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2012
Audit

**CAMBRIDGE YOUNG WOMEN'S CHRISTIAN
ASSOCIATION AND SUBSIDIARIES D/B/A YOUNG
WOMEN'S CHRISTIAN ASSOCIATION OF CAMBRIDGE**

Consolidated Financial Statements
and
Auditors' Report

December 31, 2012 with Comparative Totals for 2011



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Daniel Dennis & Company LLP

Certified Public Accountants

To the Board of Directors of
Cambridge Young Women's Christian Association and Subsidiaries
d/b/a Young Women's Christian Association of Cambridge

Independent Auditors' Report

We have audited the accompanying consolidated financial statements of Cambridge Young Women's Christian Association d/b/a Young Women's Christian Association of Cambridge (the Cambridge YWCA), as of December 31, 2012, which comprise the consolidated statement of financial position as of December 31, 2012, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Association's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Cambridge YWCA's internal control. Accordingly, we express no such opinion.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Cambridge YWCA as of December 31, 2012, and the results of their consolidated activities and their consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Cambridge YWCA's 2011 financial statements, and our report dated May 15, 2012, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2011, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The schedules of consolidation on pages 28 and 29 are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and is derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statement themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

The supplementary information included on page 30 is presented solely for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the representation of the Cambridge YWCA's management and has not been subjected to the auditing procedures applied in the audit of the consolidated financial statements. Accordingly, we do not express an opinion on it.

Daniel Dennis + Company LLP

July 16, 2013

Cambridge Young Women's Christian Association and Subsidiaries
d/b/a Young Women's Christian Association of Cambridge
 Consolidated Statement of Financial Position
 December 31, 2012
 With Comparative Totals for 2011

<i>Assets</i>		
	<i>2012</i>	<i>2011</i>
<i>Current Assets</i>		
Cash	\$ 104,720	\$ 243,925
Cash - restricted	<u>1,041,690</u>	<u>777,969</u>
Total cash and cash equivalents	1,146,410	1,021,894
Program service fees receivable	44,440	46,684
Prepaid expenses	<u>3,564</u>	<u>7,304</u>
Total current assets	<u>1,194,414</u>	<u>1,075,882</u>
<i>Property and Equipment - Net</i>	<u>1,239,744</u>	<u>1,394,043</u>
<i>Other Assets</i>		
Cash reserves and restricted deposits	-	135,037
Investments	52,704	54,253
Investments - endowment fund	501,159	461,531
Deferred leasing costs	-	1,458
Construction in progress	8,254,773	1,056,704
Due from related parties	<u>301,404</u>	<u>-</u>
Total other assets	<u>9,110,040</u>	<u>1,708,983</u>
Total assets	<u>\$ 11,544,198</u>	<u>\$ 4,178,908</u>
<i>Liabilities and Net Assets</i>		
<i>Current Liabilities</i>		
Current portion of mortgages and notes payable	\$ -	\$ 135,688
Current portion of capital lease obligation	1,031	1,030
Accrued interest	-	21,889
Accounts payable and accrued expenses	1,315,585	186,298
Deferred revenue	27,879	7,472
Refundable advances	<u>11,979</u>	<u>11,979</u>
Total current liabilities	<u>1,356,474</u>	<u>364,356</u>
<i>Long-term Liabilities</i>		
Mortgages and note payable	6,189,367	925,832
Deferred revenue	2,704,242	2,760,000
Accrued interest	16,523	-
Capital lease obligation	3,544	1,031
Security deposits held	<u>-</u>	<u>10,726</u>
Total long-term liabilities	<u>8,913,676</u>	<u>3,697,589</u>
Total liabilities	<u>10,270,150</u>	<u>4,061,945</u>
<i>Net Assets</i>		
Unrestricted deficit	789,143	(825,641)
Temporarily restricted	58,087	516,342
Permanently restricted	<u>426,818</u>	<u>426,262</u>
Total net assets	<u>1,274,048</u>	<u>116,963</u>
Total liabilities and net assets	<u>\$ 11,544,198</u>	<u>\$ 4,178,908</u>

See accompanying notes to consolidated financial statements.

Cambridge Young Women's Christian Association and Subsidiaries
d/b/a Young Women's Christian Association of Cambridge
Consolidated Statement of Activities
For the Year Ended December 31, 2012
With Summarized Comparative Totals for 2011

	<i>Unrestricted</i>	<i>Temporarily Restricted</i>	<i>Permanently Restricted</i>	<i>2012 Total</i>	<i>2011 Total</i>
<i>Revenues and Public Support</i>					
<i>Revenues</i>					
Contract service revenue	\$ 786,530	\$ -	\$ -	\$ 786,530	\$ 1,114,526
Tenant rental income	191,498	-	-	191,498	149,789
Program service fees	169,998	-	-	169,998	141,050
Community rental income	67,165	-	-	67,165	87,995
Net realized/unrealized gains/(losses) on investments	624	34,048	-	34,672	332
Interest income	6,050	-	556	6,606	4,753
Miscellaneous income	53,890	-	-	53,890	14,057
Developer overhead	-	-	-	-	49,050
Debt forgiveness income	919,075	-	-	919,075	-
Membership dues	<u>5,675</u>	<u>-</u>	<u>-</u>	<u>5,675</u>	<u>6,640</u>
Total revenues	<u>2,200,505</u>	<u>34,048</u>	<u>556</u>	<u>2,235,109</u>	<u>1,568,192</u>
<i>Public Support</i>					
Grants and contributions	484,287	5,000	-	489,287	34,413
In-kind revenue	8,156	-	-	8,156	16,622
Special events	<u>50,562</u>	<u>-</u>	<u>-</u>	<u>50,562</u>	<u>50,967</u>
Total public support	<u>543,005</u>	<u>5,000</u>	<u>-</u>	<u>548,005</u>	<u>102,002</u>
<i>Net Assets Released from Restrictions</i>					
Satisfaction of donor requirements	<u>497,303</u>	<u>(497,303)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues and public support	<u>3,240,813</u>	<u>(458,255)</u>	<u>556</u>	<u>2,783,114</u>	<u>1,670,194</u>
<i>Expenses</i>					
Residence	399,568	-	-	399,568	899,270
Family shelter	347,208	-	-	347,208	314,818
Community programs	35,497	-	-	35,497	93,648
Marshfield	199,138	-	-	199,138	178,054
Fundraising	91,708	-	-	91,708	59,941
Management, general, and facilities	<u>552,910</u>	<u>-</u>	<u>-</u>	<u>552,910</u>	<u>282,068</u>
Total expenses	<u>1,626,029</u>	<u>-</u>	<u>-</u>	<u>1,626,029</u>	<u>1,827,799</u>
Change in net assets	1,614,784	(458,255)	556	1,157,085	(157,605)
Net assets/(deficit), beginning of year	<u>(825,641)</u>	<u>516,342</u>	<u>426,262</u>	<u>116,963</u>	<u>274,568</u>
Net assets, end of year	<u>\$ 789,143</u>	<u>\$ 58,087</u>	<u>\$ 426,818</u>	<u>\$ 1,274,048</u>	<u>\$ 116,963</u>

See accompanying notes to consolidated financial statements.

