# Y.W.C.A. Malden

Financial Statements

and

Independent Auditor's Report

June 30, 2014

With Comparative Totals for the Year Ended

June 30, 2013

**Y.W.C.A. Malden**
Financial Statements
June 30, 2014

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*Independent Auditor's Report*

The Board of Directors
**Y.W.C.A. Malden**
**Malden, Massachusetts**

We have audited the accompanying statement of financial position of **Y.W.C.A. Malden** (a nonprofit organization) as of June 30, 2014 and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Y.W.C.A. Malden** as of June 30, 2014 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matter**

Our audit was conducted for the purpose of forming an opinion of the financial statements as a whole. The schedule of functional expenses on page 5 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 2014 on our consideration of the organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering **Y.W.C.A. Malden's** internal control over financial reporting and compliance.

Randolph, Massachusetts

Sambo Okoh & Company, LLC

*November 12, 2014*

**Y.W.C.A. Malden**
Statements of Financial Position
June 30, 2014
With Comparative Totals for the Year Ended June 30, 2013

| | 2014 | 2013 |
|---|---|---|
| ***Assets*** | | |
| *Current Assets:* | | |
| Cash and cash equivalents | $ 499,717 | $ 469,564 |
| Grants and accounts receivable | 77,475 | 78,754 |
| Investments | 311,619 | 291,396 |
| Total current assets | 888,811 | 839,714 |
| *Property and Equipment* | | |
| Land and building | 817,122 | 768,121 |
| Furniture, fixtures and equipment | 110,803 | 112,629 |
| Motor vehicles | 18,795 | 18,795 |
| | 946,720 | 899,545 |
| Less - Accumulated depreciation | (538,085) | (519,685) |
| Net property and equipment | 408,635 | 379,860 |
| Total assets | $ 1,297,446 | $ 1,219,574 |
| ***Liabilities and Net Assets*** | | |
| *Current Liabilities:* | | |
| Accounts payable and accrued expenses | $ 76,389 | $ 59,952 |
| Deferred income | 3,534 | $ 3,436 |
| Deposits | 190 | 176 |
| Total liabilities | $ 80,113 | 63,564 |
| *Net Assets:* | | |
| Unrestricted | 1,093,707 | 1,029,329 |
| Unrestricted, board designated | 51,242 | 60,374 |
| Temporarily restricted | 72,384 | 66,307 |
| Total net assets | 1,217,333 | 1,156,010 |
| Total liabilities and net assets | $ 1,297,446 | $ 1,219,574 |

*See accompanying notes to financial statements*

**Y.W.C.A. Malden**

Statements of Activities

For the Year ended June 30, 2014

With Comparative Totals for the Year Ended June 30, 2013

| | 2014 | | | 2013 |
|---|---|---|---|---|
| | Unrestricted | Temporarily Restricted | *Total* | *Total* |
| ***Changes in unrestricted net assets:*** | | | | |
| *Revenues and gains:* | | | | |
| Contributions and fundraising | $ 17,567 | $ 6,500 | $ 24,067 | $ 41,782 |
| Grants | 15,388 | 168,212 | 183,600 | 115,301 |
| Program revenue | 896,244 | - | 896,244 | 875,728 |
| Federated fundraising - United Way | 102,705 | 3,888 | 106,593 | 119,206 |
| Investment income | 8,006 | | 8,006 | 6,699 |
| Miscellaneous | 1,642 | - | 1,642 | 1,672 |
| Unrealized and realized gains (losses) on investments | 14,234 | - | 14,234 | 8,042 |
| Net assets released from restrictions: | | | | |
| Satisfaction of purpose of restriction | 172,523 | (172,523) | - | |
| Total unrestricted revenues, gains and support | 1,228,309 | 6,077 | 1,234,386 | 1,168,430 |
| ***Expenses:*** | | | | |
| Program services: | | | | |
| Day care | 392,196 | - | 392,196 | 358,154 |
| Residency | 158,601 | - | 158,601 | 136,647 |
| Women's center | 85,784 | - | 85,784 | 102,724 |
| Teen | 229,439 | - | 229,439 | 211,511 |
| Youth | 125,060 | - | 125,060 | 124,314 |
| Total program services | 991,081 | - | 991,081 | 933,350 |
| | 0 | | 0 | |
| Support services | | | | |
| Management and general | 169,218 | - | 169,218 | 168,312 |
| Fundraising | 12,765 | - | 12,765 | 20,945 |
| Total support services | 181,983 | - | 181,983 | 189,257 |
| Total expenses | 1,173,064 | - | 1,173,064 | 1,122,607 |
| Increase (decrease) in net assets | 55,246 | 6,077 | 61,323 | 45,823 |
| **Net Assets,** beginning of year | 1,089,703 | 66,307 | 1,156,010 | 1,110,187 |
| **Net Assets,** end of year | $ 1,144,949 | $ 72,384 | $ 1,217,333 | $ 1,156,010 |

