

**eliminating racism
empowering women**

ywca

Glendale & Pasadena

**CONSOLIDATED FINANCIAL REPORT
June 30, 2021**

YWCA OF GLENDALE AND PASADENA

CONTENTS

| | Page |
|--|--------|
| INDEPENDENT AUDITOR'S REPORT | 1 – 2 |
| FINANCIAL STATEMENTS | |
| Consolidated Statement of Financial Position | 3 |
| Consolidated Statement of Activities | 4 |
| Consolidated Statement of Functional Expenses | 5 |
| Consolidated Statement of Cash Flows | 6 |
| Notes to the Consolidated Financial Statements | 7 – 17 |
| SUPPLEMENTARY INFORMATIONS | |
| Consolidating Statement of Financial Position | 18 |
| Consolidating Statement of Activities | 19 |

INDEPENDENT AUDITOR'S REPORT

Board of Directors
YWCA of Glendale and Pasadena

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of YWCA of Glendale and Pasadena, which comprise the consolidated statement of financial position as of June 30, 2021, and the related consolidated statements of activities, functional expenses, and cash flows for 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 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 entity'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 entity's internal control. 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.

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 financial position of YWCA of Glendale and Pasadena as of June 30, 2021, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statements of financial position and activities are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we do not express an opinion or provide any assurance on it.

Restatement

As part of our audit of the 2021 financial statements, we also audited the adjustments described in Note 3 that were applied to restate the 2020 financial statements. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the 2020 financial statements of YWCA of Glendale and Pasadena other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2020 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 December 13, 2021 on our consideration of YWCA of Glendale and Pasadena's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of YWCA of Glendale and Pasadena's 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 YWCA of Glendale and Pasadena's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Singer Lewak LLP".

December 13, 2021

YWCA OF GLENDALE AND PASADENA
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
June 30, 2021

ASSETS

Assets

| | |
|--|----------------|
| Cash and cash equivalents | \$ 1,438,159 |
| Grants and contracts receivable | 755,182 |
| Prepaid expenses | 62,789 |
| Investments | 460,114 |
| Property and equipment, net | 1,074,277 |
| Beneficial interest in perpetual trust | <u>895,411</u> |

Total assets **\$ 4,685,932**

LIABILITIES AND NET ASSETS

Liabilities

| | |
|---------------------------------------|----------------|
| Accounts payable and accrued expenses | \$ 121,136 |
| PPP Loan | 310,810 |
| Note payable | <u>211,919</u> |

Total liabilities 643,865

Net assets

| | |
|----------------------------|------------------|
| Without donor restrictions | |
| Undesignated | 1,169,216 |
| Board designated | <u>1,058,000</u> |

Total net assets without donor restrictions 2,227,216

With donor restrictions 1,814,851

Total net assets 4,042,067

Total liabilities and net assets **\$ 4,685,932**

See notes to consolidated financial statements.

YWCA OF GLENDALE AND PASADENA
CONSOLIDATED STATEMENT OF ACTIVITIES
Year Ended June 30, 2021

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|-------------------------------|----------------------------|---------------------|
| Revenues, support, and gains | | | |
| Government grants and contracts | \$ 2,093,390 | \$ - | \$ 2,093,390 |
| Contributions | 1,076,723 | 845,261 | 1,921,984 |
| Special events, net | 44,826 | - | 44,826 |
| Contributed services and goods | 96,232 | - | 96,232 |
| Rental income | 200,176 | - | 200,176 |
| Program fees | 49,341 | - | 49,341 |
| Net investment return | 72,869 | 24,059 | 96,928 |
| Change in value of interest in perpetual trust | - | 46,714 | 46,714 |
| Net assets released from restriction | 529,906 | (529,906) | - |
| | 4,163,463 | 386,128 | 4,549,591 |
| Expenses | | | |
| Program services | 2,179,062 | - | 2,179,062 |
| Management and general | 547,045 | - | 547,045 |
| Fundraising | 116,804 | - | 116,804 |
| | 2,842,911 | - | 2,842,911 |
| Excess of liabilities assumed over assets acquired in donation of YWCA Pasadena - Foothill Valley | 95,358 | 848,697 | 944,055 |
| Change in net assets | 1,415,910 | 1,234,825 | 2,650,735 |
| Net assets, beginning of year | | | |
| As previously reported | 811,306 | 145,800 | 957,106 |
| Adjustment for understatement of revenues | - | 434,226 | 434,226 |
| | 811,306 | 580,026 | 1,391,332 |
| Net assets, end of year | \$ 2,227,216 | \$ 1,814,851 | \$ 4,042,067 |