Cambridge Young Women's Christian Association and Subsidiaries
d/b/a Young Women's Christian Association of Cambridge
Consolidated Statement of Functional Expenses
For the Year Ended December 31, 2012
With Summarized Comparative Totals for 2011

	<i>Program Expenses</i>	<i>Management and General</i>	<i>Fundraising Expenses</i>	<i>2012 Total</i>	<i>2011 Total</i>
<i>Personnel and Related</i>					
Salaries	\$ 498,241	\$ 163,865	\$ 29,148	\$ 691,254	\$ 757,697
Payroll taxes	61,526	19,378	3,966	84,870	82,708
Employee benefits	42,217	29,103	8,559	79,879	88,618
Outside/contracted services	<u>24,269</u>	<u>250</u>	<u>-</u>	<u>24,519</u>	<u>16,579</u>
Total personnel and related	<u>626,253</u>	<u>212,596</u>	<u>41,673</u>	<u>880,522</u>	<u>945,602</u>
<i>Occupancy</i>					
Interest	-	534	-	534	101,974
Rental expense	7,301	43,519	22,664	73,484	8,811
Utilities	67,914	1,646	409	69,969	129,220
Repairs and maintenance	83,090	3,059	373	86,522	138,785
Insurance	28,459	3,401	562	32,422	48,330
Waste and snow removal	5,280	300	97	5,677	8,262
Exterminators	7,286	-	-	7,286	12,081
Maintenance supplies	<u>7,761</u>	<u>143</u>	<u>19</u>	<u>7,923</u>	<u>8,974</u>
Total occupancy	<u>207,091</u>	<u>52,602</u>	<u>24,124</u>	<u>283,817</u>	<u>456,437</u>
<i>Other</i>					
Management fee	18,227	-	-	18,227	34,528
Program supplies	20,093	510	1,265	21,868	25,335
Bad debt	158	-	-	158	13,375
Professional fees	7,631	126,792	-	134,423	69,765
Special events	147	-	21,953	22,100	747
Telephone and internet	10,937	4,315	629	15,881	17,219
National YWCA assessments	-	8,691	-	8,691	9,888
Dues and fees	671	4,757	141	5,569	4,510
Office expenses	7,061	4,126	291	11,478	11,054
Printing, postage and advertising	8,722	1,661	1,506	11,889	16,782
Miscellaneous	16,735	4,538	-	21,273	2,170
Equipment lease	329	644	88	1,061	1,556
Equipment	1,000	-	-	1,000	2,586
Conference and meetings	15	4,073	-	4,088	788
In-kind expense	-	8,156	-	8,156	16,622
Travel	<u>3,519</u>	<u>937</u>	<u>38</u>	<u>4,494</u>	<u>3,555</u>
Total other	<u>95,245</u>	<u>169,200</u>	<u>25,911</u>	<u>290,356</u>	<u>230,480</u>
Total expenses before depreciation/amortization	928,589	434,398	91,708	1,454,695	1,632,519
<i>Depreciation and Amortization</i>	<u>52,822</u>	<u>118,512</u>	<u>-</u>	<u>171,334</u>	<u>195,280</u>
Total expenses	<u>\$ 981,411</u>	<u>\$ 552,910</u>	<u>\$ 91,708</u>	<u>\$ 1,626,029</u>	<u>\$ 1,827,799</u>

See accompanying notes to consolidated financial statements.

Cambridge Young Women's Christian Association
d/b/a Young Women's Christian Association of Cambridge
Consolidated Statement of Cash Flows
For the Year Ended December 31, 2012
With Comparative Totals for 2011

	2012	2011
<i>Cash Flows from Operating Activities</i>		
Change in net assets	\$ 1,157,085	\$ (157,605)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	171,334	195,280
Net realized and unrealized gain on investments	(34,672)	(332)
Accrued interest added to notes payable principal	-	65,111
Bad debt	158	13,375
Amortization of loan discount	-	21,502
Debt forgiveness income	(919,075)	-
Change in operating assets and liabilities:		
Program service fees receivable	2,244	11,848
Prepaid expenses	3,740	7,267
Due from related parties	(301,404)	-
Deferred leasing costs	1,458	-
Security deposits	(10,726)	(6,160)
Accounts payable and accrued expenses	179,287	(64,631)
Deferred income	<u>(35,351)</u>	<u>2,012,104</u>
Net cash provided by operating activities	<u>214,078</u>	<u>2,097,759</u>
<i>Cash Flows from Investing Activities</i>		
Acquisition of property and equipment	(20,403)	(7,400)
Payments for construction in progress	(6,253,436)	(635,015)
Purchases of investments	(4,956)	(100,000)
Proceeds from sale of short-term investments	1,549	-
Proceeds from line of credit	25,000	-
Payments for collateral on line of credit	(25,000)	(25,000)
Change in cash reserves and restricted deposits	<u>135,037</u>	<u>(10,624)</u>
Net cash used in investing activities	<u>(6,142,209)</u>	<u>(778,039)</u>
<i>Cash Flows from Financing Activities</i>		
Payments on notes payable	(135,688)	(499,129)
Proceeds from notes payable	6,189,367	111,524
Payments on capital lease obligations	<u>(1,032)</u>	<u>(1,796)</u>
Net cash provided by (used in) financing activities	<u>6,052,647</u>	<u>(389,401)</u>
Increase in cash	124,516	930,319
Cash, beginning of year	<u>1,021,894</u>	<u>91,575</u>
Cash, end of year	<u>\$ 1,146,410</u>	<u>\$ 1,021,894</u>
<i>Supplemental disclosure</i>		
Cash paid for interest, net of capitalized interest totaling \$16,523 and \$17,598, respectively	<u>\$ 534</u>	<u>\$ 36,130</u>

See accompanying notes to consolidated financial statements.

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Cambridge Young Women's Christian Association and Subsidiaries
d/b/a Young Women's Christian Association of Cambridge
Notes to Consolidated Financial Statements
December 31, 2012 and 2011

1. Nature of Organization

The consolidated financial statements include the accounts and transactions of the Cambridge Young Women's Christian Association d/b/a Young Women's Christian Association of Cambridge (the Association), CYW MM LLC (MM) and CYW Properties LLC (Properties), collectively the Cambridge YWCA.

The Association was incorporated in 1891 to serve the needs of women and children of Cambridge and surrounding communities. The Association provides residence, shelter services, and recreation and community programs to women and children of all ages. The Association strives to create opportunities for women's growth, leadership, and power in order to attain a common vision, peace, justice, freedom, and dignity for all people.

MM was organized as a for-profit limited liability corporation under the laws of the Commonwealth of Massachusetts during 2012. MM is a wholly owned subsidiary of the Association and is considered to be a disregarded entity. MM was organized as a pass-through entity for the Association's sponsor equity, required under the Historic Tax Credit closing, for the renovation of the Association's Tanner Building (the Renovation Project).

Properties was organized as a for-profit limited liability corporation under the laws of the Commonwealth of Massachusetts during 2012. Properties is owned 89.9% by MM and was organized to lease the building and land from the Association and to complete the Renovation Project. Properties will ultimately receive the Historic Tax Credits. The Historic Tax Credits were awarded to CYW Revitalization LLC (Revitalization), a related party, who will pass the credits to Properties, per the Pass-Through Agreement dated June 27, 2012. Additionally, Revitalization leases the building from Properties and operates the residential rental activity, beginning on June 27, 2012.