*See accompanying notes to financial statements*

**Y.W.C.A. Malden**
Statements of Functional Expenses
For the Year Ended June 30, 2014
With Comparative Totals for the Year Ended June 30, 2013

| | *Program Services* | | | | | | *Supporting Services* | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | *Day Care* | *Residency* | *Women's Center* | *Teen* | *Youth* | *Total Program* | *Management & General* | *Fund Raising* | *Total Supporting Services* | *2014 Total Expenses* | *2013 Total Expenses* |
| Salaries | 209,153 | 48,919 | 58,157 | 161,714 | 92,865 | 570,808 | 97,766 | 8,198 | 105,964 | 676,772 | 662,783 |
| Payroll taxes | 16,582 | 3,828 | 4,598 | 13,030 | 7,526 | 45,564 | 7,342 | 628 | 7,970 | 53,534 | 54,172 |
| Fringe benefits | 20,318 | 6,650 | 7,096 | 6,883 | 5,281 | 46,228 | 12,755 | 1,257 | 14,012 | 60,240 | 63,098 |
| Total salaries and benefits | 246,053 | 59,397 | 69,851 | 181,627 | 105,672 | 662,600 | 117,863 | 10,083 | 127,946 | 790,546 | 780,053 |
| Professional fee and temporary help | 2,501 | 545 | 1,114 | 12,451 | 795 | 17,406 | 17,794 | 45 | 17,839 | 35,245 | 40,731 |
| Supplies | 11,092 | 4,011 | 3,752 | 12,289 | 2,723 | 33,867 | 5,537 | 379 | 5,916 | 39,783 | 44,713 |
| Telephone and Internet | 1,764 | 2,427 | 2,762 | 2,163 | 1,276 | 10,392 | 2,010 | - | 2,010 | 12,402 | 11,335 |
| Postage and shipping | 341 | - | 151 | 232 | 78 | 802 | 638 | - | 638 | 1,440 | 1,469 |
| Occupancy | 36,400 | 71,563 | 1,531 | 4,083 | 1,531 | 115,108 | 8,897 | - | 8,897 | 124,005 | 94,922 |
| Printing and reproduction | 276 | - | 970 | 11,114 | 147 | 12,507 | 401 | - | 401 | 12,908 | 8,933 |
| Travel | 41,850 | 28 | 2,101 | 295 | 5 | 44,279 | 62 | - | 62 | 44,341 | 42,939 |
| Vehicle expenses | 9,014 | - | - | - | - | 9,014 | - | - | - | 9,014 | 9,850 |
| Nutrition | 14,247 | - | - | - | 6,038 | 20,285 | - | - | - | 20,285 | 15,784 |
| Trips and activities | 9,607 | - | - | 195 | 2,256 | 12,058 | - | - | - | 12,058 | 14,526 |
| Payroll processing | 1,004 | 259 | 297 | 737 | 546 | 2,843 | 483 | 41 | 524 | 3,367 | 3,083 |
| Equipment and furniture | - | - | - | - | - | - | 1,204 | - | 1,204 | 1,204 | 1,636 |
| Bank fees | - | - | - | | 30 | 30 | 38 | - | 38 | 68 | 102 |
| Conferences and meetings | - | - | 13 | - | - | 13 | 706 | - | 706 | 719 | - |
| Fundraising expenses | - | - | - | - | - | - | - | - | - | - | 1,431 |
| Payment to national affiliate | 1,136 | 1,136 | 1,231 | 1,136 | 1,136 | 5,775 | 1,136 | 1,136 | 2,272 | 8,047 | 6,097 |
| Bad debt | 78 | - | - | - | 897 | 975 | - | - | - | 975 | - |
| Technology | 1,125 | 1,275 | 1,289 | 1,150 | 1,206 | 6,045 | 7,351 | 1,081 | 8,432 | 14,477 | 12,093 |
| Total expenses before depreciation and amortization | 376,488 | 140,641 | 85,062 | 227,472 | 124,336 | 953,999 | 164,120 | 12,765 | 176,885 | 1,130,884 | 1,089,697 |
| Depreciation and amortization | 15,708 | 17,960 | 722 | 1,967 | 724 | 37,081 | 5,098 | - | 5,098 | 42,179 | 32,910 |
| Total expenses | 392,196 | 158,601 | 85,784 | 229,439 | 125,060 | 991,080 | 169,218 | 12,765 | 181,983 | 1,173,063 | 1,122,607 |

