YWCA West Central Michigan

Consolidated Financial Report
with Additional Information
September 30, 2020

Contents

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Independent Auditor's Report

To the Board of Directors
YWCA West Central Michigan

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of YWCA West Central Michigan and its subsidiary (collectively, the "Organization"), which comprise the consolidated statement of financial position as of September 30, 2020 and 2019 and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from 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. 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.

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 West Central Michigan and its subsidiary as of September 30, 2020 and 2019 and the results of their changes in net assets, functional expenses, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As described in Note 2 to the consolidated financial statements, the COVID-19 pandemic has impacted the operations of the Organization. Our opinion is not modified with respect to these matters.

As described in Note 19 to the consolidated financial statements, the Organization adopted the provisions of Accounting Standards Update No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, and Accounting Standards Update No. 2016-18, *Restricted Cash*. Our opinion is not modified with respect to this matter.

To the Board of Directors
YWCA West Central Michigan

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 3, 2021 on our consideration of YWCA West Central Michigan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant 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 YWCA West Central Michigan's internal control over financial reporting and compliance.

Plante & Moran, PLLC

February 3, 2021

Consolidated Statement of Financial Position

September 30, 2020 and 2019

	2020	2019
Assets		
Cash and cash equivalents	$ 889,345	$ 696,967
Investments (Notes 4 and 5)	1,540,957	1,566,954
Receivables:		
Trade less allowance for doubtful accounts	204,567	98,010
Contributions receivable - Net (Note 3)	60,632	98,120
United Way	131,250	228,750
Grants and other	570,211	331,248
Permanent housing operating reserve escrow (Notes 4 and 5)	108,529	143,476
Prepaid expenses	129,099	135,219
Note receivable (Note 7)	5,940,400	5,940,400
Beneficial interests (Notes 13 and 14)	787,813	772,770
Property and equipment - Net (Note 6)	6,495,658	6,649,243
Total assets	**$ 16,858,461**	**$ 16,661,157**
Liabilities and Net Assets		
Liabilities		
Accounts payable	$ 195,143	$ 145,296
Accrued liabilities	199,202	183,950
Debt - Net (Note 9)	9,427,785	8,762,756
Total liabilities	9,822,130	9,092,002
Net Assets		
Without donor restrictions:		
Undesignated	3,717,078	4,115,648
Board designated (Note 10)	277,472	367,294
With donor restrictions (Note 10)	3,041,781	3,086,213
Total net assets	7,036,331	7,569,155
Total liabilities and net assets	**$ 16,858,461**	**$ 16,661,157**

See notes to consolidated financial statements.

Consolidated Statement of Activities and Changes in Net Assets

Years Ended September 30, 2020 and 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Gains, and Other Support						
Governmental grants	$ 4,120,046	$ -	$ 4,120,046	$ 3,324,813	$ -	$ 3,324,813
Program fees	466,373	-	466,373	421,853	-	421,853
Contributions	343,689	102,390	446,079	611,847	96,602	708,449
In-kind donations	670	-	670	2,491	-	2,491
Special events	177,721	38,033	215,754	248,419	97,912	346,331
United Way	26,296	175,000	201,296	24,171	305,000	329,171
Other income	47,981	-	47,981	52,039	-	52,039
Interest and dividends - Net of investment fees	52,855	-	52,855	49,851	-	49,851
Net unrealized and realized (losses) gains	(20,760)	139,599	118,839	(18,372)	41,603	23,231
Change in beneficial interests	-	15,043	15,043	-	(39,336)	(39,336)
Total revenue, gains, and other support	5,214,871	470,065	5,684,936	4,717,112	501,781	5,218,893
Net Assets Released from Restrictions	514,497	(514,497)	-	594,713	(594,713)	-
Total revenue, gains, other support, and net assets released from restrictions	5,729,368	(44,432)	5,684,936	5,311,825	(92,932)	5,218,893
Expenses						
Program services:						
Counseling programs	2,721,754	-	2,721,754	2,606,216	-	2,606,216
Housing	2,002,250	-	2,002,250	1,471,652	-	1,471,652
Youth programs	264,877	-	264,877	264,237	-	264,237
Center for Women	188,678	-	188,678	190,082	-	190,082
Special programs	103,769	-	103,769	24,323	-	24,323
Total program services	5,281,328	-	5,281,328	4,556,510	-	4,556,510
Support services:						
Management and general	588,765	-	588,765	490,492	-	490,492
Fundraising	238,255	-	238,255	279,671	-	279,671
Special events	109,412	-	109,412	119,787	-	119,787
Total support services	936,432	-	936,432	889,950	-	889,950
Total expenses	6,217,760	-	6,217,760	5,446,460	-	5,446,460
Decrease in Net Assets	(488,392)	(44,432)	(532,824)	(134,635)	(92,932)	(227,567)
Net Assets - Beginning of year	4,482,942	3,086,213	7,569,155	4,617,577	3,179,145	7,796,722
Net Assets - End of year	**$ 3,994,550**	**$ 3,041,781**	**$ 7,036,331**	**$ 4,482,942**	**$ 3,086,213**	**$ 7,569,155**

See notes to consolidated financial statements.

