

YWCA OF GREATER LAWRENCE, INC.

CONSOLIDATED
FINANCIAL STATEMENTS
YEARS ENDED
JUNE 30, 2012 AND 2011
AND
INDEPENDENT AUDITOR'S REPORT

WALSH & CO.

ACCOUNTANTS & CONSULTANTS

YWCA OF GREATER LAWRENCE, INC.

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Independent Auditor's Report

Board of Directors
YWCA of Greater Lawrence, Inc.

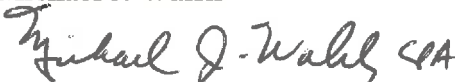
We have audited the accompanying consolidated statements of financial position of the YWCA of Greater Lawrence, Inc. (a nonprofit corporation) as of June 30, 2012 and 2011 and the related consolidated statements of activities and changes in net assets and cash flows, and consolidated statements of functional 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, 2012 and 2011 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.

November 1, 2012

Michael J. Walsh



Certified Public Accountant

YWCA OF GREATER LAWRENCE, INC.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
ASSETS:		
Current Assets:		
Cash and cash equivalents	\$1,334,636	\$1,580,443
Accounts receivable-programs	416,908	439,291
Investments	14,074	14,237
Prepaid expenses and deposits	31,476	48,292
Total Current Assets	<u>1,797,094</u>	<u>2,082,263</u>
Fixed Assets:		
Land and buildings	2,994,922	2,702,029
Equipment	488,107	480,706
Motor vehicle	17,175	17,175
Total Fixed Assets	<u>3,500,204</u>	<u>3,199,910</u>
Less: Allowance for depreciation	<u>1,893,270</u>	<u>1,792,467</u>
Property and Equipment, net	<u>1,606,934</u>	<u>1,407,443</u>
Accrued interest on note receivable-FINA House, LLC	38,254	35,218
Note receivable FINA House (Developer loan)	56,854	56,854
Note receivable FINA House (McKinney loan)	<u>299,559</u>	<u>289,129</u>
TOTAL ASSETS	<u><u>\$3,798,695</u></u>	<u><u>\$3,870,907</u></u>
LIABILITIES AND NET ASSETS:		
Current Liabilities:		
Accounts payable and accrued expenses	551,262	629,007
Deferred revenue - programs	386,474	488,389
Deferred revenue - FINA House, LLC	248,000	248,000
Total Current Liabilities	<u>1,185,736</u>	<u>1,365,396</u>
Noncurrent Liabilities:		
Mortgage and note payable	126,903	126,903
FINA House developer note payable	56,854	56,854
Note payable - McKinney	299,559	289,129
Total Noncurrent Liabilities	<u>483,316</u>	<u>472,886</u>
TOTAL LIABILITIES	<u>1,669,052</u>	<u>1,838,282</u>
Commitment and contingent liabilities		
NET ASSETS:		
Unrestricted	1,894,491	1,895,373
Temporarily restricted	<u>235,152</u>	<u>137,252</u>
TOTAL ASSETS	<u>2,129,643</u>	<u>2,032,625</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$3,798,695</u></u>	<u><u>\$3,870,907</u></u>

See accompanying notes.

YWCA OF GREATER LAWRENCE, INC.

CONSOLIDATED STATEMENT OF ACTIVITIES
AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2012

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
SUPPORT AND REVENUE:			
Merrimack Valley United Fund, Inc. - Allotment	\$61,636		\$61,636
Grants	448,091		448,091
Program service fees	3,784,630		3,784,630
Gifts and contributions	299,631	\$100,900	400,531
Investment return	10,469		10,469
Other	55,677		55,677
Net assets released from restriction	<u>3,000</u>	<u>(3,000)</u>	<u></u>
Total Support and Revenue	<u>4,663,134</u>	<u>97,900</u>	<u>4,761,034</u>
EXPENSES:			
Program Services:			
Counseling services	628,193		628,193
Children's Center	1,961,533		1,961,533
Girls Club	159,657		159,657
Health promotions	432,290		432,290
Residency	818,902		818,902
Community learning	<u>7,648</u>	<u></u>	<u>7,648</u>
Total Program Services	<u>4,008,223</u>	<u></u>	<u>4,008,223</u>
Supporting Services:			
General and administrative	<u>655,793</u>	<u></u>	<u>655,793</u>
Total Expenses	<u>4,664,016</u>	<u></u>	<u>4,664,016</u>
(DECREASE) INCREASE IN NET ASSETS	(882)	97,900	97,018
NET ASSETS:			
Beginning of Year	<u>1,895,373</u>	<u>137,252</u>	<u>2,032,625</u>
End of Year	<u>\$1,894,491</u>	<u>\$235,152</u>	<u>\$2,129,643</u>

See accompanying notes.