See notes to consolidated financial statements.

YWCA OF GLENDALE AND PASADENA
CONSOLIDATED STATEMENT OF CASH FLOWS
Year Ended June 30, 2021

Cash flows provided by operating activities

| | |
|---|------------------|
| Change in net assets | \$ 1,706,680 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | |
| Depreciation | 137,145 |
| Net gain on investments | (64,570) |
| Change in beneficial interest in perpetual trust | (46,714) |
| Changes in operating assets and liabilities: | |
| Grants and contracts receivable | (527,211) |
| Prepaid expenses | (4,422) |
| Accounts payable and accrued expenses | <u>12,060</u> |
| Net cash provided by operating activities | <u>1,212,968</u> |

Cash flows from investing activities

| | |
|---------------------------------------|------------------|
| Purchase of investments | (217,923) |
| Purchase of property and equipment | <u>(166,135)</u> |
| Net cash used in investing activities | <u>(384,058)</u> |

Cash flows from financing activities

| | |
|-------------------------|-----------------|
| Payment on note payable | <u>(23,596)</u> |
|-------------------------|-----------------|

Net increase in cash and cash equivalents 805,314

Cash and cash equivalents, beginning of year 632,845

Cash and cash equivalents, end of year \$ 1,438,159

Supplemental disclosure of non-cash investing activity

| | |
|---|--------------------------|
| Excess of liabilities assumed over assets acquired in donation of YWCA Pasadena - Foothill Valley | <u><u>\$ 944,055</u></u> |
|---|--------------------------|

See notes to consolidated financial statements.

YWCA OF GLENDALE AND PASADENA
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2021

| | Program Services | Management and General | Fundraising | Total |
|-----------------------------------|----------------------------|---------------------------|--------------------------|----------------------------|
| Salaries, taxes, and benefits | \$ 1,551,077 | \$ 210,843 | \$ 81,217 | \$ 1,843,137 |
| Program related costs | 180,867 | - | - | 180,867 |
| Professional services | 49,948 | 102,131 | 20,161 | 172,240 |
| Occupancy | 90,650 | 98,488 | 2,160 | 191,298 |
| Office and supplies | 115,952 | 47,059 | 6,970 | 169,981 |
| Depreciation | 109,331 | 26,549 | 1,265 | 137,145 |
| In-Kind | 51,232 | 45,000 | - | 96,232 |
| Marketing and events | 2,645 | - | 1,505 | 4,150 |
| Other | 27,360 | 16,975 | 3,526 | 47,861 |
| Total expenses by function | <u>\$ 2,179,062</u> | <u>\$ 547,045</u> | <u>\$ 116,804</u> | <u>\$ 2,842,911</u> |

See notes to consolidated financial statements.

YWCA OF GLENDALE AND PASADENA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 – ORGANIZATION

The mission of YWCA of Glendale and Pasadena is to *eliminate racism, empower women and promote peace, justice, freedom, and dignity for all*. We actualize our mission through the implementation of a three-program pillar structure: ending gender-based violence, empowering girls, and advancing racial justice. Our purpose is to ensure the health, safety, and economic empowerment of women, children and families and to strengthen communities to prevent and break the cycle of domestic violence. We do this by providing accessible and culturally responsive resources and support to survivors of domestic violence and their children, and through our education and prevention efforts we empower women, girls, and families to build healthy relationships, achieve self-sufficiency, and live free from violence. By harnessing the potential of every woman, YWCA of Glendale and Pasadena brings real change to the fight for gender equality and racial justice. These are the building blocks for a world where social justice exists for all.