*See accompanying notes to financial statements*

**Y.W.C.A. Malden**

Statements of Cash Flows

For the Year ended June 30, 2014

With Comparative Totals for the Year Ended June 30, 2013

| | *2014* | *2013* |
|---|---|---|
| *Cash flows from operating activities:* | | |
| Changes in net assets | $ 61,323 | $ 45,823 |
| Adjustment to reconcile change in net assets to net cash provided by operations | | |
| Depreciation and amortization | 42,179 | 32,910 |
| Realized and unrealized gain (loss) on investments | 14,234 | 8,042 |
| (Increase) decrease in assets: | | |
| Accounts receivable | 1,279 | (12,140) |
| Increase (decrease) in liabilities: | | |
| Accounts payable and accrued expenses | 16,436 | (8,449) |
| Increase in deferred income | 98 | 3,436 |
| Increase in deposits | 14 | 26 |
| *Net cash provided by (used in) operating activities* | 135,563 | 69,648 |
| *Cash flows from investing activities:* | | |
| Acquisition of equipment | (47,035) | (46,320) |
| Proceeds from sale of investments | 19,089 | 13,424 |
| Purchase of investments | (77,465) | (74,161) |
| *Net cash provided by (used in) investing activities* | (105,411) | (107,057) |
| Net Increase (Decrease) In Cash And Cash Equivalents | 30,152 | (37,409) |
| Cash And Cash Equivalents, beginning of year | 469,564 | 506,973 |
| *Cash And Cash Equivalents, end of year* | $ 499,716 | $ 469,564 |
| Supplemental Disclosures: | | |
| Interest paid | $ - | $ - |

*See accompanying notes to financial statements*

**Y.W.C.A. Malden**
Notes to Financial Statements
June 30, 2014

1. *Type of Organization*

Y.W.C.A. Malden, (the Agency) is a nonprofit organization incorporated under the laws of the Commonwealth of Massachusetts in 1927. The mission of the organization is to empower girls, women and their families from Malden and neighboring communities. To this end, Y.W.C.A. Malden strives to enhance the lives of women and girls through respect for individuality, elimination of racism, celebration of diversity and promotion of participation in community improvement. Rewarding and stimulating programs are organized by the Agency to promote economic independence and confident adulthood.

Among the programs organized by the Agency are the following:

**Children Services:** - After School Child care and Academic Enrichment.

- Center based and site based programs offering a warm and creative after-school environment that fosters social and academic skill-building.
- Mentoring program in support of social and emotional development.
- Homework assistance and tutoring.

**Teen Services: Leadership development, career exploration and community service:**

- TASK: Teen Advocates Sharing Knowledge: A peer leadership and community service program drawing on civic engagement, community service and social responsibility initiatives.
- Work Smart: work readiness program including career mentoring and job internships.
- Middle School Programs: Adobe Youth Voices Technology Program providing breakthrough learning experiences using video, multimedia, digital art, web, animation and audio tools that enable youth to explore and comment on their world.