Consolidated Statement of Functional Expenses

Year Ended September 30, 2020

	Program Services						Support Services			
	Counseling Programs	Housing	Youth Programs	Center for Women	Special Programs	Total Program Services	Management and General	Fundraising	Special Events	Total
Salaries	$ 1,766,280	$ 614,441	$ 160,093	$ 25,668	$ 50,392	$ 2,616,874	$ 339,053	$ 154,611	$ -	$ 3,110,538
Payroll taxes	140,669	48,876	12,712	2,095	4,101	208,453	25,831	11,899	-	246,183
Employee benefits	270,286	109,604	27,778	3,117	5,504	416,289	43,239	16,663	-	476,191
Professional fees	44,100	469,340	3,029	6,954	-	523,423	58,769	8,706	50,054	640,952
Operating supplies and expenses	60,453	31,040	6,562	4,836	4,814	107,705	55,264	9,301	17,512	189,782
Telephone, postage, and shipping	27,294	28,697	4,390	1,753	1	62,135	4,677	8,913	-	75,725
In-kind supplies and services	510	160	-	-	-	670	-	-	-	670
Utilities	56,556	26,762	6,875	27,723	-	117,916	3,869	3,327	-	125,112
Insurance	9,612	13,689	1,676	7,457	-	32,434	10,590	610	-	43,634
Maintenance and repairs	112,530	67,520	14,730	26,826	13,486	235,092	6,917	8,518	-	250,527
Publicity and promotion	1,003	359	175	6	1	1,544	705	9,687	731	12,667
Travel and vehicle expense	14,642	2,203	836	23	260	17,964	3,169	59	-	21,192
Conferences, training, and dues	12,360	936	179	8	-	13,483	21,311	463	-	35,257
Direct client assistance	27,680	456,617	-	-	20,790	505,087	-	-	-	505,087
Food and household supplies	1,811	15,268	-	-	316	17,395	23	-	41,115	58,533
Property taxes, permits, and fees	157	9,376	19	78	-	9,630	16	9	-	9,655
Interest	47,489	36,136	4,457	1,986	1,849	91,917	-	-	-	91,917
National YWCA support	13,860	7,230	1,187	534	-	22,811	2,239	1,526	-	26,576
Depreciation	114,462	63,996	20,179	79,614	2,255	280,506	13,093	3,963	-	297,562
Total functional expenses	**$ 2,721,754**	**$ 2,002,250**	**$ 264,877**	**$ 188,678**	**$ 103,769**	**$ 5,281,328**	**$ 588,765**	**$ 238,255**	**$ 109,412**	**$ 6,217,760**

See notes to consolidated financial statements.

Consolidated Statement of Functional Expenses

Year Ended September 30, 2019

	Program Services						Support Services			
	Counseling Programs	Housing	Youth Programs	Center for Women	Special Programs	Total Program Services	Management and General	Fundraising	Special Events	Total
Salaries	$ 1,610,413	$ 549,898	$ 148,671	$ 29,257	$ 15,002	$ 2,353,241	$ 305,631	$ 164,811	$ -	$ 2,823,683
Payroll taxes	132,101	44,169	12,078	2,448	1,152	191,948	24,846	13,158	-	229,952
Employee benefits	265,578	98,930	31,761	4,042	2,564	402,875	42,112	18,697	-	463,684
Professional fees	91,110	47,490	4,013	9,981	-	152,594	50,398	38,028	35,648	276,668
Operating supplies and expenses	77,151	29,042	7,707	4,765	2,702	121,367	17,907	11,848	16,799	167,921
Telephone, postage, and shipping	26,015	19,404	3,931	1,682	1	51,033	3,365	6,732	-	61,130
In-kind supplies and services	9	2,492	1	5	-	2,507	-	1	-	2,508
Utilities	54,421	27,783	7,469	26,676	-	116,349	3,000	3,104	-	122,453
Insurance	10,235	11,132	2,267	8,482	-	32,116	8,919	582	-	41,617
Maintenance and repairs	65,299	67,693	9,972	19,867	-	162,831	5,531	5,006	-	173,368
Publicity and promotion	6,743	1,203	465	1	-	8,412	6	11,171	17,310	36,899
Travel and vehicle expense	41,499	5,727	5,846	138	158	53,368	3,586	124	-	57,078
Conference, training, and dues	26,452	2,465	2,880	13	18	31,828	13,839	1,076	-	46,743
Direct client assistance	18,018	428,608	627	-	-	447,253	-	-	-	447,253
Food and household supplies	989	25,117	-	-	-	26,106	-	-	50,030	76,136
Property taxes, permits, and fees	297	8,406	41	145	-	8,889	53	17	-	8,959
Interest	52,997	30,852	5,196	2,404	468	91,917	-	-	-	91,917
National YWCA support	12,266	5,881	1,104	451	-	19,702	1,444	1,348	-	22,494
Depreciation	114,623	65,360	20,208	79,725	2,258	282,174	9,855	3,968	-	295,997
Total functional expenses	**$ 2,606,216**	**$ 1,471,652**	**$ 264,237**	**$ 190,082**	**$ 24,323**	**$ 4,556,510**	**$ 490,492**	**$ 279,671**	**$ 119,787**	**$ 5,446,460**

See notes to consolidated financial statements.

Consolidated Statement of Cash Flows

Years Ended September 30, 2020 and 2019

	2020	2019
Cash Flows from Operating Activities		
Decrease in net assets	$ (532,824)	$ (227,567)
Adjustments to reconcile decrease in net assets to net cash, cash equivalents, and restricted cash from operating activities:		
Depreciation	297,562	295,997
Unrealized (gain) loss on revaluation of beneficial interests	(15,043)	39,336
Amortization of debt issuance costs	8,197	8,197
Realized and unrealized gain on investments	(117,394)	(20,427)
Changes in operating assets and liabilities:		
Receivables	(212,182)	(89,103)
Prepaid expenses	6,120	9,638
Accounts payable	49,847	51,907
Accrued liabilities	15,252	15,426
Net cash, cash equivalents, and restricted cash (used in) provided by operating activities	(500,465)	83,404
Cash Flows from Investing Activities		
Purchase of property and equipment	(143,977)	(13,416)
Purchases of investments	(779,664)	(623,369)
Proceeds from sales of investments	923,055	603,387
Net cash, cash equivalents, and restricted cash used in investing activities	(586)	(33,398)
Cash Flows from Financing Activities		
Proceeds from contributions receivable restricted for long-term purposes	1,650	37,372
Proceeds from debt	656,832	-
Net cash, cash equivalents, and restricted cash provided by financing activities	658,482	37,372
Net Increase in Cash, Cash Equivalents, and Restricted Cash	157,431	87,378
Cash, Cash Equivalents, and Restricted Cash - Beginning of year	840,443	753,065
Cash, Cash Equivalents, and Restricted Cash - End of year	**$ 997,874**	**$ 840,443**
Consolidated Statement of Financial Position Classification of Cash, Cash Equivalents, and Restricted Cash		
Cash and cash equivalents	$ 889,345	$ 696,967
Permanent housing operating reserve escrow	108,529	143,476
Total cash, cash equivalents, and restricted cash	**$ 997,874**	**$ 840,443**
Supplemental Cash Flow Information - Cash paid for interest	$ 91,917	$ 91,917

Note 1 - Nature of Organization

YWCA West Central Michigan (YWCA) is primarily a provider of services to families in the Kent County, Michigan area, serving to eliminate racism, empower women and girls, and advocate for justice and equality. Services include counseling for individuals and families experiencing domestic violence, child sexual abuse, and sexual assault; emergency shelter and transitional and permanent housing for domestic violence survivors; supervised visitation and exchange for families experiencing domestic violence and child abuse; medical forensic examinations for sexual assault patients; violence prevention programs for girls; and lease of space to organizations with similar missions on a short- or long-term basis.