In order to deepen the bench of services provided and streamline their operations, YWCA of Glendale and YWCA Pasadena – Foothill Valley entered into an agreement in March 2021, to consolidate operations. In March 2021, YWCA of Glendale, changed its name to YWCA of Glendale and Pasadena (see Note 4).

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The accompanying consolidated financial statements include accounts of YWCA of Glendale and Pasadena and YWCA Pasadena – Foothill Valley as YWCA of Glendale and Pasadena has both control and an economic interest in YWCA Pasadena – Foothill Valley. All significant intercompany accounts and transactions have been eliminated in consolidation.

Basis of Presentation

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Use of Estimates

The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Organization considers all highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash equivalents.

YWCA OF GLENDALE AND PASADENA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Grants and Contracts Receivable

The Organization records unconditional promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statements of activities. The Organization determines the allowance for uncollectable promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectable.

Contracts receivable includes receivables from contracts with government agencies. The Organization reports the receivables at their net realizable value. Receivables from government agencies are written off when deemed uncollectable.

Management has determined no allowance was needed at June 30, 2021.

Investments

The Organization records investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statement of financial position. Net investment return/(loss) is reported in the statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external investment expenses.

Investment purchases and sales are accounted for on a trade-date basis. Interest income is recorded when earned and dividends are recorded on the ex-dividend date.

Beneficial Interest in Perpetual Trust

YWCA Pasadena - Foothills has been named as an irrevocable beneficiary of a perpetual trust held and administered by an independent trustee. Perpetual trusts provide for the distribution of the net income of the trust to YWCA Pasadena – Foothills; however, YWCA Pasadena - Foothills will never receive the assets of the trust. At the date the Organization receives notice of a beneficial interest, a contribution with donor restrictions of a perpetual nature is recorded in the statement of activities, and a beneficial interest in perpetual trust is recorded in the statement of financial position at the fair value of the underlying trust assets. Thereafter, beneficial interests in the trusts are reported at the fair value of the trusts' assets in the statement of financial position, with trust distributions and changes in fair value recognized in the statement of activities.

YWCA OF GLENDALE AND PASADENA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

Property and equipment is recorded at cost when purchased or at fair value at the date of donation. Depreciation is computed using the straight-line basis over estimated useful lives of three to five years for equipment, computers and software, and vehicles and ten to 50 years for building and improvements. The Organization capitalizes all property and equipment expenditures over \$2,500. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

Impairment of Long-lived Assets

The Organization reviews long-lived assets for indicators of impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Impairment would be recorded in circumstances where undiscounted cash flows expected to be generated by an asset are less than the carrying value of that asset. As of June 30, 2021, there were no events or changes in circumstances indicating the carrying amount of long-lived assets may not be recoverable.

Net Assets

The Organization reports information regarding its financial position and activities according to two classes of net assets: with donor restrictions and without donor restrictions:

- *Net Assets without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for various purposes, as described in Note 10.
- *Net Assets with Donor Restrictions* – Net assets subject to donor-or certain grantor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as restricted revenue when received and released from restriction when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Revenue and Revenue Recognition

Revenue is recognized when earned. Revenue from government grants and contracts is recognized as it is earned through expenditures in accordance with the agreements. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Rental income is recognized as it is earned based on the rent payment schedule in each individual lease.

YWCA OF GLENDALE AND PASADENA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributed Services and Goods

Contributed services are recognized by the Organization 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 provided by donation. Contributed services are valued and are reported at the estimated fair value in the financial statements. Contributed services received during the year ended June 30, 2021, are comprised of professional services and amounted to \$45,000. Contributed goods received amounted to \$51,232 and are recorded at their fair value on the date of donation.

The Organization also receives a significant amount of contributed time from volunteers that does not meet the two recognition criteria described above. Accordingly, the value of this contributed time is not reflected in the accompanying financial statements.