The programs of the Cambridge YWCA are as follows:

Residence - provides single-room occupancy housing for 108 women of diverse backgrounds. The goal of the residence is to provide a safe, affordable place to live for women who have experienced physical, emotional and financial traumas.

Family Shelter - provides housing for 10 homeless families from diverse backgrounds. The goal of the Family Shelter is to provide a safe, affordable place to live for women who have experienced physical, emotional and financial trauma of homelessness.

Community Programs - the Cambridge YWCA rents out its space in Cambridge to local organizations as office space and to run adult and children's programming.

Marshfield - this branch located in Marshfield, Ma and the Cambridge YWCA's annual summer camp is held at this location. In addition Marshfield provides a number of classes for adults and children.

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Cambridge Young Women's Christian Association and Subsidiaries
d/b/a Young Women's Christian Association of Cambridge
Notes to Consolidated Financial Statements - *Continued*
December 31, 2012 and 2011

2. Summary of Significant Accounting Policies

Principals of Consolidation - The accompanying consolidated financial statements include the accounts of the Association, MM, and Properties. All material inter-company transactions have been eliminated in these consolidated financial statements.

Basis of Accounting - The consolidated financial statements have been prepared on the accrual basis of accounting for financial reporting in accordance with accounting principles generally accepted in the United States of America.

Net Assets - The Cambridge YWCA reports information regarding its consolidated financial position and activities according to three classes of net assets, as follows:

Unrestricted Net Assets - consist of assets that are available and used for operations and programs.

Temporarily Restricted Net Assets - include the Cambridge YWCA's funds subject to donor-imposed restrictions relevant to time or purpose. These resources are available upon meeting the purpose restrictions or the passage of time and are then reflected as "net assets released from restrictions." Resources of this nature originate from gifts, grants, bequests and contracts and unrealized gains and losses.

Permanently Restricted Net Assets - include resources with a permanent donor-imposed restriction, which stipulates that the assets are to be maintained permanently, but permits the Cambridge YWCA to expend part or all of the income derived from the donated assets. In certain cases, donors have stipulated that a portion of net realized investment income is considered permanently restricted. Accordingly, such amounts have been reflected as permanently restricted net assets.

Revenue Recognition - Revenues from contract service revenue and program service fees are recorded as services are performed. Tenant rental income is recorded as rentals become due. Revenues from community rental income and membership dues are recorded when received. Unrestricted grants are recorded when received or unconditionally pledged. Contract advances made to the Cambridge YWCA are recorded as refundable advances in the Consolidated Statement of Financial Position and recognized as income when related expenses are incurred. Revenue from special events is recognized in the period in which the event occurs.

Contributions, including unconditional promises to give, are recognized as revenue in the period received. Conditional promises to give are not recognized until they become unconditional, that is, at the time when the conditions on which they depend are substantially met. Contributions of assets other than cash are reported at their estimated fair value.

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Cambridge Young Women's Christian Association and Subsidiaries
d/b/a Young Women's Christian Association of Cambridge
Notes to Consolidated Financial Statements - *Continued*
December 31, 2012 and 2011

2. ***Summary of Significant Accounting Policies - Continued***

Contributions received without donor imposed restrictions, or with donor imposed restrictions that are satisfied in the same year as received, are recorded as revenues within the unrestricted net asset class. Contributions received with donor imposed specific purpose or time restrictions that are not satisfied within the same year are recorded as revenue within the temporarily restricted net asset class. When a restriction has been satisfied (payment has been made in accordance with the restriction or the time restriction has expired), the temporarily restricted net assets are reclassified to unrestricted net assets and reported in the *Consolidated Statement of Activities* as net assets released from restrictions. Contributions received with donor-imposed restrictions that do not expire are recorded as revenue within the permanently restricted net asset class.

Income Taxes - The Association and its disregarded entity, MM, are exempt from income taxes as a non-profit corporation under Section 501(c)(3) of the U.S. Internal Revenue Code and are also exempt from state income taxes, except for income taxes on unrelated business income, if any. For the years ended December 31, 2012 and 2011, the Association had no unrelated business income subject to income taxes. Accordingly, no provision for income taxes has been included in these consolidated financial statements.

Properties is a for profit entity and is treated as partnership for income tax purposes. Therefore, it is not subject to federal or state income taxes. Instead, income or loss is passed through to those members who are subject to taxation and are liable for federal and state income taxes on their taxable income.

The Cambridge YWCA evaluates tax positions taken or expected to be taken in its tax returns to determine whether the tax positions are *more-likely-than-not* to be sustained by the applicable federal and state authority. Tax positions not deemed to meet the *more-likely-than-not* threshold, along with accrued interest and penalties thereon, would be recorded as an expense in the current year consolidated financial statements. The Cambridge YWCA has evaluated the tax positions taken in its previously filed returns and those expected to be taken in its 2012 return and believe they are *more-likely-than-not* to be sustained if examined by Federal or state tax authorities. The Cambridge YWCA's 2009 through 2011 tax years remain subject to examination by Federal and state tax authorities.

Cash and Cash Equivalents - For the purposes of the Consolidated Statement of Cash Flows, the Cambridge YWCA considers all short-term investments with an original maturity of three months or less, other than cash reserves and restricted deposits, to be cash equivalents. As of December 31, 2012 and 2011 there were no cash equivalents.

Functional Allocation of Expenses - The costs of providing the Cambridge YWCA's programs and other activities have been summarized on a functional basis in the Consolidated Statement of Functional Expenses. Direct expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services benefitted.

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Cambridge Young Women's Christian Association and Subsidiaries
d/b/a Young Women's Christian Association of Cambridge
Notes to Consolidated Financial Statements - *Continued*
December 31, 2012 and 2011

2. *Summary of Significant Accounting Policies - Continued*

Investments - Investments are composed of mutual funds, certificates of deposit and money market funds and are recorded at fair value. Realized and unrealized gains and losses are reported in the Consolidated Statement of Activities as they occur. Investment income and gains and losses are recorded as increases or decreases in unrestricted net assets unless a donor or law temporarily or permanently restricts their use.

Fair Value Measurements - the Financial Accounting Standards Board established a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to 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).

Fair Value Measurements - The three levels of the fair value hierarchy are as follows:

- Level 1 Inputs - Quoted prices for identical assets or liabilities in active markets;
- Level 2 Inputs - Quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets in inactive markets; or inputs other than quoted prices that are observable, such as models or other valuation methodologies;
- Level 3 Inputs - Unobservable inputs for where there is little, if any, market activity.

The asset's or liability'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.

Construction in Progress - Construction in progress includes costs associated with the Renovation Project, including interest costs, while development is ongoing. These costs are capitalized when incurred.

Property and Equipment - Property and equipment in excess of \$1,000 are recorded at cost when purchased or at fair market value at the time of donation. Renewals and betterments are capitalized while repairs and maintenance are charged to expense as they are incurred. Depreciation of property and equipment is computed using the straight-line method over the assets' estimated useful lives.

Impairment of Long-Lived Assets - The Cambridge YWCA reviews its investment in real estate for impairment whenever events or changes in circumstances indicate that the carrying value of such property may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the real estate to the future net undiscounted cash flow expected to be generated by the rental property and any estimated proceeds from the eventual disposition of the real estate. If the real estate is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the real estate exceeds the fair value of such property. As of December 31, 2012 and 2011, management has determined that there has been no impairment of the Cambridge YWCA's assets.