YWCA OF GREATER LAWRENCE, INC.

CONSOLIDATED STATEMENT OF ACTIVITIES
AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2011

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
SUPPORT AND REVENUE:			
Merrimack Valley United Fund, Inc. - Allotment	\$69,953		\$69,953
Grants	331,223		331,223
Program service fees	3,878,362		3,878,362
Gifts and contributions	226,076	\$8,094	234,170
Investment return	16,811		16,811
Other	11,090		11,090
Net assets released from restriction	3,000	(3,000)	
	<u>4,536,515</u>	<u>5,094</u>	<u>4,541,609</u>
Total Support and Revenue			
EXPENSES:			
Program Services:			
Counseling services	582,265		582,265
Children's Center	1,870,028		1,870,028
Girls Club	117,912		117,912
Health promotions	428,128		428,128
Residency	915,393		915,393
Community learning	7,284		7,284
Total Program Services	<u>3,921,010</u>		<u>3,921,010</u>
Supporting Services:			
General and administrative	603,985	8,094	612,079
Total Expenses	<u>4,524,995</u>	<u>8,094</u>	<u>4,533,089</u>
INCRERASE (DECREASE) IN NET ASSETS			
	11,520	(3,000)	8,520
NET ASSETS:			
Beginning of Year	<u>1,883,853</u>	<u>140,252</u>	<u>2,024,105</u>
End of Year	<u>\$1,895,373</u>	<u>\$137,252</u>	<u>\$2,032,625</u>

See accompanying notes.

YWCA OF GREATER LAWRENCE, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from support and revenue	\$4,667,997	\$4,744,037
Cash paid to suppliers and employees	(4,624,142)	(4,369,117)
Investment income received	10,469	16,811
Net Cash Provided by Operating Activities	<u>\$4,324</u>	<u>391,731</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	(300,294)	(53,863)
Increase in note receivable FINA House (McKinney loan)	(10,430)	(10,431)
Unrealized Loss/(Gain) on investment	163	(3,928)
Net Cash Used in Investing Activities	<u>(310,561)</u>	<u>(68,222)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Borrowing on note payable	10,430	10,431
Net Cash Used by Financing Activities	<u>10,430</u>	<u>10,431</u>
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(245,807)	333,940
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>1,580,443</u>	<u>1,246,503</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$1,334,636</u>	<u>\$1,580,443</u>
RECONCILIATION OF INCREASE (DECREASE) IN NET ASSETS TO CASH FLOWS - OPERATING ACTIVITIES:		
INCREASE IN NET ASSETS	<u>\$97,018</u>	<u>\$8,520</u>
ADJUSTMENTS TO RECONCILE INCREASE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Depreciation	100,803	103,697
Decrease in accounts receivable - programs	22,383	105,893
Decrease (Increase) in prepaid expenses	16,816	(4,582)
Increase in accrued interest on notes receivable - FINA House, LLC	(3,036)	(3,036)
(Decrease) increase in accounts payable and accrued expenses	(77,745)	64,857
(Decrease) increase in deferred revenue - programs	(101,915)	116,382
Total Adjustments	<u>(42,694)</u>	<u>383,211</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$54,324</u>	<u>\$391,731</u>

See accompanying notes.