Functional Allocation of Expenses

The costs of providing the program and the supporting services have been summarized on a functional basis in the statement of activities, and in the statement of functional expenses. Accordingly, certain costs, such as occupancy, have been allocated between programs and supporting services by square footage of usage. Salaries and benefits have been allocated based on time and effort.

Income Taxes

The YWCA of Glendale and Pasadena and YWCA Pasadena – Foothill Valley are exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 2370(1)(d) of the California Revenue and Taxation Code. Management has analyzed the tax positions taken by the Organizations, and has concluded that, as of June 30, 2021, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. The Organizations are subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

Fair Value Measurements

The Organization reports certain assets and liabilities at fair value in the financial statements. U.S. GAAP defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on best information available.

YWCA OF GLENDALE AND PASADENA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements (Continued)

A three-tier hierarchy categorizes the inputs as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization can access at the measurement date.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.
- Level 3: Unobservable inputs for the asset or liability. In these situations, the Organization develops inputs using the best information available in the circumstances.

The fair value hierarchy also requires an entity to maximize the use of observable input and minimize the use of unobservable inputs when measuring fair value, which is the Organization's policy. For the year ended June 30, 2021, the application of valuation techniques applied to similar assets and liabilities has been consistent.

The fair value of investments in the common investment pool and beneficial interest in perpetual trust are based on the fair value of fund investments as reported by the community foundation and trustee, respectively. These are considered to be Level 3 measurements.

Recent Accounting Pronouncements

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which requires a not-for-profit entity to present contributed nonfinancial assets in the statement of activities as a line item that is separate from contributions of cash or other financial assets. ASU 2020-07 also requires additional qualitative and quantitative disclosures about contributed nonfinancial assets received, disaggregated by category. This guidance is effective for fiscal years beginning after June 15, 2021, and for interim periods within annual periods beginning after June 15, 2022. This ASU is effective for the Organization beginning on July 1, 2022. Management is currently evaluating the impact of this new guidance on its financial statements.

YWCA OF GLENDALE AND PASADENA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3 – RESTATEMENT

During the year ended June 30, 2021, Management determined two grants previously recorded as notes payable should be recorded as revenue. This determination was based on clarification from the donor as well as revisiting ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which the Organization adopted during the year ended June 30, 2020.

The Organization had previously recorded the two grants as notes payable as the donor held a deed of trust on the property and this deed of trust was deemed both a condition as well as a right of return. After revisiting ASU 2018-08, coupled with the donor clarification, Management determined the deed of trust on the property is not deemed as a condition as it does not contain a measurable barrier nor does it create limited discretion by the Organization on the conduct of its activities.

The opening net assets with donor restrictions was restated to reflect the recording of revenue as well as the continued restriction on the use of the property improvements for its programmatic activities.

The following table summarize the corrections on each of the affected financial statement line items for the year ended June 30, 2020.

| | <u>Previously Reported</u> | <u>Adjustment</u> | <u>As Restated</u> |
|--|--------------------------------|-------------------|--------------------|
| <i>Statement of financial position</i> | | | |
| Notes payable | \$ 434,072 | \$ (434,226) | \$ (154) |
| Net assets with donor restrictions | 145,800 | 434,226 | 580,026 |
| <i>Statement of activities</i> | | | |
| Government grants | 1,799,583 | 434,226 | 2,233,809 |
| <i>Statement of cash flows</i> | | | |
| Change in net assets with donor restrictions | (3,417) | 434,226 | 430,809 |

YWCA OF GLENDALE AND PASADENA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 4 – BUSINESS COMBINATION

In order to deepen the bench of services provided and streamline their operations, YWCA of Glendale and YWCA Pasadena – Foothill Valley entered into an agreement in March 2021, to consolidate operations – with YWCA of Glendale being the parent and YWCA Pasadena – Foothill Valley the subsidiary. YWCA of Glendale changed its name to YWCA of Glendale and Pasadena.