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Cambridge Young Women's Christian Association and Subsidiaries
d/b/a Young Women's Christian Association of Cambridge
Notes to Consolidated Financial Statements - *Continued*
December 31, 2012 and 2011

2. *Summary of Significant Accounting Policies - Continued*

Planned Major Maintenance Activities - The Cambridge YWCA uses the direct expensing method to account for planned major maintenance activities, such as exterior painting, under which actual costs incurred are expensed directly when maintenance is performed.

Program Service Fees Receivable - Program service fees receivable are presented net of allowance for doubtful accounts. The allowance has a zero balance at December 31, 2012 and 2011. The Cambridge YWCA's periodic evaluation of the adequacy of the allowance is based on its past experience. Program service fees receivable are charged off when deemed uncollectible.

Donated Services - Contributed professional services are recorded as in-kind support in the consolidated financial statements if the services received (a) create or enhance long-lived assets, or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not donated are recorded. The value of in-kind support for contributed professional services totaled \$8,156 and \$16,622, respectively, for the years ended December 31, 2012 and 2011.

Estimates and Assumptions - The preparation of consolidated 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.

Security Deposits - Security deposits consist of tenant deposits collected at move-in. These funds are refunded to the tenants upon move-out.

Below Market Loans - Properties, a for-profit subsidiary, was formed to lease and renovate the Tanner building. The below market loans were made to Properties to create and preserve the low income housing provided by the Cambridge YWCA. The Cambridge YWCA has not discounted these below market loans, as they were made at arm's length and the present value of the principal and interest equals the cash received.

Summarized Comparative Information - The consolidated financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Cambridge YWCA's financial statements for the year ended December 31, 2011, from which the summarized information was derived.

Cambridge Young Women's Christian Association and Subsidiaries
d/b/a Young Women's Christian Association of Cambridge
Notes to Consolidated Financial Statements - *Continued*
December 31, 2012 and 2011

3. Restricted Cash

Case Manager - During 2011 and 2010 the Cambridge YWCA received contributions which were restricted for paying the salary of a case manager for the residence program. The funds were held at a financial institution and restricted until disbursed for the case manager's salary. During 2012 the restricted cash was used to fund the case manager position. The restricted cash for the Case Manager was \$0 and \$4,570 as of December 31, 2012 and 2011.

Renovation Project - The Cambridge YWCA received cash from the ground lease (Note 20) restricted for the Renovation Project as of December 31, 2012. The funds are held at a financial institution until expended for the Renovation Project, which is anticipated to be completed during 2013. Additionally, the Cambridge YWCA has restricted a cash account to fund the renovation project.

Changes in restricted cash for the years ending December 31, 2011 are as follows:

	<i>2012</i>		
	<i>Case Manager</i>	<i>Renovation</i>	<i>Total</i>
Beginning balance	\$ 4,570	\$ 773,399	\$ 777,969
Contributions	-	363,087	363,087
Withdrawals	<u>(4,570)</u>	<u>(94,796)</u>	<u>(99,366)</u>
Total	<u>\$ -</u>	<u>\$ 1,041,690</u>	<u>\$ 1,041,690</u>
	<i>2011</i>		
	<i>Case Manager</i>	<i>Renovation</i>	<i>Total</i>
Beginning balance	\$ 12,050	\$ -	\$ 12,050
Contributions	1,000	773,399	774,399
Withdrawals	(8,487)	-	(8,487)
Interest earned	<u>7</u>	<u>-</u>	<u>7</u>
Total	<u>\$ 4,570</u>	<u>\$ 773,399</u>	<u>\$ 777,969</u>

4. Cash Reserves and Restricted Deposits

In accordance with a mortgage note agreement (Note 13), operating reserve and replacement reserve accounts were maintained at Wainwright Bank. The Cambridge YWCA could not withdraw any of these funds without prior approval from the bank. During 2012 the Cambridge YWCA repaid the note in full and the reserves were liquidated.

Cambridge Young Women's Christian Association and Subsidiaries
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 Notes to Consolidated Financial Statements - *Continued*
 December 31, 2012 and 2011

4. Cash Reserves and Restricted Deposits - Continued

In addition, the Cambridge YWCA held tenant security deposits in a restricted bank account. During 2012, the Cambridge YWCA transferred the tenant security deposits to Revitalization, who operates the residence.

Cash reserves and restricted deposits at December 31, 2011 consisted of the following:

Operating reserve	\$	31,966
Replacement reserve		93,949
Security deposits		9,122
Total	\$	135,037

5. Investments

The following is a summary of the Cambridge YWCA's investment portfolio as of December 31, 2012 and 2011 and the total unrealized appreciation or depreciation:

	<i>Cost</i>	<i>Fair Market Value</i>	<i>Unrealized Appreciation</i>
	<i>2012</i>		
Mutual funds	\$ 445,635	\$ 490,535	\$ 44,900
Certificate of deposit	52,704	52,704	-
Money market funds	10,624	10,624	-
Total	\$ 508,963	\$ 553,863	\$ 44,900
	<i>2011</i>		
Mutual funds	\$ 339,958	\$ 350,810	\$ 10,852
Certificate of deposit	51,288	51,288	-
Money market funds	113,686	113,686	-
Total	\$ 504,932	\$ 515,784	\$ 10,852

Mutual Funds - Investments are not insured and are subject to ongoing market fluctuations. The fair value of investments included on the Consolidated Statement of Financial Position are measured based on prices for identical assets in active markets.

Money Market Funds - Investments are insured and are subject to ongoing market fluctuations. The fair value of investments included on the Consolidated Statement of Financial Position is measured based on quoted prices.

Cambridge Young Women's Christian Association and Subsidiaries
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Notes to Consolidated Financial Statements - *Continued*
December 31, 2012 and 2011

5. Investments - Continued

Certificates of Deposit - Investments are insured and are subject to ongoing market fluctuations. The certificates of deposit have been valued using the income approach. The income approach to fair value measurement estimates the fair value by calculating the present value of future cash flows that the asset is expected to generate over its lifetime. The cash flows are discounted to the measurement date at the rate of return that is required to compensate for the risk associated with the receipt of the future cash flows.

The following table sets forth by level, within the fair value hierarchy, the Cambridge YWCA's investments at December 31, 2012:

<i>Description</i>	<i>Fair Value as of December 31, 2012</i>			
	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
Mutal funds (equity investments)	\$ 490,535	\$ -	\$ -	\$ 490,535
Certificate of deposit	-	52,704	-	52,704
Money market funds	10,624	-	-	10,624
Total investments at fair value	\$ 501,159	\$ 52,704	\$ -	\$ 553,863

The following table sets forth by level, within the fair value hierarchy, the Cambridge YWCA's investments at December 31, 2011:

<i>Description</i>	<i>Fair Value as of December 31, 2011</i>			
	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
Mutal funds (equity investments)	\$ 350,810	\$ -	\$ -	350,810
Certificate of deposit	-	51,288	-	51,288
Money market funds	113,686	-	-	113,686
Total investments at fair value	\$ 464,496	\$ 51,288	\$ -	\$ 515,784

There have been no changes in valuation techniques and related inputs.