In January 2016, YWCA WCM Growth Fund (GF or the "Growth Fund") was formed as part of the New Markets Tax Credit (NMTC) financing. As a result of the financing structure, the Growth Fund holds the NMTC debt and owns the property and equipment that it leases to YWCA.

Note 2 - Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements include the accounts of YWCA and the Growth Fund, since YWCA controls the appointment of the board of directors of the Growth Fund. YWCA and the Growth Fund (collectively, the "Organization") are presented as consolidated for the years ended September 30, 2020 and 2019. All material intercompany accounts and transactions have been eliminated.

Basis of Presentation

The consolidated financial statements of the Organization have been prepared on the basis of generally accepted accounting principles (GAAP). The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect amounts reported in the consolidated financial statements. Actual results could differ from those estimates.

Cash Equivalents

The Organization considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents. The Organization maintains cash balances at banks whose accounts are insured by the Federal Deposit Insurance Corporation. The Organization evaluates the financial institutions with which it deposits funds; however, it is not practical to insure all cash deposits.

Trade Receivables

Accounts receivable are stated at invoice amounts. An allowance for doubtful accounts is established based on a specific assessment of all invoices that remain unpaid following normal payment periods. All amounts deemed uncollectible are charged against the allowance for doubtful accounts in the period that determination is made. Total allowance for doubtful accounts as of September 30, 2020 and 2019 was $40,986 and $4,834, respectively.

Contributions Receivable

Contribution revenue and receivables are recognized in the period the written promise is made. Management annually reviews these balances to determine the net realizable value of the promise, if material. Management provides for probable uncollectible amounts based on its assessment of the current status of individual accounts, past credit history with donors, and the donors' current financial condition.

Note 2 - Significant Accounting Policies (Continued)

Investments

Investments in debt and equity securities are recorded at fair value based on quoted market prices. Realized and unrealized gains and losses are presented in the consolidated statement of activities and changes in net assets. For those investments with restrictions, realized and unrealized gains and losses are presented as a change in net assets with donor restrictions until appropriated for expenditure, as disclosed in Note 15.

The Organization holds investment securities and beneficial interests in certain trusts. Such investments are exposed to various risks, such as fluctuation in interest rate, the securities market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the consolidated statement of financial position.

Property and Equipment

Property and equipment are recorded at cost when purchased or at fair value at the date of donation and are being depreciated on a straight-line basis over their estimated useful lives. The Organization follows the practice of capitalizing all expenditures of fixed assets in excess of $5,000. Costs of maintenance and repairs are charged to expense when incurred.

Gifts of long-lived assets, such as land, buildings, or equipment, are reported as support without donor restrictions and are excluded from the excess of revenue over expenses, unless explicit donor stipulations specify how the donated asset must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets must be maintained. Expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

Certain property and equipment were acquired with funds from grant contracts that include the option for the grantor to require reversion of title at the end of the grant contract. Total cost of these assets was $729,139 and $714,783 as of September 30, 2020 and 2019, respectively. Accumulated depreciation for these assets was $218,168 and $202,037 as of September 30, 2020 and 2019, respectively.

Grant Revenue

The Organization enters into contracts with certain governmental and private agencies. Revenue under these contracts is considered a nonexchange transaction and is recognized as the conditions of the grant have been met. The activities of the Organization relating to certain contracts are subject to review or audit by the responsible governmental agency to determine compliance with award documents and may be subject to possible adjustment based on negotiations with the funding agencies. To facilitate the operation of some programs, the Organization receives advances of funds. These advances are recorded as accrued liabilities in the accompanying consolidated statement of financial position. A grant receivable is recorded when the Organization has not yet received funds for a portion of the awarded amount where conditions have been met. Amounts that have been awarded but not yet recognized as revenue total approximately $460,000 as of September 30, 2020 and are not reflected in the accompanying financial statements. These amounts will be recorded as revenue as conditions are met. The Organization has not provided allowances in the consolidated financial statements for potential adjustments, since such amounts, if any, are not expected to be significant.

Note 2 - Significant Accounting Policies (Continued)

The Organization, which operates exclusively in the state of Michigan, receives a substantial portion of its funding and support through government funding and United Way. Major funding sources for YWCA for the years ended September 30, 2020 and 2019 include the U.S. Department of Justice (DOJ) and U.S. Department of Health and Human Services (HHS). DOJ revenue represents approximately 28 and 26 percent of program revenue for the years ended September 30, 2020 and 2019, respectively. DOJ receivables represent 19 and 26 percent of related receivables as of September 30, 2020 and 2019, respectively. HHS revenue represents approximately 15 and 18 percent of program revenue and 16 and 8 percent of related receivables of the Organization as of and for the years ended September 30, 2020 and 2019, respectively.

While certain of the arrangements under which YWCA receives funding are for multiple years, most of these arrangements are one-year contracts that are renewed annually. Due to uncertainties associated with the current economic conditions in the United States and, to a greater degree, the state of Michigan, specifically future federal and state governmental appropriations, the continuation of funding from these sources may be impacted. If governmental funding of YWCA's services was significantly decreased or eliminated, YWCA would need to substantially reduce service offerings and eliminate costs and/or find alternative funding sources.

Contributions

Contributions of cash and other assets, including unconditional promises to give in the future, are reported as revenue when received, measured at fair value. Donor promises to give in the future are recorded at the present value of estimated future cash flows. Contributions resulting from split-interest agreements, measured at the time the agreements are entered into, are based on the difference between the fair value of the assets received or promised and the present value of the obligation to the third-party recipients under the contract.