YWCA of Glendale and Pasadena has accounted for the transaction as an acquisition in the financial statements of the acquiree (YWCA of Glendale), effective March 26, 2021. There was no consideration transferred in exchange for the acquisition of YWCA Pasadena – Foothill Valley.

The fair value of YWCA Pasadena – Foothill Valley assets and liabilities, including donor-imposed restrictions, at the acquisition date, are as follows:

| | |
|---|-----------------------|
| Cash | \$ 36,454 |
| Receivables | 12,781 |
| Prepaid expenses | 4,334 |
| Equipment | 30,239 |
| Beneficial interest in perpetual trust | <u>868,463</u> |
| Total assets | <u>952,271</u> |
| Accounts payable and accrued expenses | <u>(8,216)</u> |
| Net assets without donor restrictions | 95,358 |
| Net assets with donor restrictions | <u>848,697</u> |
| Total net assets | <u>\$ 944,055</u> |

YWCA of Glendale and Pasadena recognized a \$944,055 contribution in the acquisition for the excess of acquisition date values of the identifiable assets acquired over the acquisition date values of the liabilities assumed.

YWCA OF GLENDALE AND PASADENA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 5 – FINANCIAL ASSETS AND LIQUIDITY RESOURCES

Financial assets and liquidity resources available within one year for general expenditure, that is, without donor or other restrictions limiting their use, comprise the following as of June 30, 2021:

| | |
|---|----------------------------|
| Cash and cash equivalents | \$ 1,438,159 |
| Grants and contracts receivable – due in 2022 | 655,182 |
| Investments | <u>460,114</u> |
| | 2,553,455 |
| Less, board designated funds | <u>(1,058,000)</u> |
| Total | <u>\$ 1,495,455</u> |

The Organization considers contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. The Organization manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. Although the Organization does not intend to spend the board designated funds for purposes other than those described in Note 11, these amounts could be made available if necessary.

NOTE 6 – INVESTMENTS

Level 3 Investments at June 30, 2021 consist of the following:

| | |
|--|----------------------------|
| Common investment pool | \$ 460,114 |
| Beneficial interest in perpetual trust | <u>895,411</u> |
| | <u>\$ 1,355,525</u> |

The following is a reconciliation of the beginning and ending balance of assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the year ended June 30, 2021:

| | Common Investment Pool | Beneficial Interest in Perpetual Trust | Total |
|--|------------------------------|---|----------------------------|
| Beginning of year | \$ 177,621 | \$ 693,951 | \$ 871,572 |
| Purchases/contributions of investments | 210,959 | - | 210,959 |
| Investment return, net | 71,534 | 231,401 | 302,935 |
| Distributions | <u>-</u> | <u>(29,941)</u> | <u>(29,941)</u> |
| End of year | <u>\$ 460,114</u> | <u>\$ 895,411</u> | <u>\$ 1,355,525</u> |

YWCA OF GLENDALE AND PASADENA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 7 – PROPERTY AND EQUIPMENT

At June 30, 2021, property and equipment consisted of the following:

| | |
|---------------------------|----------------------------|
| Building and improvements | \$ 3,004,909 |
| Computer and equipment | 90,241 |
| Furniture and fixtures | 301,393 |
| Land | 78,549 |
| Vehicles | <u>119,601</u> |
| | 3,594,693 |
| Accumulated depreciation | <u>(2,520,416)</u> |
| Total | <u>\$ 1,074,277</u> |

NOTE 8 – PAYCHECK PROTECTION PROGRAM LOAN

During the year ended June 30, 2020, the Organization received a loan from a bank totaling \$310,810 under the SBA’s Paycheck Protection program (PPP), as authorized under the CARES Act. The PPP Loan bears interest at a fixed rate of 1.0% per annum, has a term of two years, and is unsecured and guaranteed by the U.S. Small Business Administration. On October 6, 2021, the PPP loan was formally forgiven by the Small Business Administration in its entirety.