Realized gains on the sale of mutual funds were \$624 and \$1,558 for the years ended December 31, 2012 and 2011, respectively. Unrealized gains and (losses) on investments were \$34,049 and \$(1,226) for the years ended December 31, 2012 and 2011, respectively. Unrealized gains and losses are included as an addition to temporarily restricted assets in the accompanying Consolidated Statement of Activities. Investment income from the certificates of deposit and money market funds as of December 31, 2012 and 2011 was \$6,606 and \$4,104, respectively, and is included in interest income on the Consolidated Statement of Activities.

Cambridge Young Women's Christian Association and Subsidiaries
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 Notes to Consolidated Financial Statements - *Continued*
 December 31, 2012 and 2011

6. Restricted Net Assets

As of December 31, 2012 temporarily restricted net assets consists of temporary market fluctuations on investments, and purpose restricted funds for which the Cambridge YWCA has not yet incurred the expenses satisfying the designated purpose. As of December 31, 2011 temporarily restricted net assets also consisted of unamortized discount on notes payable (Note 13).

Temporarily restricted net assets at December 31, 2012 and 2011, consist of the following:

	<i>2012</i>	<i>2011</i>
Time restrictions	\$ 44,900	\$ 492,734
Purpose restrictions	<u>13,187</u>	<u>23,608</u>
Total	<u>\$ 58,087</u>	<u>\$ 516,342</u>

Permanently restricted net assets consist of the following:

Louisa J. Brown Endowment - The Donor's permanent restrictions require that the \$9,203 principal be held as a permanent source of income. One half of the income each year is to be added to principal and the other half may be used for operations at management's discretion. The balance of this net asset as of December 31, 2012 and 2011 was \$194,121 and \$193,565, respectively.

Other - These net assets represent donors' permanent restrictions that require the principal of their individual gifts be held as a permanent source of income. Income earned can be used for operations at management's discretion. The balance of these net assets as of December 31, 2012 and 2011 was \$232,697.

7. Building Rental

The Cambridge YWCA receives rental income under one-year leases for residential units. As of June 27, 2012, the building in which the residential units reside was leased to Revitalization and the Cambridge YWCA assigned its subsidy contracts and rental agreements to Revitalization. Therefore, the Cambridge YWCA no longer incurs rental income or the associated expenses after June 27, 2012.

Additionally, the Association receives commercial lease income from the rental of office space and community rooms within its Tanner building, and parking spaces on its land. All commercial leases between the Cambridge YWCA and its tenants are operating leases. As of December 31, 2012 the Cambridge YWCA had one long-term non-cancelable lease that expires in 2018.

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Cambridge Young Women's Christian Association and Subsidiaries
d/b/a Young Women's Christian Association of Cambridge
Notes to Consolidated Financial Statements - *Continued*
December 31, 2012 and 2011

7. ***Building Rental – Continued***

Rental income from the non-cancelable lease is as follows:

<i>Year</i>	<i>Amount</i>
2013	\$ 27,000
2014	\$ 27,675
2015	\$ 28,367
2016	\$ 29,076
2017	\$ 29,803
Thereafter	\$ 30,548

Rental income for the years ended December 31, 2012 and 2011 was \$175,286 and \$237,784, respectively. Cost of property held for leasing and related accumulated depreciation amounts are not accounted for separately, and therefore cannot be readily determined.

8. ***Endowment***

On July 2, 2009, the Uniform Prudent Management of Institutional Funds ACT (UPMIFA) was signed into law in Massachusetts and was effective for endowments as of June 30, 2009. The Cambridge YWCA's endowment consists of individual permanently restricted funds. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. Donor restrictions require the Cambridge YWCA to maintain these net assets in perpetuity.

The Board of Directors of the Cambridge YWCA 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 absent explicit donor stipulations to the contrary. As a result of this interpretation, the Cambridge YWCA classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Cambridge YWCA in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Cambridge YWCA considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Cambridge YWCA, and (7) the Cambridge YWCA's investment policies.

Cambridge Young Women's Christian Association and Subsidiaries
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Notes to Consolidated Financial Statements - *Continued*
December 31, 2012 and 2011

8. Endowment - Continued

The Cambridge YWCA has a policy of appropriating for distribution total interest, dividends, and realized gains earned on endowment assets, except for investment income allocated to the *Louisa J. Brown Endowment*, where one half of this income is added to principal and the other half is appropriated for operations (Note 6).

A summary of endowment fund activity is as follows:

	2012	2011
Endowment assets - beginning of year	\$ 461,531	\$ 357,758
Investment return:		
Investment income	5,679	3,541
Net appreciation (realized and unrealized)	<u>34,049</u>	<u>332</u>
Total investment return	39,728	3,873
Contributions	-	100,000
Withdrawals	-	-
Fees	<u>(100)</u>	<u>(100)</u>
Endowment assets - end of year	<u>\$ 501,159</u>	<u>\$ 461,531</u>

During 2011, the Cambridge YWCA repaid the \$100,000 of permanently restricted endowment funds borrowed in prior years to fund operations. As of December 31, 2012 and 2011 there were no outstanding amounts borrowed.

9. Property and Equipment

Property and equipment consists of the following:

	2012	2011
Buildings and improvements	\$ 6,099,150	\$ 6,210,667
Furniture and equipment	<u>16,571</u>	<u>71,697</u>
	6,115,721	6,282,364
Less - accumulated depreciation	<u>4,875,977</u>	<u>4,888,321</u>
Net property and equipment	<u>\$ 1,239,744</u>	<u>\$ 1,394,043</u>

Depreciation expense for the years ended December 31, 2012 and 2011 was \$171,334 and \$195,280, respectively.

Cambridge Young Women's Christian Association and Subsidiaries
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Notes to Consolidated Financial Statements - *Continued*
December 31, 2012 and 2011

9. Property and Equipment - Continued

The Cambridge YWCA incurred costs associated with the Renovation Project during 2012 and 2011. Construction in progress as of December 31, 2012 and 2011 consists of the following:

	2012	2011
Ground lease	\$ -	\$ 37,167
Construction in Progress	<u>8,254,773</u>	<u>1,019,537</u>
Total	<u>\$ 8,254,773</u>	<u>\$ 1,056,704</u>

10. Leases

Family Shelter Lease Expense - The Cambridge YWCA leases its family shelter facility from the City of Cambridge as a tenant-at-will. The Cambridge YWCA is responsible for the maintenance and insurance relating to the space. The Cambridge YWCA makes monthly payments on this lease and rent expense was \$7,301 per year for the years ended December 31, 2012 and 2011.

Tanner Building Lease Expense - The Cambridge YWCA leases a portion of the Tanner Building from Revitalization under a 7 year lease agreement expiring June 27, 2019. The Cambridge YWCA is responsible for additional rent billed from Revitalization for operating expenses in addition to the basic rent. The rental expense is being recognized on a straight-line basis over the life of the lease. The rental expense for the years ended December 31, 2012 and 2011 was \$66,183 and \$0, respectively of which \$66,183 and \$0 were payable as of December 31, 2012 and 2011. The minimum payment due to over the remaining term of the lease is as follows:

<i>Year</i>		<i>Amount</i>
2013	\$	80,808
2014		159,730
2015		164,306
2016		169,015
2017		173,860
Thereafter		<u>178,847</u>
Total	\$	<u>926,566</u>

Residence Building Lease Income - The Cambridge YWCA leases the building to Revitalization under a lease agreement expiring 32 years after the completion date of the Renovation Project. Revitalization is responsible for additional rent billed from the Cambridge YWCA for operating costs. The rental expense is being recognized on a straight-line basis over the life of the lease. The rental income for the years ended December 31, 2012 and 2011 was \$101,750 and \$0, respectively of which \$101,750 and \$0 were receivable as of December 31, 2012 and 2011.