Contributions without donor-imposed restrictions and contributions with donor-imposed time or purpose restrictions that are met in the same period as the gift are both reported as support without donor restrictions. Other restricted gifts are reported as restricted support and net assets with donor restrictions.

Donated Services and Assets

Donated services that create or enhance nonfinancial assets, or that require specialized skills, and would typically need to be purchased if not provided by donation are recorded at fair value in the period received.

In addition, many other volunteers have contributed significant amounts of time to the Organization without compensation. These contributions, although clearly substantial, are not recognized as contributions in the consolidated financial statements since the recognition criteria were not met.

Classification of Net Assets

Net assets of the Organization are classified based on the presence or absence of donor-imposed restrictions.

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions or for which the donor-imposed restrictions have expired or been fulfilled. Net assets in this category may be expended for any purpose in performing the primary objectives of the Organization.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where the donor has stipulated the funds be maintained in perpetuity.

Earnings, gains, and losses on donor-restricted net assets are classified as net assets without donor restrictions unless specifically restricted by the donor or by applicable state law.

Note 2 - Significant Accounting Policies (Continued)

Board-designated Net Assets

Board-designated net assets are net assets without restrictions designated by the board primarily related to operating, program, and building reserves. These designations are based on board actions, which can be altered or revoked at a future time by the board.

Functional Allocation of Expenses

Costs of providing the program and support services have been reported on a functional basis in the statement of functional expenses. The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Salaries and related expenses have been allocated between the various program and support services primarily based on time and effort. Indirect costs are allocated based on time estimates employees spend supporting the respective function, or by related square footage of used space relative to the respective function. All other costs are charged directly to the functional area based on actual purpose. Although the methods of allocation used are considered appropriate, other methods could be used that would produce different amounts.

Federal Income Taxes

The Organization is exempt from income tax under provisions of Internal Revenue Code Section 501(c)(3).

Retirement Plans

YWCA participates in a 403(b) tax-deferred plan, which allows participants to make voluntary contributions to the plan. No employer contributions were made to the plan in the years ended September 30, 2020 and 2019.

Use of Estimates

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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue, expenses, and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including February 3, 2021, which is the date the consolidated financial statements were available to be issued.

Upcoming Accounting Changes

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which will supersede the current revenue recognition requirements in Topic 605, *Revenue Recognition*. The ASU is based on the principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The ASU also requires additional disclosure about the nature, amount, timing, and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. The new guidance will be effective for the Organization's year ending September 30, 2021. The ASU permits application of the new revenue recognition guidance using one of two retrospective application methods. The Organization plans to apply the standard using the modified retrospective method.

Note 2 - Significant Accounting Policies (Continued)

In September 2020, the FASB issued ASU No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The ASU provides for additional disclosures to support clearer financial information about important noncash contributions that charities and other not-for-profit organizations receive, known as gifts in kind (GIKs). Contributed nonfinancial assets will be reported by category within the financial statements, and there will be additional disclosures included for each category, including whether the nonfinancial assets were monetized or used during the reporting period, the policy for monetizing nonfinancial contributions, and a description of the fair value techniques used to arrive at a fair value measurement. The new guidance will be effective for the Organization’s year ending September 30, 2022 and will be applied using the retrospective method.

Impact of COVID-19 Pandemic

On March 11, 2020, the World Health Organization declared the outbreak of a respiratory disease caused by a new coronavirus a pandemic. First identified in late 2019 and now known as COVID-19, the outbreak has impacted millions of individuals worldwide. In response, many countries have implemented measures to combat the outbreak that have impacted global business operations.

In response to the pandemic declaration and along with state and local government guidance, YWCA limited the number of on-site employees to those who could not complete their responsibilities remotely. Programs were converted to virtual delivery wherever possible but were not eliminated or reduced. YWCA's investment portfolio experienced significant volatility during the year, consistent with the general financial markets. Investment income and loss is disclosed in Note 4.

YWCA applied for and received approximately $657,000 from the Paycheck Protection Program (PPP), as further disclosed in Note 9. Management expects to file an application for full forgiveness of the loan, and, if granted, the forgiven portion of the loan would be recorded as revenue upon the date forgiveness is granted.

No impairments caused by the pandemic were recorded as of the consolidated statement of financial position date; however, due to uncertainty surrounding the situation, management's judgment regarding this could change in the future. Management acknowledges there is ongoing financial uncertainty related to COVID-19 that could negatively impact the Organization's future financial position, changes in net assets, and, where applicable, the timing and amount of cash flows. The full future impact of the pandemic cannot be estimated at this time.

Note 3 - Contributions Receivable

Contributions receivable are as follows:

	2020	2019
Gross promises to give in less than one year	$ 54,896	$ 82,389
Less allowance for doubtful promises	(2,643)	(4,657)
Net receivable in less than one year	$ 52,253	$ 77,732
Promises to give in one to five years	$ 8,379	$ 20,388

Note 4 - Investments

Investments consisted of the following at September 30:

	2020	2019
Cash and cash equivalents	$ 50,204	$ 59,012
Certificates of deposit	-	129,278
U.S. equity securities	970,642	896,556
Mutual funds	323,805	242,091
Fixed income	196,306	240,017
Total	$ 1,540,957	$ 1,566,954

Permanent housing operating reserve escrow consisted of the following at September 30:

	2020	2019
Cash and cash equivalents	$ 52,627	$ 42,030
Certificates of deposit	-	47,007
Asset-backed securities	55,902	54,439
Total	$ 108,529	$ 143,476

YWCA received a loan from Michigan State Housing Development Authority (MSHDA) during 2007 that required YWCA to establish an operating reserve escrow. The funds are to be used for operating expenses associated with the permanent housing program. The operating reserve escrow account and the replacement reserve are to be maintained for the entire term of the program or until all funds have been exhausted. YWCA's operating reserve escrow may exceed federally insured limits.

Note 5 - Fair Value Measurements

Accounting standards require certain assets and liabilities be reported at fair value in the financial statements and provide a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the inputs and valuation techniques used to measure fair value.

The following tables present information about the Organization’s assets measured at fair value on a recurring basis at September 30, 2020 and 2019 and the valuation techniques used by the Organization to determine those fair values.