**Women's Programs**

- Encore Plus-Breast Cancer Education and Referral Services for low- income and uninsured women.
- Residency program provides safe and affordable housing for low-wage earners engaged in full-time work or study.
- Economic advancement, credit repair and micro-enterprise initiatives in support of self-sufficiency for families.

*Summary of Significant Accounting Policies*

*Basis of Presentation* – Financial statements presentation follows the recommendation of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards *(SFAS) No. 117,* Financial Statements of Not-for-Profit Organizations. Under *SFAS No. 117,* Y.W.C.A. Malden is required to report information regarding its financial position and activities according to

1. ***Type of Organization*** - *Continued*

three classes of net assets: Unrestricted net assets; temporarily restricted net assets and permanently restricted net assets.

*Revenue and Expenses* - Contributions received or receivable are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Program and other revenue and expenses are recognized on the accrual basis of accounting.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions. Donations of property and equipment are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose.

*Fixed Assets and Depreciation* - Fixed assets are stated at cost when purchased. Donations of fixed assets are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Agency reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. Depreciation is calculated by straight-line method over their estimated useful lives. Maintenance and repairs are charged to operations when incurred. Significant betterments and renewals are capitalized. It is the Organization's policy to capitalize all furniture and equipment purchases, property betterments and property renewals valued over $1,000.

Depreciable lives for assets are summarized as follows:

| | |
|---|---|
| Building and improvements | 5 – 25 years |
| Furniture, fixtures and equipment | 5 – 10 years |
| Motor vehicles | 5 years |

*Cash and Cash Equivalents* - For the purposes of financial statement presentation, YWCA Malden considers all highly liquid investments with maturity of three months or less to be cash equivalents.

## 1. *Type of Organization - Continued*

*Functional Expenses* - Expenses by function have been allocated among program and supporting services based on direct charge, analysis of personnel time and space utilized for the related activities.

*Income Taxes* – Y.W.C.A. Malden is exempt from income taxes under Section 501(c) (3) of the United States Internal Revenue Code; the Organization has been determined to be an organization which is not a private foundation.

*Concentration of Credit* – Y.W.C.A. Malden receives funding from the Commonwealth of Massachusetts either directly or as a pass-through from one of the local municipalities. Financial instruments which potentially subject the organization to concentration of credit risk consist principally of accounts receivable. Credit risk with receivables is concentrated among these state and local agencies.

*Estimates and Assumptions* - The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

*Bad Debt Expenses* - Debts deemed uncollectible are written off by direct charge to accounts. During the year ended June 30, 2014, $975 in receivables deemed uncollectible was written off.

## 2. *Donated Services*

Y.W.C.A. Malden receives donated services from volunteers assisting in the various programs and services of the Agency. The combined service efforts attributable to the donated services have not been recognized in the accompanying statement of activities, because the criteria for recognition of such volunteer effort under SFAS No. 116 have not been satisfied.

## 3. *Investments*

Y.W.C.A. Malden records its investments at market value. Interest, dividends and mutual fund distributions are recorded when earned. Gains and losses are recognized as incurred or based on market value changes during the period. The following represents a summary of the investment portfolio with related unrealized appreciation and (depreciation) as at June 30, 2014.

**3. *Investments* - *Continued***

| | *Cost* | *Market* | *Cumulative Unrealized Gains/(Losses)* |
|---|---|---|---|
| Cash/Money Accounts | $ 19,760 | $ 18,643 | $ (1,117) |
| CDS/Cash equivalents | 10,000 | 10,213 | 213 |
| Mutual funds -Merrill Lynch | 173,045 | 191,192 | 18,147 |
| Mutual funds - Eastern Bank | 71,681 | 73,690 | 2,009 |
| Municipal Bonds | 7,325 | 7,415 | 90 |
| Corporate Bonds | 9,999 | 10,466 | 467 |
| Total | $ 291,810 | $ 311,619 | $ 19,809 |

| | Unrestricted |
|---|---|
| Investment and dividend income | $ 8,006 |
| Net unrealized gains (losses) on investment carried at fair value | - |
| Expenses | (80) |
| Total | 7,926 |

In accordance with Financial Accounting Standards Board Statement No. 124 and Massachusetts State Law, appreciation on permanently restricted investments is included in temporarily restricted net assets.