Cambridge Young Women's Christian Association and Subsidiaries
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Notes to Consolidated Financial Statements - *Continued*
December 31, 2012 and 2011

10. Leases - Continued

The minimum rental income over the remaining term of the leases is as follows:

<i>Year</i>	<i>Amount</i>
2013	\$ 1,278,679
2014	110,000
2015	113,300
2016	116,699
2017	120,200
Thereafter	<u>5,040,096</u>
Total	<u>\$ 6,778,974</u>

11. Conditional Promise to Give

The Cambridge YWCA was awarded a \$100,000 promise to give that remained conditional until the Cambridge YWCA obtained adequate resources to match their expenses related to the renovations and capital improvements of the Tanner building. During 2012 the conditions were met and the contribution was recognized as revenue.

12. Retirement Plan

The Cambridge YWCA has a defined contribution retirement plan administered by and maintained by the National YWCA Retirement Fund, Inc. (the Fund). The plan requires the Cambridge YWCA to contribute 7.5% of eligible employees' annual compensation. Employees are eligible when they provide 1,000 hours of service each year for two years. Optional contributions by employees are allowed up to 10% of annual compensation, which vest immediately. The Cambridge YWCA's contributions are fully vested immediately.

The Cambridge YWCA's policy is to fund pension costs as they are incurred. Pension expense was \$30,202 and \$26,942 for 2012 and 2011, respectively. This expense is included in employee benefits in the accompanying consolidated financial statements and as of December 31, 2012 and 2011 \$2,293 and \$3,044, respectively, were payable to the fund.

13. Mortgages and Notes Payable

Mortgages and notes payable consist of the following:

	<i>2012</i>	<i>2011</i>
The Association entered into a predevelopment note payable from the City of Cambridge's Community Development Department, providing for a maximum loan amount of \$136,000. The note bears interest at 8% per annum. Cumulative interest accrued and capitalized as of December 31, 2011 was \$21,889. During 2012 the note was repaid in full and the interest was forgiven.	\$ -	\$ 135,688

Cambridge Young Women's Christian Association and Subsidiaries
d/b/a Young Women's Christian Association of Cambridge
 Notes to Consolidated Financial Statements - *Continued*
 December 31, 2012 and 2011

13. Mortgages and Notes Payable - Continued

	2012	2011
<p>Note payable to Community Economic Development Assistance Corporation (CEDAC). The note accrued simple interest annually at 5%, which was added to the principal balance until June of 2005 when the interest rate was reduced to 0%. The accrued interest on the note totaling \$350,000 was forgiven during 2005 and the principal was due on June 29, 2031. Payment may be deferred until 2071 provided the Association meets certain requirements in effect at the maturity date. This note is secured by a second mortgage on the Cambridge property, a security agreement and assignment of leases/rents. The note at December 31, 2011 is presented in the Consolidated Statement of Financial Position net of unamortized discount of \$281,879. During 2012 the note was forgiven by CEDAC and the unamortized discount was released from temporarily restricted net assets.</p>	-	500,000
<p>Note payable to the Cambridge Housing Authority. This note originally had a principal balance of \$60,000. The note accrued interest compounded annually at 12%, which was added to the principal balance, totaling \$547,713 at December 31, 2011. During 2012 the Cambridge Housing Authority forgave the note and the related accrued interest.</p>	-	607,713
<p>Note payable to CEDAC. The note accrued simple interest annually at a rate of 5%, which was added to the principal until June of 2006 when the interest rate was reduced to 0%. The accrued interest on the note totaling \$113,125 was forgiven during 2006 and the principal is due on July 18, 2038. Principal payments are due each year totaling the amount by which gross receipts (as defined in the agreement) exceeds 105% of cash expenditures for the fiscal year just ended. This amount will be determined by CEDAC based upon certain financial statements provided by the Association. No principal payments were due in 2012 and 2011. CEDAC may extend the due date for one or more additional ten year periods. This note is secured by a second-priority mortgage on the Cambridge property and an assignment of all rent derived from the property. The note at December 31, 2011 is presented in the Consolidated Statement of Financial Position net of unamortized discount of \$200,002. During 2012 the note was forgiven by CEDAC and the unamortized discount was released from temporarily restricted net assets.</p>	-	300,000

Cambridge Young Women's Christian Association and Subsidiaries
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 Notes to Consolidated Financial Statements - *Continued*
 December 31, 2012 and 2011

13. Mortgages and Notes Payable - Continued

	2012	2011
<p>The Association entered into the Construction and Bridge Loan with Eastern Bank on June 27, 2012, providing for a maximum loan amount of \$2,500,000. The interest rate is 3.37%, due monthly in arrears. The note is secured by a mortgage on the Tanner building. The note matures on June 27, 2014.</p>	1,056,645	-
<p>Note payable to Cambridge Affordable Housing Trust, dated June 27, 2012. The agreement provides for a maximum loan amount of \$3,101,962, with an interest rate of 3% compounded annually. The note is secured by a mortgage on the Tanner building, subordinate to the Eastern Bank mortgage. The note matures June 27, 2062 and no payment of interest or principal is due until the maturity date if the property remains Affordable Housing. Accrued interest as of December 31 2012 and 2011 was \$16,523 and \$0, respectively.</p>	1,664,390	-
<p>Note payable to CEDAC dated June 27, 2012. The agreement provides for a maximum loan amount of \$801,164. The note is interest free. The note is subject to a leasehold interest mortgage on the Tanner building and the Affordable Housing Covenant (Note 19). Principal payments are due each year totaling the amount by which gross receipts (as defined in the agreement) exceeds 105% of cash expenditures for the fiscal year just ended. The note matures June 26, 2043.</p>	242,344	-
<p>Note payable to Massachusetts Department of Housing and Community Development dated June 27, 2012. The agreement provides for a maximum loan amount of \$913,816. The note is interest free. The note is subject to a leasehold interest mortgage on the Tanner building and the Affordable Housing Covenant (Note 19). The note matures June 26, 2043.</p>	386,585	-
<p>Note payable to Massachusetts Housing Partnership fund dated June 27, 2012. The agreement provides for a maximum loan amount of \$913,816. The note is interest free. The note is subject to a leasehold interest mortgage on the Tanner building and the Affordable Housing Covenant. The note matures June 26, 2063.</p>	500,000	-

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Cambridge Young Women's Christian Association and Subsidiaries
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 Notes to Consolidated Financial Statements - *Continued*
 December 31, 2012 and 2011