Fair values determined by Level 1 inputs use quoted prices in active markets for identical assets that the Organization has the ability to access.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets in active markets and other inputs, such as interest rates and yield curves, that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset. These Level 3 fair value measurements are based primarily on management’s own estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Organization’s assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

The Organization's policy is to recognize transfers in and out of Level 1, 2, and 3 fair value classifications as of the end of the reporting period. There were no transfers during 2020 and 2019.

Note 5 - Fair Value Measurements (Continued)

	Assets Measured at Fair Value on a Recurring Basis at September 30, 2020			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at September 30, 2020
Investments:				
Cash and cash equivalents	$ 102,831	$ -	$ -	$ 102,831
Fixed income	196,306	-	-	196,306
U.S. equity	970,642	-	-	970,642
Mutual funds	323,805	-	-	323,805
Asset-backed securities	-	55,902	-	55,902
Beneficial interest in perpetual endowment fund	-	-	42,916	42,916
Beneficial interests in outside trusts	-	-	744,897	744,897
Total assets	$ 1,593,584	$ 55,902	$ 787,813	$ 2,437,299

	Assets Measured at Fair Value on a Recurring Basis at September 30, 2019			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at September 30, 2019
Investments:				
Cash and cash equivalents	$ 101,042	$ -	$ -	$ 101,042
Fixed income	240,017	-	-	240,017
U.S. equity	896,556	-	-	896,556
Mutual funds	242,091	-	-	242,091
Asset-backed securities	-	54,439	-	54,439
Beneficial interest in perpetual endowment fund	-	-	42,478	42,478
Beneficial interests in outside trusts	-	-	730,292	730,292
Total assets	$ 1,479,706	$ 54,439	$ 772,770	$ 2,306,915

As of September 30, 2019, included within investments on the consolidated statement of financial position was a bank certificate of deposit totaling $176,285. This certificate was recorded at cost plus accrued interest and, therefore, was appropriately not included within the above fair value tables. There were no certificates of deposit as of September 30, 2020.

The fair value of asset-backed securities at September 30, 2020 was determined primarily based on Level 2 inputs. The Organization estimates the fair value of these investments based on the present value of projected cash flows.

The Organization has processes in place to select the appropriate valuation technique and unobservable inputs to perform Level 3 fair value measurements. These processes include obtaining the fair value of the assets held at the foundation and outside trusts. The Organization cannot independently assess the value of these underlying positions through a public exchange or over-the-counter market.

Note 5 - Fair Value Measurements (Continued)

Changes in Level 3 assets measured at fair value on a recurring basis for the years ended September 30, 2020 and 2019 are as follows:

	Beneficial Interest in Assets Held by Grand Rapids Community Foundation	Beneficial Interests in Outside Trusts
Balance at October 1, 2019	$ 42,478	$ 730,292
Total unrealized gains	438	14,605
Balance at September 30, 2020	$ 42,916	$ 744,897

	Beneficial Interest in Assets Held by Grand Rapids Community Foundation	Beneficial Interests in Outside Trusts
Balance at October 1, 2018	$ 44,367	$ 767,739
Total unrealized losses	(1,889)	(37,447)
Balance at September 30, 2019	$ 42,478	$ 730,292

Realized and unrealized gains (losses) of $15,043 and $(39,336) for the years ended September 30, 2020 and 2019, respectively, are reported in change in beneficial interests in the consolidated statement of activities and changes in net assets.

Both observable and unobservable inputs may be used to determine the fair value of positions classified as Level 3 assets. As a result, the unrealized gains and losses for these assets presented in the tables above may include changes in fair value that were attributable to both observable and unobservable inputs.

Note 6 - Property and Equipment

Property and equipment are summarized as follows:

	2020	2019	Depreciable Life - Years
Land improvements	$ 151,350	$ 151,350	10-15
Buildings	10,384,598	10,360,267	7-40
Equipment	920,246	800,597	2-10
Total cost	11,456,194	11,312,214	
Accumulated depreciation	4,960,536	4,662,971	
Net property and equipment	$ 6,495,658	$ 6,649,243	

Depreciation expense for 2020 and 2019 was $297,562 and $295,997, respectively.

Note 7 - Notes Receivable

As part of the New Markets Tax Credit structuring (see Note 9), YWCA issued a loan receivable to Chase NMTC YWCA GR Investment Fund, LLC, an unrelated entity, for $5,940,400. The receivable requires quarterly interest-only payments at a rate of 0.5 percent, with the repayment of principal beginning on March 15, 2023.

Note 8 - Line of Credit

The Organization has an unsecured $300,000 line of credit available from a bank. There was $0 of borrowings on this line of credit at September 30, 2020 and 2019. The note expires in July 2021. The note bears interest at the bank's prime rate less 0.5 percent.

Note 9 - Debt

Debt at September 30 is as follows:

	2020	2019
YWCA MSHDA note payable, bearing no interest. The note is due in May 2057 and is secured by certain real estate with a net book value of approximately $513,000 at September 30, 2020 and 2019	$ 570,000	$ 570,000
Paycheck Protection Program note, due on April 13, 2022. Interest is payable monthly at a fixed rate of 1.000 percent. The note was issued pursuant to the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The note structure required the Organization to certify certain statements that permitted it to qualify for the loan. The structure also provides for up to 100 percent of the borrowed amount to be forgiven if the loan proceeds are used for permitted purposes described in the agreement. Any portion not forgiven is required to be paid back in full over a two-year period in equal monthly installments at 1 percent interest. The Organization has the right to prepay the amount outstanding at any time without penalty. Repayment of principal for any amounts not forgiven begins in July 2021	656,832	-
GF note payable, due on January 31, 2048. Interest is payable quarterly at a fixed rate of 1.091 percent. Repayment of principal does not begin until March 10, 2023. The note is collateralized by the Organization's property and equipment	5,241,500	5,241,500
GF note payable, due on January 31, 2048. Interest is payable quarterly at a fixed rate of 1.091 percent. Repayment of principal does not begin until March 10, 2023. The note is collateralized by the Organization's property and equipment	2,183,500	2,183,500
GF note payable, due on January 31, 2048. Interest is payable quarterly at a fixed rate of 1.091 percent. Repayment of principal does not begin until March 10, 2023. The note is collateralized by the Organization's property and equipment	698,900	698,900
GF note payable, due on January 31, 2048. Interest is payable quarterly at a fixed rate of 1.091 percent. Repayment of principal does not begin until March 10, 2023. The note is collateralized by the Organization's property and equipment	301,100	301,100
Total	9,651,832	8,995,000
Less debt issuance costs	224,047	232,244
Total debt - Net	$ 9,427,785	$ 8,762,756

Note 9 - Debt (Continued)

The balance of the above debt matures as follows:

Years Ending	Amount
2021	$ 109,252
2022	437,006
2023	405,056
2024	297,709
2025	300,969
Thereafter	8,101,840
Total	$ 9,651,832

The loan document and funding agreement specify certain restrictions and various covenants.

