
Increase in deferred revenue - programs	<u>24,157</u>	<u>73,281</u>
Total Adjustments	<u>(11,775)</u>	<u>93,439</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>\$ 120,346</u>	<u>\$ 93,605</u>
<b>SUPPLEMENTAL DISCLOSURE:</b>		
Cash paid for interest	<u>\$ -</u>	<u>\$ 45</u>

See accompanying notes.

YWCA OF GREATER LAWRENCE, INC.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2010

	Counseling Services	Children's Center	Girls' Club	Health Promotions	Residency	Community Learning	Program Services Total	General and Administrative	Total
Salaries	\$399,458	\$949,036	\$70,539	\$60,066	\$370,957	\$9,732	1,859,788	\$387,358	\$2,247,146
Payroll taxes	38,107	91,435	12,954	5,642	36,744	952	185,834	34,578	220,412
Fringe benefits	95,537	133,142	5,137	14,611	59,647	1,123	309,197	52,757	361,954
Facility operations/ maintenance	14,149	34,220	11,907	53,945	266,887	248	381,356	7,538	388,894
Depreciation	5,064	26,487	7,703	1,899	13,718		54,871	4,221	59,092
Insurance	1,551	6,601	2,476	396	20,059	99	31,182	1,320	32,502
Supplies/materials	282	28,861	4,741	2,520	324		36,728	237	36,965
Program support		177,222	41,586	6,849			225,657	3,000	228,657
Training	2,452	21,393	180	1,635	4,760	50	30,470	9,979	40,449
Food	165	68,479	18,111	1,834	1,912		90,501	1,325	91,826
Transportation	4,610	220,174	9,100	2,694	7,487		244,065	5,403	249,468
Direct care consultants	22,680			1,585	39,800		64,065		64,065
Professional/Admin	9,406	22,981	3,254	2,703	15,352	86	53,782	31,666	85,448
Commercial products and services	11,890	19,944	3,592	6,636	12,926	108	55,096	28,495	83,591
<b>TOTAL</b>	<b>\$605,351</b>	<b>\$1,799,975</b>	<b>\$191,280</b>	<b>\$163,015</b>	<b>\$850,573</b>	<b>\$12,398</b>	<b>\$3,622,592</b>	<b>\$567,877</b>	<b>\$4,190,469</b>

See accompanying notes.  
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YWCA OF GREATER LAWRENCE, INC.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2009

	Counseling Services	Children's Center	Girl's Club	Health Promotions	Residency	Community Learning	Program Services Total	General and Administrative	Total
Salaries	\$361,190	\$922,526	\$69,309	\$50,224	\$380,825	\$10,550	\$1,794,624	\$399,357	\$2,193,981
Payroll taxes	40,062	91,165	6,973	7,044	37,959	1,063	184,266	36,994	221,260
Fringe benefits	95,797	137,516	8,556	18,455	61,532	1,762	323,618	50,749	374,367
Facility operations/ maintenance	18,160	64,873	15,449	58,035	285,675	308	442,500	11,232	453,732
Depreciation	4,740	25,719	7,480	47,107	13,320		98,366	4,098	102,464
Insurance	1,532	6,519	2,445	391	19,722	96	30,705	1,304	32,009
Supplies/materials	739	18,248	4,094	2,473	1,505		27,059	1,573	28,632
Program support		159,510	33,700				193,210	3,000	196,210
Training	3,188	24,557	835	2,542	2,984	79	34,185	11,253	45,438
Food	614	64,645	9,156	1,735	2,025		78,175	10,672	88,847
Transportation	4,897	190,698	21,519	1,247	8,623	123	227,107	1,978	229,085
Direct care consultants	132,036		101	1,600	1,025		134,762		134,762
Professional/Admin	14,833	28,242	3,481	224	9,256	121	56,157	29,841	85,998
Commercial products and services	14,735	20,585	3,452	5,271	8,896	95	53,034	24,139	77,173
TOTAL	\$692,523	\$1,754,803	\$186,550	\$196,348	\$833,347	\$14,197	\$3,677,768	\$586,190	\$4,263,958

See accompanying notes.



YWCA OF GREATER LAWRENCE, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2010 AND 2009

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities:

The YWCA of Greater Lawrence, Inc. is a charitable association organized as a not-for-profit corporation for purposes of supplying aid to and improving the Greater Lawrence community. The YWCA is dedicated to eliminating racism, empowering women and promoting peace, justice, freedom and dignity for all.

In connection with the development of a 24-unit transitional and permanent housing development on Haverhill Street in Lawrence, Massachusetts (the "Project"), the YWCA of Greater Lawrence, Inc. (this "Corporation") formed a limited liability company, named YWCA Fina House, LLC (the "LLC") to act as owner of the Project, and formed a for-profit subsidiary of this Corporation to be named YWCA Fina House, Inc. (the "Managing Member") to act as managing member of the LLC, with the Corporation serving as the initial member of the LLC along with the Managing Member. The financial position and results of operations of YWCA Fina House, Inc. and YWCA Fina House, LLC owned by the YWCA of Greater Lawrence, Inc. have been consolidated in the accompanying financial statements.