NOTE 9 – NOTE PAYABLE

YWCA of Glendale and Pasadena has a note payable with a bank, which matures in October 2028, and is secured by real property. The loan is payable in monthly installments of \$2,892, with interest payable at 4.85% per annum. The agreement contains certain covenants which were in compliance during the year ended June 30, 2021. For the year ended June 30, 2021, interest expense totaled \$11,088.

Future minimum payments on the note payable at June 30, 2021 are as follows:

| | |
|---------------------------|--------------------------|
| <u>Year Ended June 30</u> | |
| 2022 | \$ 24,923 |
| 2023 | 26,166 |
| 2024 | 27,470 |
| 2025 | 28,840 |
| 2026 | 30,278 |
| Thereafter | <u>74,242</u> |
| Total | <u>\$ 211,919</u> |

YWCA OF GLENDALE AND PASADENA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 10 – RISKS AND UNCERTAINTIES

Concentration of Credit Risk

The Organization manages deposit concentration by placing cash with financial institutions believed by the Organization to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market and mutual funds. To date, the Organization has not experienced losses in any of these accounts.

Credit risk associated grants and contracts receivable is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from governmental agencies and foundations supportive of the Organization's mission.

Investment performance is monitored by management. Although the fair values of investments are subject to fluctuation on a year-to-year basis, management believes that the investment policies and guidelines are prudent for the long-term welfare of the Organization.

Government Grants and Contracts

The Organization's grants and contracts are subject to inspection and audit by the appropriate governmental funding agency. The purpose is to determine whether program funds were used in accordance with the governmental funding agency's respective guidelines and regulations. The potential exists for disallowance of previously funded program costs or approval of income due to funding shifts. Liabilities, if any, which may result from any other governmental audits cannot be reasonably estimated and, accordingly, the Organization has no provisions for the possible disallowance of any other program costs on its financial statements.

COVID-19

On March 11, 2020, the World Health Organization declared the COVID-19 outbreak to be a pandemic. The disruption resulting from the COVID-19 pandemic is currently expected to be temporary, but there is considerable uncertainty around the duration and the Organization expects this matter may negatively impact its operating results. However, the related financial impact and duration cannot be reasonably estimated at this time.

YWCA OF GLENDALE AND PASADENA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 11 – NET ASSETS

As of June 30, 2021, net assets without donor restrictions were designated by the board for the following purposes:

| | |
|--------------------------------------|----------------------------|
| Board designated endowment | \$ 58,000 |
| Board designated operating reserve | 300,000 |
| Board designated for program support | <u>700,000</u> |
| Total board designated | <u>\$ 1,058,000</u> |

As of June 30, 2021, net assets with donor restrictions are restricted for the following purposes or periods:

| | |
|---|----------------------------|
| <i>Subject to expenditure for specified purpose</i> | |
| Domestic violence | \$ 407,535 |
| Property improvements restricted as to use | 386,905 |
| <i>Subject to passage of time</i> | <u>125,000</u> |
| | 919,440 |
| <i>Perpetual in nature</i> | |
| Beneficial interest in perpetual trust | <u>895,411</u> |
| Total net assets with donor restrictions | <u>\$ 1,814,851</u> |

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or other events specified by the donors are as follows for the year ended June 30, 2021:

| | |
|--|--------------------------|
| Domestic violence programs | \$ 458,526 |
| Property improvements restricted as to use | 47,321 |
| Other | <u>24,059</u> |
| Total releases | <u>\$ 529,906</u> |

NOTE 12 – SUBSEQUENT EVENTS

Management evaluated all activity of the Organization through December 13, 2021, and concluded that other than Note 8, no material subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statement.