Debt of $8,425,000 financed the purchase of certain fixed assets from YWCA by the Growth Fund and the construction and refurbishment of the facility during the year ended September 30, 2016. The transaction was structured under the New Markets Tax Credit program administered by the Community Development Financial Institutions Fund of the U.S. Department of the Treasury. Under the program and as part of the loan agreements, GF has committed to maintaining its status as a qualified active low-income community business, as defined in IRC Section 45D, throughout the entire term of the investment or loan.

Two of the notes contain a put provision, which can be exercised during the period commencing on the last day of the tax credit investment period (the "Put Exercise Date") and ending 90 days after the Put Exercise Date. The put provision would require YWCA to pay $1,000, upon which the principal portion of the notes will be forgiven by the bank. However, the Organization cannot assume the put provision will be exercised; therefore, the Organization must plan on repaying the loan over the full 30 years or until such time as the note is actually forgiven.

A call provision is also included, which can be exercised by YWCA. The call provision would require the bank to waive the debt for a cost equal to the fair market value of the bank's interest.

Interest expense related to debt for the years ended September 30, 2020 and 2019 was approximately $92,000.

Debt issuance costs represent legal and accounting fees, printing costs, and other expenses of $256,835 associated with the issuance of the debt and are being amortized over the term of the debt. Accumulated amortization at September 30, 2020 and 2019 was $32,788 and $24,591, respectively. Amortization expense is classified within interest expense for the years ended September 30, 2020 and 2019 in the amount of $8,197.

Note 10 - Net Assets

Board-designated net assets consist of the following as of September 30:

	2020	2019
Board-designated net assets:		
Operating	$ 96,028	$ 95,834
Building	129,493	205,094
Endowment	12,893	12,893
Domestic violence programming	39,058	53,473
Total board-designated net assets	$ 277,472	$ 367,294

Note 10 - Net Assets (Continued)

Donor-restricted net assets at September 30, 2020 and 2019 are restricted for the following:

	2020	2019
Subject to expenditures for a specified purpose:		
Permanent housing	$ 108,529	$ 143,476
Sponsorship for future events	38,032	111,912
Endowment fund - Includes the total investment return from the held in perpetuity endowment funds (Note 15)	884,361	807,293
HOME Investment Partnerships Program	327,204	327,204
COVID-19 funds	74,333	-
Total subject to expenditures for a specified purpose	1,432,459	1,389,885
Subject to the passage of time:		
United Way allocation	131,250	228,750
Grants for future time periods	35,571	38,304
Total subject to passage of time	166,821	267,054
Subject to the Organization's spending policy and appropriation:		
Endowment fund - Pledges receivable	9,181	17,512
Endowment fund - Includes the principal amounts of held in perpetuity restricted gifts and bequests from donors	645,497	638,992
Total subject to the Organization's spending policy and appropriation (Note 15)	654,678	656,504
Held in perpetuity but not subject to the Organization's spending policy and appropriation:		
Beneficial interests in outside trusts (Note 14)	744,907	730,292
Beneficial interest in perpetual endowment fund (Note 13)	42,916	42,478
Total held in perpetuity but not subject to the Organization's spending policy and appropriation	787,823	772,770
Total	$ 3,041,781	$ 3,086,213

Note 11 - Leases

YWCA leases various apartments for tenants in connection with its Transitional Housing Program. Total lease expense was $388,932 and $351,276 for the years ended September 30, 2020 and 2019, respectively. The leases expire at various dates through 2022. Future minimum rental payments under the agreements are $350,864 for the year ending September 30, 2021 and $41,913 for the year ending September 30, 2022.

YWCA is the lessor of various housing units and building space. Total tenant rental income was $37,095 and $34,428 for the years ended September 30, 2020 and 2019, respectively. The leases expire at various dates through 2022. The cost and accumulated depreciation for the housing units under leasing agreements for the year ended September 30, 2020 totaled $734,796 and $221,517, respectively. The cost and accumulated depreciation for the housing units under leasing agreements for the year ended September 30, 2019 totaled $720,440 and $207,298, respectively.

Future minimum rental payments to be received under the agreements are $73,356 for the year ending September 30, 2021 and $8,540 for the year ending September 30, 2022.

Note 12 - Multiemployer Defined Benefit Pension Plan

The Organization participates in Young Women's Christian Association Retirement Fund, Inc.'s plan (the "Plan"), a multiemployer defined benefit pension plan established to provide retirement, death, and disability benefits for eligible employees of participating Young Women's Christian Associations, and the YWCA Retirement Fund (the "Fund"). The plan number and the employer identification number of the Plan are 001 and 13-1624231, respectively. Contribution rates are determined by each participating association and can be 10.0, 7.5, 5.0, or 3.0 percent. Based on the selected contribution rate, the Fund will add a corresponding pay credit of 4.0, 3.0, 2.0, or 1.0 percent, respectively, to each participant's account. The Plan also allows nonhighly compensated participants to make voluntary after-tax contributions that are limited to 10 percent of compensation. Benefits under the Plan are generally based on compensation levels and years of service.

The financial risks of participating in multiemployer plans are different from single employer defined benefit pension plans in the following respects:

- Assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers.
- As part of the affiliation agreement with YWCA USA, YWCA West Central Michigan must participate in the Plan.

During the year ended September 30, 2020, the Fund did not provide any contribution relief. YWCA contributed $97,767 to the Plan for the year ended September 30, 2020, which was based on a rate of 5.0 percent.