14. Mortgages and Notes Payable - Continued

	2012	2011
Note payable to CEDAC dated June 27, 2012. The note is interest free. Principal payments are due each year totaling the amount by which gross cash receipts (as defined in the agreement) exceeds 105% of gross cash expenditures for the year just ended. The note is subject to a leasehold interest mortgage on the Tanner building and the Affordable Housing Covenant. The note matures June 26, 2043.	300,000	-
Note payable to CEDAC dated June 27, 2012. The note is interest free. Principal payments are due each year totaling the amount by which gross cash receipts (as defined in the agreement) exceeds 115% of gross cash expenditures for the year just ended. The note is subject to a leasehold interest mortgage on the Tanner building and the Affordable Housing Covenant. The note matures June 26, 2043.	500,000	-
Note payable to City of Cambridge dated June 27, 2012. The note is interest free. The maturity date of the note is June 27, 2062. This note is secured by a third mortgage on the Cambridge property.	625,587	-
Note payable to Massachusetts Housing Finance Agency dated June 27, 2012. The note is interest free. The note is subject to a leasehold interest mortgage on the Tanner building and the Affordable Housing Covenant (Note 19). The note matures June 26, 2043.	<u>913,816</u>	<u>-</u>
	6,189,367	1,543,401
Unamortized discount	<u>-</u>	<u>481,881</u>
Present value of loan payments	6,189,367	1,061,520
Less - current portion	<u>-</u>	<u>135,688</u>
Total	<u>\$ 6,189,367</u>	<u>\$ 925,832</u>

Cambridge Young Women's Christian Association and Subsidiaries
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 Notes to Consolidated Financial Statements - *Continued*
 December 31, 2012 and 2011

14. Mortgages and Notes Payable – Continued

Future maturities of notes payable for the next five years and thereafter, not including principle that may be due based on cash flows, are as follows:

2013	\$ -
2014	1,056,645
2015	-
2016	-
2017	-
Thereafter	<u>5,132,722</u>
Total	<u>\$ 6,189,367</u>

15. Concentrations

Funding - The Cambridge YWCA received 22% of its total operating revenues and public support from the Commonwealth of Massachusetts during 2012 and 2011. The Cambridge YWCA also receives housing subsidies under biannual contracts with the City of Cambridge (the City) which amounted to 6% and 43% of its operating revenues and public support during 2012 and 2011, respectively, and is included in contract service revenue in the accompanying consolidated financial statements.

Credit Risk - The Cambridge YWCA maintains its cash in various Massachusetts banks. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At various times during the years ended December 31, 2012 and 2011, the cash balances in these banks exceeded the amount insured by the FDIC. Management periodically monitors the financial status of the banks and institutions to evaluate and minimize this risk.

The Cambridge YWCA's investments are exposed to various risks, such as interest rate, market and credit risk. Due to the level of risk associated with certain securities, it is at least reasonably possible that change in the value of securities will occur in the near term and that such changes could materially affect the Cambridge YWCA's account balances.

16. Contingency

Funding Sources - The Cambridge YWCA receives funding from several sources under various contracts. These contracts have been funded according to their respective terms and are subject to possible final audit determination by certain governmental agencies. In the opinion of management, no significant liability to the Cambridge YWCA will result from any such audits.

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Notes to Consolidated Financial Statements - *Continued*
December 31, 2012 and 2011

16. Contingency - Continued

Gain Contingency - As of December 31, 2012 Properties has not billed its tenant, Revitalization, for operating costs, net of costs billed back to the Association, incurred during the fiscal year, as noted in its lease agreement. As of the date of this report, the billable amount was unknown and management anticipates that it will determine the appropriate operating costs incurred and billable to the tenant and record the additional revenue in 2013.

17. Related Party Transactions

The Association is a member of the Young Women's Christian Cambridge YWCA New England Regional Council (the Council) which requires a payment of annual dues to the Council for certain support services. Annual dues expense was \$8,691 and \$9,888 for the years ended December 31, 2012 and 2011, respectively, of which \$3,859 and \$8,831, respectively, was payable at year-end.

During 2012 and 2011, the Association obtained services from Women's Institute for Housing and Economic Development (WIHED) which employs a member of the Association's Board of Directors. The amount of services totaled \$141,350 and \$76,349 for the years ended December 31, 2012 and 2011, respectively, of which \$14,063 and \$0 was payable at year end, respectively.

The Association leases office and commercial space from Revitalization. Rent expense was \$66,183 and \$0 for the years ended December 31, 2012 and 2011, respectively, of which \$66,183 and \$0, respectively were payable at year end.

Revitalization leases the Tanner and Residence building from Properties. Rental income was \$101,750 and \$0 for the years ended December 31, 2012 and 2011, respectively. Additionally, The Association has a receivable of \$301,404 and \$0 from Revitalization as of December 31, 2012 and 2011, respectively. The receivable consists of the \$101,750 of rental income due from Revitalization and \$199,654 of operating costs of the residence paid for by the Association after June 27, 2012.

18. Line of Credit

The Cambridge YWCA has a \$50,000 line of credit from a financial institution to help finance its short-term capital needs. This line is collateralized by a certificate of deposit with a balance of \$52,704 and \$51,288 at December 31, 2012 and 2011, respectively. Interest on the line of credit is payable monthly on outstanding balances. The interest rate at December 31, 2012 and 2011 was 4.25% and at a floating rate of 1.0% with a floor of 5% based on the daily published prime rate, respectively. At December 31, 2012 and 2011, the outstanding balance on this line of credit was \$0.

Cambridge Young Women's Christian Association and Subsidiaries
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Notes to Consolidated Financial Statements - *Continued*
December 31, 2012 and 2011

19. Commitments

Construction Contract - The Cambridge YWCA has entered into construction contract commitments related to the renovation project totaling \$6,901,483, of which \$4,385,473 of costs had been incurred as of December 31, 2012.

Affordable Housing Covenant - The Cambridge YWCA has agreed to maintain the Residence program as affordable housing in accordance with the Affordable Housing Restriction Agreement for a period of ninety-nine years.

Loans - The Cambridge YWCA has received various financing commitments to fund the Renovations Project. As of December 31, 2012, the following commitments were received:

<i>Lender</i>	<i>Commitment</i>	<u><i>Amount</i></u>	
		<i>Received</i>	<i>Outstanding</i>
Eastern Bank	2,500,000	1,056,645	1,443,355
City of Cambridge/CDD Dept. of Housing & Community Development (DHCD) - HSTF	3,101,962	1,664,390	1,437,572
DHCD - Home	913,816	500,000	413,816
DHCD - HIF	913,816	386,585	527,231
	<u>801,164</u>	<u>242,344</u>	<u>558,820</u>
Total	<u>\$ 8,230,758</u>	<u>\$ 3,849,964</u>	<u>\$ 4,380,794</u>

20. Ground Lease

In December 2011, the Association entered into a ninety-nine year non-cancelable ground lease with CAHC. The lease payments over the life of the lease total \$2,760,000, of which CAHC prepaid in full during 2011. The prepayment is recorded as deferred revenue on the *Consolidated Statement of Financial Position* and will be recognized as revenue on a straight line basis over the life of the lease. The cost of land held for the ground lease is not accounted for separately, and therefore cannot be readily determined. The ground lease income was \$27,879 and \$0 for the years ending 2012 and 2011.