Y.W.C.A. Malden measures the fair value of its financial instruments in accordance with accounting standards relative to fair value measurements, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs to determine the fair value of financial instruments. Also in accordance with these standards, the Association categorizes its financial instruments, based on the priority of inputs to the valuation technique, into a three-level hierarchy, as discussed below.

Instruments measured and reported at fair value are classified and disclosed in one of the following categories:

> Level I – are quoted prices in active markets for identical investments that the company has the ability to access at the measurement or reporting date. The type of investments generally included in this category includes listed equities and mutual funds.
>
> Level II – are inputs (other than quoted prices in active markets included within Level I), which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies. Investments which are generally included in this category include corporate bonds, less liquid and restricted equity securities, and certain over-the-counter derivatives.
>
> Level III – are unobservable inputs for the investment and includes situations where there is little, if any, market activity for the investment. Unobserved inputs are those that reflect the Company's own assumptions about the determination of fair value and require significant management judgment or estimation. Investments which are generally included in this category may include private equity funds, hedge funds, partnerships and limited liability companies.

## 4. *Cash and Cash Equivalents:*

The Agency maintains cash accounts at four (4) financial institutions with the following balances as of June 30, 2014:

| Bank Balances | |
|---|---|
| Bank of America | $ 247,673 |
| People's Bank | 70,101 |
| Brookline Bank | 157,072 |
| Citizens Bank | 24,870 |
| Total | $ 499,716 |

The bank accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. As of June 30, 2014, none of the Agency's balances per confirmation exceeded the FDIC limit.

## 5. *Retirement and Tax Deferred Savings Plans*

The Agency is a participant in the Y.W.C.A. Retirement Fund, Inc. (the Plan or Fund) – a cash balance defined benefit contributory pension plan that covers all qualifying organization's employees. The Plan provides for an Agency contribution of an annually determined percentage (5% for 2014) of the gross compensation of eligible employees. Eligible employees under this 403(b) arrangement may also make an optional after-tax contribution (up to 10% of their annual compensation). In addition, the Plan adds an amount equal to 2% of gross compensation to each employee's account. All contributions are maintained and administered by the Fund. No separate actuarial report is prepared for YWCA Malden by the Fund. For the year ended June 30, 2014, Pension expense under this Plan was $21,456.

## 6. *Net Assets*

Temporary restricted net assets at June 30, 2014 are restricted for the following purposes:

| Net Assets | |
|---|---|
| Women's Center | $ 15,028 |
| Teen | 26,131 |
| Renovations and repairs | 31,225 |
| Total | $ 72,384 |

Board designated unrestricted net assets of $51,242 at June 30, 2014 consist of funds set aside by the Board of Directors to be used for "rainy day" expense funding. YWCA Malden has no permanently restricted net assets at June 30, 2014.

## 7. *YWCA Affiliations*

YWCA Malden is an affiliate member of YWCA USA. Collectively, affiliates work together to strengthen the Association's capacity to affect social change for all women and girls. Dues payment for FY 2014 totaled $8,047.

## 8. *Uncertain Tax Positions*

YWCA, Malden accounts for the effect of any uncertain tax positions based on a "more likely than not" threshold to the recognition of the tax positions being sustained based on the technical merits of the position under scrutiny by the applicable tax authority. If a tax position or positions are deemed to result in uncertainties of those positions, the unrecognized tax benefit is estimated based on a "cumulative probability assessment" that aggregates the estimated tax liability for all uncertain tax positions. YWCA, Malden has identified its tax status as a tax exempt entity as a tax position; however, it has determined that such a tax position does not result in an uncertainty requiring recognition. YWCA, Malden is not currently under examination by any taxing jurisdiction. Its Federal and State tax returns are generally open for examination for three years following the date filed.

## 9 *Subsequent Events*

Y.W.C.A. Malden has evaluated the financial statement impact of subsequent events occurring through November 12, 2014 the date that the financial statements were authorized to be issued.