During year ended September 30, 2019, the Fund did not provide any contribution relief. YWCA contributed $95,708 to the Plan for the year ended September 30, 2019, which was based on a rate of 5.0 percent.

Based on information as of December 31, 2019, the year end of the Plan, the Organization's contributions to the Plan do not represent more than 5 percent of total contributions received by the Plan.

As of December 31, 2019, the certification zone status of the Plan, as defined by the Department of Labor Pension Protection Act, indicates the Plan is more than 80 percent funded. The certified zone status at September 30, 2020 has not been determined.

Specific plan information for YWCA is not available from the Plan's administrator. In the event the Plan is underfunded with respect to paying benefits to YWCA's employees, and the Plan terminates, the Pension Benefit Guaranty Corporation will take over the Plan and payment of pension benefits, up to the insured limits.

The following information is based on the financial statements of the Plan as of December 31, 2019:

	Young Women's Christian Association Retirement Fund, Inc.
Fair market value of plan assets	$ 387,433,008
Actuarial present value of accumulated plan benefits	$ 300,947,857
Indicated level of funding	128.73 %

Note 13 - Beneficial Interest in Community Foundation

YWCA is the beneficiary under an agency endowment agreement administered by a local community foundation. Under this agreement, YWCA is entitled to the earnings from the assets in perpetuity but has no right to the principal. The fair market value of the underlying investment is recorded in YWCA's consolidated statement of financial position. On an annual basis, the asset is revalued based on changes in market value. This revaluation is treated as permanently restricted in the consolidated statement of activities and changes in net assets. Distributions from the Grand Rapids Community Foundation (the "Foundation") are recorded as income on the consolidated statement of activities and changes in net assets.

The Foundation maintains legal ownership of agency endowment funds and, as such, continues to report the funds as assets of the Foundation. However, in accordance with U.S. generally accepted accounting principles, an asset has been established for the fair value of the funds on the consolidated statement of financial position of YWCA in the amount of $42,916 and $42,478 as of September 30, 2020 and 2019, respectively.

In addition, certain funds donated by outside donors for the benefit of the Organization are held and managed by the Foundation. The Foundation maintains variance power, which, as a result, requires that the assets it holds not be reported as assets of the Organization. The fair value of these funds is approximately $50,000 and $52,000 as of September 30, 2020 and 2019, respectively. These funds are not reflected in the consolidated financial statements. Earnings are available for distribution to the Organization at the discretion of the Foundation and, therefore, are not reflected as revenue in the consolidated financial statements until received by the Organization. There were no contributions received during the years ended September 30, 2020 and 2019 from these assets held by the Foundation.

The board of trustees of the Foundation shall have the power to modify any restriction or condition on the distribution of funds for any specified charitable purposes or to a specified organization if, in the sole judgment of the board, such restriction or condition becomes, in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community served.

Note 14 - Beneficial Interests in Outside Trusts

YWCA is an income beneficiary of several outside perpetual trusts having market values that aggregate $1,962,624 and $1,932,807 at September 30, 2020 and 2019, respectively. YWCA's participation in the income of each perpetual trust ranges from 20 to 50 percent and has a total market value of $744,897 and $730,292 at September 30, 2020 and 2019, respectively.

The values of the beneficial interests recorded by YWCA are based on the fair values of the assets held by the trusts. Annual distributions from the trusts are recorded as income. Adjustments in the values of the beneficial interests are recorded as changes in net assets with donor restrictions in the consolidated statement of activities and changes in net assets.

Note 15 - Donor-restricted and Board-designated Endowments

The Organization's endowment includes donor-restricted and board-designated endowment funds. Net assets associated with endowment funds, including funds designated by the board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Note 15 - Donor-restricted and Board-designated Endowments (Continued)

Interpretation of Relevant Law

The Organization is subject to the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and, thus, classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the board of directors appropriates such amounts for expenditures. Most of those net assets also are subject to purpose restrictions that must be met before reclassifying those net assets to net assets without donor restrictions. The board of directors of the Organization had interpreted UPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, the Organization considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The Organization has interpreted UPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. Additionally, in accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purpose of the Organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Organization
- The investment policies of the Organization

	Endowment Net Asset Composition by Type of Fund as of September 30, 2020	
	Without Donor Restrictions	With Donor Restrictions
Board-designated endowment funds	$ 12,893	$ -
Donor-restricted endowment funds:		
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by the donor	-	654,678
Accumulated investment gains	-	884,361
Total	$ 12,893	$ 1,539,039

	Changes in Endowment Net Assets for the Fiscal Year Ended September 30, 2020	
	Without Donor Restrictions	With Donor Restrictions
Endowment net assets - Beginning of year	$ 12,893	$ 1,463,797
Investment return	-	134,545
Contributions	-	2,436
Appropriation of endowment assets for expenditure	-	(61,739)
Endowment net assets - End of year	$ 12,893	$ 1,539,039

Note 15 - Donor-restricted and Board-designated Endowments (Continued)

	Endowment Net Asset Composition by Type of Fund as of September 30, 2019	
	Without Donor Restrictions	With Donor Restrictions
Board-designated endowment funds	$ 12,893	$ -
Donor-restricted endowment funds:		
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by the donor	-	656,504
Accumulated investment gains	-	807,293
Total	$ 12,893	$ 1,463,797

	Changes in Endowment Net Assets for the Fiscal Year Ended September 30, 2019	
	Without Donor Restrictions	With Donor Restrictions
Endowment net assets - Beginning of year	$ -	$ 1,419,540
Investment return	-	36,602
Contributions	12,893	56,102
Appropriation of endowment assets for expenditure	-	(48,447)
Endowment net assets - End of year	$ 12,893	$ 1,463,797

Funds with Deficiencies

As of September 30, 2020 and 2019, there were no funds with deficiencies.

Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for donor-specified periods, as well as board-designated funds. Under this policy, it is the goal of the aggregate fund assets to meet or exceed a weighted benchmark using the following preferred target asset allocation: equities, 60 percent; fixed-income securities, 30 percent; cash and cash equivalents, 5 percent; and alternative asset classes, 5 percent. Actual returns in any given year may vary from this amount.