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Cambridge Young Women's Christian Association and Subsidiaries
d/b/a Young Women's Christian Association of Cambridge
Notes to Consolidated Financial Statements - *Continued*
December 31, 2012 and 2011

20. *Ground Lease - Continued*

Future rental income to be recorded under this non-cancelable lease as of December 31, 2012 is as follows:

<i>Year</i>	<i>Amount</i>
2013	\$ 27,879
2014	\$ 27,879
2015	\$ 27,879
2016	\$ 27,879
2017	\$ 27,879
Thereafter	\$ 2,592,726

21. *Subsequent Events*

The Cambridge YWCA has performed an evaluation of the subsequent events through July 16, 2013, which is the date the Cambridge YWCA's consolidated financial statements were available to be issued. There were no subsequent events that have occurred since December 31, 2012 that requires recognition or disclosure in these consolidated financial statements.

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SUPPLEMENTAL INFORMATION

Cambridge Young Women's Christian Association and Subsidiaries
d/b/a Young Women's Christian Association of Cambridge
Consolidating Schedule of Financial Position
December 31, 2012

<i>Assets</i>					
	<i>YWCA</i>	<i>Properties</i>	<i>MM</i>	<i>Eliminations</i>	<i>Totals</i>
<i>Current Assets</i>					
Cash	\$ 104,720	\$ -	\$ -	\$ -	\$ 104,720
Cash - restricted	<u>678,603</u>	<u>363,087</u>	<u>-</u>	<u>-</u>	<u>1,041,690</u>
Total cash and cash equivalents	783,323	363,087	-	-	1,146,410
Program service fees receivable	46,564	-	-	(2,124)	44,440
Prepaid expenses	<u>3,564</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,564</u>
Total current assets	<u>833,451</u>	<u>363,087</u>	<u>-</u>	<u>(2,124)</u>	<u>1,194,414</u>
<i>Property and Equipment - Net</i>	<u>1,239,744</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,239,744</u>
<i>Other Assets</i>					
Investments	52,704	-	-	-	52,704
Investments - endowment fund	501,159	-	-	-	501,159
Investment in subsidiary	1,212,809	-	-	(1,212,809)	-
Construction in progress	-	8,628,181	-	(373,408)	8,254,773
Due from related parties	<u>562,240</u>	<u>101,750</u>	<u>-</u>	<u>(362,586)</u>	<u>301,404</u>
Total other assets	<u>2,328,912</u>	<u>8,729,931</u>	<u>-</u>	<u>(1,948,803)</u>	<u>9,110,040</u>
Total assets	<u>\$4,402,107</u>	<u>\$9,093,018</u>	<u>\$ -</u>	<u>\$(1,950,927)</u>	<u>\$11,544,198</u>
<i>Liabilities and Net Assets</i>					
<i>Current Liabilities</i>					
Current portion of capital lease obligation	\$ 1,031	\$ -	\$ -	\$ -	\$ 1,031
Accrued interest	-	16,523	-	-	16,523
Accounts payable and accrued expenses	183,822	1,150,665	-	(18,902)	1,315,585
Deferred revenue	27,879	-	-	-	27,879
Refundable advances	<u>11,979</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,979</u>
Total current liabilities	<u>224,711</u>	<u>1,167,188</u>	<u>-</u>	<u>(18,902)</u>	<u>1,372,997</u>
<i>Long-term Liabilities</i>					
Mortgages and note payable	-	6,189,367	-	-	6,189,367
Deferred revenue	2,704,242	-	-	-	2,704,242
Capital lease obligation	3,544	-	-	-	3,544
Due to related parties	<u>-</u>	<u>418,556</u>	<u>-</u>	<u>(418,556)</u>	<u>-</u>
Total long-term liabilities	<u>2,707,786</u>	<u>6,607,923</u>	<u>-</u>	<u>(418,556)</u>	<u>8,897,153</u>
Total liabilities	<u>2,932,497</u>	<u>7,775,111</u>	<u>-</u>	<u>(437,458)</u>	<u>10,270,150</u>
<i>Net Assets</i>					
Sponsors equity	-	1,213,876	-	(1,213,876)	-
Unrestricted	984,705	104,031	-	(299,593)	789,143
Temporarily restricted	58,087	-	-	-	58,087
Permanently restricted	<u>426,818</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>426,818</u>
Total net assets	<u>1,469,610</u>	<u>1,317,907</u>	<u>-</u>	<u>(1,513,469)</u>	<u>1,274,048</u>
Total liabilities and net assets	<u>\$4,402,107</u>	<u>\$9,093,018</u>	<u>\$ -</u>	<u>\$(1,950,927)</u>	<u>\$11,544,198</u>

Cambridge Young Women's Christian Association and Subsidiaries
d/b/a Young Women's Christian Association of Cambridge
Consolidating Schedule of Activities
December 31, 2012

	<i>YWCA</i>	<i>Properties</i>	<i>MM</i>	<i>Eliminations</i>	<i>Totals</i>
<i>Revenues and Public Support</i>					
<i>Revenues</i>					
Contract service revenue	\$ 786,530	\$ -	\$ -	\$ -	\$ 786,530
Tenant rental income	89,798	101,750	-	(50)	191,498
Program service fees	169,998	-	-	-	169,998
Community rental income	67,165	-	-	-	67,165
Net realized/unrealized gains/(losses)					
on investments	34,672	-	-	-	34,672
Interest income	6,606	-	-	-	6,606
Miscellaneous income	22,716	2,281	-	28,893	53,890
Developer overhead	328,486	-	-	(328,486)	-
Debt forgiveness income	919,075	-	-	-	919,075
Membership dues	5,675	-	-	-	5,675
Total revenues	<u>2,430,721</u>	<u>104,031</u>	<u>-</u>	<u>(299,643)</u>	<u>2,235,109</u>
<i>Public Support</i>					
Grants and contributions	489,287	-	-	-	489,287
In-kind revenue	8,156	-	-	-	8,156
Special events	50,562	-	-	-	50,562
Total public support	<u>548,005</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>548,005</u>
Total revenues and public support	<u>2,978,726</u>	<u>104,031</u>	<u>-</u>	<u>(299,643)</u>	<u>2,783,114</u>
<i>Expenses</i>					
Residence	399,568	-	-	-	399,568
Family shelter	347,208	-	-	-	347,208
Community programs	35,497	-	-	-	35,497
Marshfield	199,138	-	-	-	199,138
Fundraising	91,708	-	-	-	91,708
Management, general, and facilities	552,960	-	-	(50)	552,910
Total expenses	<u>1,626,079</u>	<u>-</u>	<u>-</u>	<u>(50)</u>	<u>1,626,029</u>
Change in net assets	<u>\$ 1,352,647</u>	<u>\$ 104,031</u>	<u>\$ -</u>	<u>\$ (299,593)</u>	<u>\$ 1,157,085</u>

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Cambridge Young Women's Christian Association and Subsidiaries
d/b/a Young Women's Christian Association of Cambridge
Supplemental Schedule of CYW Revitalization LLC's Income and Expenses
For the Six-Month Period Ended December 31, 2012

Income	
Gross potential rent	\$ 415,600
Vacancy loss	(2,942)
Relocation loss	(31,326)
Bad debt	<u>(6,728)</u>
Total rental income	374,604
Miscellaneous	<u>22,342</u>
Total income	<u>396,946</u>
Expenses	
Administrative expense	163,395
Maintenance expense	79,451
Utilities	28,670
Insurance	<u>21,946</u>
Total expenses	<u>293,462</u>
Net income	<u>\$ 103,484</u>