YWCA OF GREATER LAWRENCE, INC.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2012

	Counseling Services	Children's Center	Girl's Club	Health Promotions	Residency	Community Learning	Program Services Total	General and Administrative	Total
Salaries	\$432,909	1,092,827	115,286	199,851	390,688	5,132	2,236,693	454,173	\$2,690,866
Payroll taxes	31,927	82,430	8,758	15,554	29,558	401	168,628	29,676	198,304
Fringe benefits	108,473	209,796	13,835	24,096	97,011	930	454,141	81,124	535,265
Facility operations/ maintenance	12,750	48,829	5,255	88,701	200,485	236	356,256	6,026	362,282
Depreciation	4,835	32,740		46,129	13,073		96,777	4,026	100,803
Insurance	3,732	11,023	1,079	15,459	24,994	180	56,467	1,755	58,222
Supplies/materials	2,335	34,226	5,785	7,464	3,314	176	53,300	134	53,434
Program support		53,400					53,400		53,400
Training	2,461	11,368	608	1,944	3,473	50	19,904	12,448	32,352
Food	616	82,852	5,590	1,698	1,905	85	92,746	320	93,066
Transportation	3,489	257,135	1,201	13,775	6,065	97	281,762	5,658	287,420
Direct care consultants	4,651			3,215	19,563	100	27,529		27,529
Professional/Admin	8,872	22,379	936	3,142	16,905	77	52,311	28,718	81,029
Commercial products and services	11,143	22,528	1,324	11,262	11,868	184	58,309	31,735	90,044
TOTAL	\$628,193	\$1,961,533	\$159,657	\$432,290	\$818,902	\$7,648	\$4,008,223	\$655,793	\$4,664,016

See accompanying notes.
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YWCA OF GREATER LAWRENCE, INC.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2011

	Counseling Services	Children's Center	Girl's Club	Health Promotions	Residency	Community Learning	Program Services Total	General and Administrative	Total
Salaries	\$389,331	\$988,802	\$73,845	\$184,178	\$400,282	\$4,932	\$2,041,370	\$428,072	\$2,469,442
Payroll taxes	34,415	92,193	6,934	16,948	36,882	490	187,862	35,386	223,248
Fringe benefits	95,177	168,266	5,713	25,341	75,095	882	370,474	57,675	428,149
Facility operations/ maintenance	16,016	60,959	6,898	105,384	287,210	309	476,776	9,102	485,878
Depreciation	4,985	31,663	1,927	47,493	13,481		99,549	4,148	103,697
Insurance	1,604	8,240	1,142	13,035	20,357	103	44,481	1,392	45,873
Supplies/materials	672	28,284	5,260	3,067	1,928		39,211	46	39,257
Program support		120,300					120,300	6,000	126,300
Training	3,552	14,224	114	2,482	4,554	230	25,156	2,989	28,145
Food	442	76,030	9,130	991	1,839		88,432	1,766	90,198
Transportation	4,200	237,911	3,320	11,322	6,515	79	263,347	2,905	266,252
Direct care consultants	12,856			300	40,211		53,367		53,367
Professional/Admin	7,399	17,877	1,020	4,401	13,778	68	44,543	34,077	78,620
Commercial products and services	11,616	25,279	2,609	13,186	13,261	191	66,142	28,521	94,663
TOTAL	\$582,265	\$1,870,028	\$117,912	\$428,128	\$915,393	\$7,284	\$3,921,010	\$612,079	\$4,533,089

See accompanying notes.

YWCA OF GREATER LAWRENCE, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011

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 20-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.

The Association uses the allowance method to determine uncollectible unconditional promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

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. In addition, the Association is required to present a statement of cash flows. As permitted by the statement, the Association does not use fund accounting.

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 Commonwealth of Massachusetts' State Agencies. Support received from those grants and contracts is recognized on a rate per unit served basis, primarily.

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.

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.

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. 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

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. The Association's tax return, Form 990, for the years ended June 30, 2009, 2010, 2011 and 2012 are subject to examination by the Internal Revenue Service, generally for three years after they are filed.

Cash and Cash Equivalents:

Cash equivalents consist of short-term, highly liquid investments, which are readily convertible into cash within nine months 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 2011 financial statements have been reclassified to conform to the current year presentation.