Promises To Give

Contributions are recognized when the donor makes a promise to give to the Association that is, in substance, unconditional. Contributions that are by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Accounts Receivable/Allowance

Accounts receivable are stated at estimated collectible amounts. The Association uses the allowance method to determine uncollectible accounts receivable. The allowance is based on prior years' experience and management's analysis of specific accounts receivable. At June 30, 2010 and 2009, management believes there are no uncollectible accounts receivable.

Basis of Accounting

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Financial Statement Presentation:

The Association has adopted the Accounting Standards Codification (ASC) for financial statements of not-for-profit organizations. Under ASC, the Association is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

YWCA of Greater Lawrence, Inc.  
Notes to Consolidated Financial Statements

Unrestricted Net Assets

Unrestricted net assets are those net resources that bear no external restrictions and are generally available for use by the Association.

Temporarily Restricted Net Assets

Temporarily restricted net assets are those amounts received with donor restrictions which have not yet been expended for their designated program purposes. Temporarily restricted net assets for programs as of June 30, 2010 and 2009 are \$140,252 and \$12,000, respectively.

Permanently Restricted Net Assets

Permanently restricted net assets consist of funds which are restricted by donors against any expenditures of principal. Income generated by the permanently restricted assets is available for use in operations. As of June 30, 2010 and 2009, there were no permanently restricted net assets.

Contributions:

The Association has adopted ASC, Accounting for Contributions Received and Made. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted net assets depending on the existence or nature of any donor restrictions.

Support and Revenue

The Association receives its grants and support primarily from the Commonwealth of Massachusetts Department of Social Services and other State Agencies. Support received from those grants and contracts is recognized on a rate per unit served basis, primarily. Revenues are recognized when services have been performed.

Certain contracts provide revenues over a period which extends into the following fiscal year. In those cases, revenues are recognized on a prorata basis or matched to services provided. When revenues are received before the service has been performed, the revenues are deferred.

The Association also solicits funds, both public and private, to support the efforts of the Corporation.

Interest income is recognized when earned on investments and loans.

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 expenses have been allocated among the programs and supporting services benefited.

YWCA of Greater Lawrence, Inc.  
Notes to Consolidated Financial Statements

Investments

The Association has adopted the ASC, for Accounting for Certain Investments Held by Not-for-Profit Organizations. Under the ASC, investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

Property and Equipment

The Association follows the practice of capitalizing, at cost, all expenditures for fixed assets in excess of \$1,000. Property and equipment donated is recorded at its fair market value at the time of the donation. Depreciation is computed using the straight-line basis over the estimated useful lives of the assets generally as follows:

Building and Improvements	20-40 years
Furniture and Equipment	5-10 years
Computer Equipment	3 years

Loans

Loans are recorded at estimated realized value.

Income Taxes

The Association is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and therefore, no provision for income taxes is reflected in the accompanying financial statements. The Association has no unrelated business income.

Cash Equivalents:

Cash equivalents consist of short-term, highly liquid investments, which are readily convertible into cash within one year of purchase.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Reclassifications

Certain items in the 2009 financial statements have been reclassified to conform to the current year presentation.

NOTE 2 - ACCOUNTS RECEIVABLE- PROGRAMS

At June 30, 2010 and 2009, the Association's receivables consisted of the following:

	<u>2010</u>	<u>2009</u>
Receivables:		
Government program services	\$ 527,494	\$ 405,790
Other receivables	<u>17,690</u>	<u>24,703</u>
	<u>\$ 545,184</u>	<u>\$ 430,493</u>

NOTE 3 - SHORT TERM INVESTMENTS

The Association held \$9,309 and \$9,034 in marketable equity securities at June 30, 2010 and 2009, respectively. Total book and market value of short term investments was as follows at June 30:

	<u>2010</u>		<u>2009</u>	
	<u>Book Value</u>	<u>Market Value</u>	<u>Book Value</u>	<u>Market Value</u>
Marketable equity securities	\$ 9,309	\$ 9,309	\$ 9,034	\$ 9,034
UST Realty Trust Preferred Stock (at cost)	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>
	<u>\$ 10,309</u>	<u>\$ 10,309</u>	<u>\$ 10,034</u>	<u>\$ 10,034</u>

NOTE 4 - NOTES RECEIVABLE

The Association has the following notes receivable:

Note Receivable FINA House (Developer Loan):

The note receivable balance as of June 30, 2010 and 2009 was \$56,854. This loan matures in 2034 and bears interest at 5.34%.