SUPPLEMENTARY INFORMATION

YWCA OF GLENDALE AND PASADENA
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
June 30, 2021

| ASSETS | | | | |
|--|-------------------------------------|---------------------------------------|------------------------|-----------------------|
| | YWCA of Glendale and Pasadena | YWCA Pasadena - Foothill Valley | Eliminating Entries | Consolidated Total |
| Assets | | | | |
| Cash and cash equivalents | \$ 1,368,278 | \$ 69,881 | \$ - | \$ 1,438,159 |
| Grants and contracts receivable | 755,182 | - | - | 755,182 |
| Prepaid expenses | 58,937 | 3,852 | - | 62,789 |
| Investments | 460,114 | - | - | 460,114 |
| Property and equipment, net | 1,063,320 | 10,957 | - | 1,074,277 |
| Beneficial interest in perpetual trust | - | 895,411 | - | 895,411 |
| Total assets | \$ 3,705,831 | \$ 980,101 | \$ - | \$ 4,685,932 |
| LIABILITIES AND NET ASSETS | | | | |
| Liabilities | | | | |
| Accounts payable and accrued expenses | \$ 120,767 | \$ 369 | \$ - | \$ 121,136 |
| PPP Loan | 310,810 | - | - | 310,810 |
| Note payable | 211,919 | - | - | 211,919 |
| Total liabilities | 643,496 | 369 | - | 643,865 |
| Net assets | | | | |
| Without donor restrictions | | | | |
| Undesignated | 1,084,895 | 84,321 | - | 1,169,216 |
| Board designated | 1,058,000 | - | - | 1,058,000 |
| Total net assets without donor restrictions | 2,142,895 | 84,321 | - | 2,227,216 |
| With donor restrictions | 919,440 | 895,411 | - | 1,814,851 |
| Total net assets | 3,062,335 | 979,732 | - | 4,042,067 |
| Total liabilities and net assets | \$ 3,705,831 | \$ 980,101 | \$ - | \$ 4,685,932 |

See independent auditor's report.

YWCA OF GLENDALE AND PASADENA
CONSOLIDATING STATEMENT OF ACTIVITIES
Year Ended June 30, 2021

| | YWCA of Glendale and Pasadena | YWCA Pasadena - Foothill Valley | Eliminating Entries | Consolidated Total |
|---|-------------------------------------|---------------------------------------|------------------------|----------------------------|
| Revenues, support, and gains | | | | |
| Government grants and contracts | \$ 2,093,390 | \$ - | \$ - | \$ 2,093,390 |
| Contributions | 1,920,949 | 1,035 | - | 1,921,984 |
| Special events, net | 44,826 | - | - | 44,826 |
| Contributed services and goods | 96,232 | - | - | 96,232 |
| Rental income | 200,176 | - | - | 200,176 |
| Program fees | 55,591 | - | (6,250) | 49,341 |
| Net investment return | 72,869 | 24,059 | - | 96,928 |
| Change in value of interest in perpetual trust | - | 46,714 | - | 46,714 |
| | <u>4,484,033</u> | <u>71,808</u> | <u>(6,250)</u> | <u>4,549,591</u> |
| Expenses | | | | |
| Program services | 2,160,206 | 25,106 | (6,250) | 2,179,062 |
| Management and general | 536,662 | 10,383 | - | 547,045 |
| Fundraising | 116,162 | 642 | - | 116,804 |
| | <u>2,813,030</u> | <u>36,131</u> | <u>(6,250)</u> | <u>2,842,911</u> |
| Excess of liabilities assumed over assets acquired in donation of YWCA Pasadena - Foothill Valley | - | - | 944,055 | 944,055 |
| Change in net assets | 1,671,003 | 35,677 | 944,055 | 2,650,735 |
| Net assets, beginning of year | | | | |
| As previously reported | 957,106 | 944,055 | (944,055) | 957,106 |
| Adjustment for understatement of revenues | 434,226 | - | - | 434,226 |
| | <u>1,391,332</u> | <u>944,055</u> | <u>(944,055)</u> | <u>1,391,332</u> |
| As restated | <u>1,391,332</u> | <u>944,055</u> | <u>(944,055)</u> | <u>1,391,332</u> |
| Net assets, end of year | <u>\$ 3,062,335</u> | <u>\$ 979,732</u> | <u>\$ -</u> | <u>\$ 4,042,067</u> |

See independent auditor's report.