NOTE 2 - ACCOUNTS RECEIVABLE- PROGRAMS

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

	<u>2012</u>	<u>2011</u>
Receivables:		
Government program services	\$ 398,662	\$ 418,088
Other receivables	<u>18,246</u>	<u>21,203</u>
	<u>\$ 416,908</u>	<u>\$ 439,291</u>

NOTE 3 - SHORT TERM INVESTMENTS

The Association held \$13,074 and \$13,237 in marketable equity securities at June 30, 2012 and 2011, respectively. Total book and market value of short term investments was as follows at June 30:

	<u>2012</u>		<u>2011</u>	
	<u>Book Value</u>	<u>Market Value</u>	<u>Book Value</u>	<u>Market Value</u>
Marketable equity securities	\$ 13,074	\$ 13,074	\$ 13,237	\$ 13,237
UST Realty Trust				
Preferred Stock (at cost)	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>
	<u>\$ 14,074</u>	<u>\$ 14,074</u>	<u>\$ 14,237</u>	<u>\$ 14,237</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, 2012 and 2011 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, 2012 and 2011 were \$299,559 and \$289,129, respectively, matures in 2034 and bears interest at 4.535%.

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 is \$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 in 2012 and 2011, 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 \$2,739,651 as of June 30, 2012 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 2012 and 2011, the YWCA reported revenues of \$129,787 and \$144,187, respectively, related to this management contract with the YWCA Fina House LLC.

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

<u>NOTE 6 - LONG-TERM DEBT</u>	<u>2012</u>	<u>2011</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 4.535%.	<u>299,559</u>	<u>289,129</u>
	<u>\$ 483,316</u>	<u>\$ 472,886</u>

Future maturities of long-term debt as of June 30, 2012 and 2011 are as follows:

<u>Year</u>	<u>2012</u>	<u>2011</u>
2017	\$ 126,903	\$ 126,903
2034	<u>356,413</u>	<u>345,983</u>
	<u>\$ 483,316</u>	<u>\$ 472,886</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, 2012 and 2011 was \$202,864 and \$201,039, 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 statement 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. At June 30, 2012, the Association's cash balance exceeding FDIC insurance limits amounted to approximately \$728,000.

NOTE 10- CONCENTRATIONS

Approximately forty-eight and fifty-eight percent of the Association's accounts receivable at June 30, 2012 and 2011, respectively, represents amounts due from Massachusetts' governmental agencies.

Approximately sixty-two and sixty-six percent of the Association's revenues for the years ended June 30, 2012 and 2011, respectively, are from Massachusetts' governmental agencies.

NOTE 11- FAIR VALUE MEASUREMENTS

The Association reports under the Fair Value Measurements pronouncements of the FASB Accounting Standards Codification, which establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs of valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below.

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Association has the ability to access.

Level 2 – Inputs to the valuation include:

- Quoted prices for similar assets or liabilities in active markets;
- Prices for identical or similar assets or liabilities in active markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair 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 used need to maximize the use of observable inputs and minimize the use of unobservable inputs at the closing price reported on the active market on which the individual securities are traded.

Following is a description of the valuation methodologies used for assets measured at fair value. There has been no change in the methodology used at June 30, 2012 and 2011.

Cash and cash equivalents: Valued at acquisition cost.

Investments: Valued at market.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Association believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following tables set forth by level, with the fair value hierarchy, the Association's assets at fair value.

Assets at fair value as of June 30, 2012

(In thousands)

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash and cash equivalents	\$ 1,335			\$ 1,335
Investments	<u>14</u>			<u>14</u>
	<u>\$ 1,349</u>	<u>\$</u>	<u>\$</u>	<u>\$ 1,349</u>

Assets at fair value as of June 30, 2011

(In thousands)

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash and cash equivalents	\$ 1,580			\$ 1,580
Investments	<u>14</u>			<u>14</u>
	<u>\$ 1,594</u>	<u>\$</u>	<u>\$</u>	<u>\$ 1,594</u>

Valuation and Income Recognition

The Association's cash and cash equivalents and investments as of June 30, 2012 and 2011 are stated at fair value.

NOTE 12- 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 13- CAMP Y 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. During fiscal year ended June 30, 2011, the YWCA received an insurance settlement for the loss in the amount of approximately \$53,000. The gain from the receipt of the insurance claim has been recorded in the year ended June 30, 2012 when construction began on the replacement. No depreciation has been recognized on the construction in progress costs of approximately \$208,000 through June 30, 2012.

NOTE 14- SUBSEQUENT EVENTS

The Association has evaluated all subsequent events through November 1, 2012, the date the financial statements became available to be issued. There were no subsequent events that require adjustment to the financial statements.