Note Receivable FINA House (McKinney Loan):

The note receivable balances as of June 30, 2010 and 2009 were \$278,698 and \$268,268, respectively, matures in 2034 and bears interest at 4.79%.

NOTE 5 - TRANSITIONAL AND PERMANENT HOUSING PROJECT

The development of a 20-unit transitional and low income permanent housing property known as YWCA Fina House located at 203 Haverhill Street in Lawrence, Massachusetts was completed in September 2005. Occupancy of the units began October 1, 2005. One of the partners of the YWCA Fina House, LLC is the YWCA Fina House, Inc., a for-profit corporation, with a 0.01% ownership share. The YWCA Fina House, Inc. is jointly owned by the YWCA of Greater Lawrence, Inc. (79% ownership share) and the YWCA of Greater Boston, Inc. (21% ownership share). The remaining 99.99% ownership share of the YWCA Fina House, LLC is owned by the Massachusetts Housing Equity Fund X, LLC.

As part of the Development Agreement between the YWCA of Greater Lawrence and YWCA Fina House, LLC, the YWCA of Greater Lawrence raised and loaned certain funds to the YWCA Fina House, LLC that were used for the facility's construction. This loan to the YWCA Fina House, LLC is recorded as a Note Receivable of \$56,854 and bears interest at 5.34%. The interest accrual began on July 20, 2004 and resulted in interest income of \$3,036 and \$3,036 for the YWCA of Greater Lawrence for the years ended June 30, 2010 and 2009, respectively.

The YWCA of Greater Lawrence, Inc. received a Developer Fee of \$263,000 for its efforts related to the development of the property from the YWCA Fina House, LLC in April 2006. In 2006, the YWCA incurred costs of \$15,000 in connection with the development of the project. Since the YWCA of Greater Lawrence has a two (2) year Operating Deficit Guaranty, this Development Fee may be used to fund such deficit. This Operating Deficit Guaranty expired September 30, 2007. Also, if the building units are not properly rented to qualified low-income individuals or families resulting in the loss of tax credits to the investors, the Development Fee will be refunded to the investors. In either event, the maximum exposure of the YWCA of Greater Lawrence to the YWCA Fina House LLC is \$248,000. Thus, the Developer Fee of \$248,000 could be lost, either in whole or in part, related to such events occurring.

The YWCA of Greater Lawrence has entered into various guaranty agreements with lenders to the YWCA Fina House, LLC related to the repayment of \$2,778,865 as of June 30, 2010 of senior and subordinated debt associated with the construction of this facility. It has also entered into a guaranty agreement with the Massachusetts Housing Equity Fund X, LLC, its successors or assigns, in the amount of \$2,401,476 which represents the equity fund's investment in YWCA Fina House LLC.

The YWCA of Greater Lawrence receives compensation for the management of the YWCA Fina House facility under an agreement with the YWCA Fina House LLC. These payments began in October 2005. For 2010 and 2009, the YWCA reported revenues of \$131,514 and \$145,381, respectively, related to this management contract with the YWCA Fina House LLC.

YWCA of Greater Lawrence, Inc.  
Notes to Consolidated Financial Statements

NOTE 6 -	<u>LONG-TERM DEBT</u>	<u>2010</u>	<u>2009</u>
	<u>Community Economic Development Assistance Corporation ("CEDAC")</u>		
	Second mortgage note payable which had an interest rate of 0% per year. The YWCA is contingently liable to the lender for a sum of money from gross cash receipts that exceed 105% of cash expenditures on the rental units in the building located at 38 Lawrence Street.	\$126,903	\$126,903
	<u>Fina House Developer</u>		
	<u>Note Payable</u>		
	Note payable matures in 2034 and bears interest at 5.34%.	56,854	56,854
	<u>Note Payable - McKinney</u>		
	Note payable matures in 2034 and bears interest at 4.79%.	<u>278,698</u>	<u>268,268</u>
		<u>\$ 462,455</u>	<u>\$ 452,025</u>

Future maturities of long-term debt as of June 30, 2010 and 2009 are as follows:

<u>Year</u>	<u>2010</u>	<u>2009</u>
2017	\$ 126,903	\$ 126,903
2034	<u>335,552</u>	<u>325,122</u>
	<u>\$ 462,455</u>	<u>\$ 452,025</u>

NOTE 7 - RETIREMENT PLAN:

The Association participates in a defined contribution retirement plan covering its employees. The Plan is administered by the YWCA Retirement Fund, Inc. Employees who complete at least 1,000 hours of service in each year in two 12 month periods are eligible to participate in the Plan. The Plan is non-contributory however, employees who wish to may contribute over and above the Association's contribution. Retirement plan expense for the years ended June 30, 2010 and 2009 was \$169,909 and \$158,997, respectively.

NOTE 8 - DONATED SERVICES:

The Association receives donated services from a variety of unpaid volunteers which make significant contributions of their time in conjunction with programs and services. No amounts have been recognized in the accompanying statements of activities because the criteria for recognition of such volunteer effort has not been satisfied.

NOTE 9 - FINANCIAL INSTRUMENTS:

Concentrations of Credit Risk Arising From Cash Deposits in Excess of Insured Limits:

The Association maintains cash balances at several financial institutions located in the greater Lawrence area. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000 and at one institution there is unlimited insurance coverage by a secondary insurer, Depositors Insurance Fund. At June 30, 2010, the Association's cash balance exceeding FDIC insurance limits amounted to approximately \$188,000.

NOTE 11 - CONCENTRATIONS OF CREDIT RISK

Approximately forty-eight and fifty-two percent of the Association's accounts receivable at June 30, 2010 and 2009, respectively, represents amounts due from Massachusetts' governmental agencies.

Approximately sixty-one and sixty percent of the Association's revenues for the years ended June 30, 2010 and 2009, respectively, are from Massachusetts' governmental agencies.

NOTE 11 - FAIR VALUES OF FINANCIAL INSTRUMENTS

Determination of Fair Value

The Association uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is best determined based upon quoted market prices. However, in some instances, there may be no quoted market prices for the Association's various financial instruments. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the instrument.

### Fair Value Hierarchy

In accordance with FASB ASC 820, the Association groups its financial assets and financial liabilities generally measured at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value.

Level 1 - Valuation is based on quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 1 assets and liabilities generally include debt and equity securities that are traded in an active exchange market. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

Level 2 - Valuation is based on inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly. The valuation may be based on quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the asset or liability.

Level 3 - Valuation is based on unobservable inputs that are supported by little or no market activity and that are significant to the value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which determination of fair value requires significant management judgment or estimation.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

The following methods and assumptions were used to estimate the fair value of each class of financial instruments.

### Cash and cash equivalents

The carrying amounts for cash and cash equivalents approximate their fair values.

### Accounts Receivable

The carrying amounts of accounts receivable approximate their fair value.

### Investments

Fair value for investments are based on quoted market prices, where available. If quoted market prices are not available, fair values are based on quoted market prices of comparable instruments.



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Notes Receivable

The carrying amounts of notes receivable approximate fair value.

Accrued Interest Receivable

The carrying amounts of accrued interest receivable approximate fair value.

Accounts Payable and Accrued Expenses

The carrying amounts of accounts payable and accrued expenses approximate their fair values.

Notes Payable

The carrying amounts of notes payable are based on estimates of fair value.

The estimated fair value of the Association's financial instruments at June 30, 2010 and 2009 are as follows:

	<u>2010</u>	
	(In Thousands)	
	<u>Carrying Amount</u>	<u>Fair Value</u>
Financial assets:		
Cash and cash equivalents	\$ 1,247	\$ 1,247
Accounts receivable	545	545
Investments	10	10
Notes receivable	336	336
Accrued interest receivable	32	32
Financial liabilities:		
Accounts payable and accrued expenses	564	564
Mortgage and notes payable	462	456

	<u>2009</u>	
	(In Thousands)	
	<u>Carrying Amount</u>	<u>Fair Value</u>
Financial assets:		
Cash and cash equivalents	\$ 1,138	\$ 1,138
Accounts receivable	430	430
Investments	10	10
Notes receivable	325	325
Accrued interest receivable	29	29
Financial liabilities:		
Accounts payable and accrued expenses	566	566
Mortgage and notes payable	452	446

NOTE 11 - SURPLUS/DEFICIT REVENUE RETENTION

In accordance with the YWCA of Greater Lawrence, Inc.'s contracts with one of its principal funding sources, the Commonwealth of Massachusetts, the YWCA is allowed to retain a portion of its excess support and revenue over expenses in a fiscal year (the "surplus"). The YWCA may retain as its surplus up to 5% of total revenue from the Commonwealth during any fiscal year. In addition, the YWCA may retain a cumulative amount of surplus over a period of years not to exceed 20% of the prior years' total support and revenue from the Commonwealth.

NOTE 12 - CAMP Y WOOD FIRE

On May 28, 2010, the main building including all contents at the YWCA's camp facility in New Hampshire was destroyed by fire. The building and contents were covered by insurance with a \$1,000 deductible applicable separately to the building and the contents. The building and contents destroyed in the fire were fully depreciated. Subsequent to June 30, 2010, the YWCA received an insurance settlement for the loss in the amount of approximately \$44,000. The gain from the receipt of the insurance claim has not been recorded as of June 30, 2010 because it was not settled at that time.

NOTE 13 - SUBSEQUENT EVENTS

The Association has evaluated all subsequent events through October 21, 2010, the date the financial statements became available to be issued. There were no subsequent events that require adjustment to the financial statements.