The Organization realizes that there are many ways to define risk. Management requires that any person or organization involved in the process of managing the fund assets understands how it defines risk so that the assets are managed in a manner consistent with the Fund's objectives and investment strategy, as designed in the policy. YWCA West Central Michigan defines risk as the probability of not meeting the Fund's objectives. YWCA understands that, in order to achieve its objectives for fund assets, the Fund will experience volatility in returns and fluctuations of market value.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

Note 15 - Donor-restricted and Board-designated Endowments (Continued)

Specifically, the primary objective in the investment management for fund assets shall be income and growth. The secondary objective in the investment management of fund assets shall be the preservation of purchasing power after spending to achieve returns in excess of the rate of inflation plus spending over the stated investment horizon in order to preserve purchasing power of fund assets. Risk control is an important element in the investment of fund assets.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Organization has a policy of appropriating for distribution each year 3 to 5 percent of aggregate portfolio market value using a moving average method of the five periods ending December 31 prior to the fiscal year in which the funds will be spent. The annual distribution amount may be withdrawn in one or more installments during the fiscal year. In establishing this policy, the Organization considered the long-term expected return on its endowment. Accordingly, over the long term, the Organization expects the current spending policy to allow its endowment to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment return.

Note 16 - Contingencies

YWCA participates in federally funded programs. The programs are subject to the single audit requirements of the Uniform Guidance. The amount, if any, of expenditures that may be disallowed by the granting agencies cannot be determined at this time, although YWCA expects such amounts, if any, to be immaterial. Accordingly, no provision has been made for any liabilities that may arise from these circumstances.

YWCA received grant proceeds of $393,560 in May 2007 under the HOME Investment Partnerships Program of HUD. This funding was provided in the form of repayable grants that were fully recognized as revenue during the year ended September 30, 2007, the year that the funds were received. Such funding is subject to certain requirements and conditions set forth in the repayment agreements. Specifically, these agreements require that the grantee agrees to the placing of liens on the premises being renovated. The liens are required in order to provide security for the repayment of the grants in the event that the properties are sold and/or the units become unaffordable to low-income persons, so as not to violate the intent of the grants. As long as YWCA is not in default of the terms of this agreement for 15 years, the liens will be removed.

YWCA used the proceeds of these grants to cover acquisition and rehabilitation costs not paid by other sources of funding.

In September 2013, YWCA was awarded a $500,000 grant from the Federal Home Loan Bank of Indianapolis (FHLBI). The funds were to be used in the capital campaign renovation project and were fully used for this purpose as of September 20, 2015. The agreement has various contingencies, such as the continued specific use of the property for at least 15 years and notifying FHLBI of any intentions to sell the property. Management has agreed to the terms and conditions of the agreement and has intentions to remain compliant through the required period.

Note 17 - Pass-through Expenditures and In-house Transfers

YWCA pays dues to YWCA USA. In connection with the calculation of dues, certain expenses are excluded. The following is a list of excludable pass-through expenditures and in-house chargebacks:

	2020	2019
Pass-through expenditures:		
Specific assistance to consumers	$ 519,965	$ 477,774
Subrecipient pass-through professional services	501,603	58,193
In-house chargebacks:		
YWCA staff wellness	2,187	4,416
YWCA WCM Growth Fund interest and bank fee expenses	100,114	100,114
Total reconciling expenses	$ 1,123,869	$ 640,497

Note 18 - Liquidity and Availability of Resources

The following reflects the Organization's financial assets as of September 30, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the consolidated statement of financial position date:

	2020	2019
Total assets - At year end	$ 16,858,461	$ 16,661,157
Less fixed and nonfinancial assets	(6,624,757)	(6,784,462)
Financial assets - At year end	10,233,704	9,876,695
Less those unavailable for general expenditures within one year due to:		
Contractual or donor-imposed restrictions:		
Restricted by donor with time or purpose restrictions - Net of expendable allocation from endowments	1,310,510	1,227,973
Subject to appropriation and satisfaction of donor restrictions	654,678	656,504
Beneficial interests	787,813	772,770
Other contractual or donor-imposed restrictions	5,940,400	5,940,400
Board designations:		
Quasi-endowment fund, primarily for long-term investing	12,893	12,893
Amounts set aside for operating, program, and building reserves	264,579	354,401
Financial assets available to meet cash needs for general expenditures within one year	$ 1,262,831	$ 911,754

The Organization is partially supported by restricted contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year.

The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Organization invests cash in excess of daily requirements in various short-term investments.

The Organization also realizes there could be unanticipated liquidity needs.

The Organization has a committed line of credit in the amount of $300,000 at September 30, 2020, which could be drawn upon if needed, as further described in Note 8.

Note 18 - Liquidity and Availability of Resources (Continued)

The Organization's funds with donor-imposed time or purpose restrictions total $1,599,280 and $1,656,939 at September 30, 2020 and 2019, respectively, of which $288,788 and $378,966, respectively, will satisfy donor-imposed restrictions within one year. Additionally, as of September 30, 2020, approximately $50,000 will be available within one year as part of the spendable allocation from endowments. Although the Organization does not intend to spend from its quasi endowment other than amounts appropriated for general expenditure as part of its annual budget approval and appropriation process, amounts from its quasi endowment could be made available if necessary. The Organization also has beneficial interests that are held in perpetuity. These beneficial interests are considered financial assets; however, they are not available for use within one year.

Note 19 - Adoption of New Accounting Pronouncements

As of October 1, 2019, the Organization adopted FASB ASU No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which provides enhanced guidance to assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal transactions) and (2) determining whether a contribution is conditional. The Organization adopted the new standard on a modified prospective basis, and it impacted the recognition of certain contribution and grant agreements. Government grants now meet the criteria of a nonreciprocal (contribution) transaction, typically with conditions to be met before revenue is recognized. The standard did not require a restatement of prior year amounts.

As of October 1, 2019, the Organization adopted FASB ASU No. 2016-18, *Restricted Cash*. The new guidance related to the presentation of restricted cash on the statement of cash flows. Under the new guidance, transfers between restricted cash and unrestricted cash are no longer presented on the statement of cash flows. Additionally, the beginning and ending balances of cash, cash equivalents, and restricted cash on the statement of cash flows now include restricted cash balances. The new presentation requirements have been applied retrospectively, and amounts reported in the 2019 consolidated statement of cash flows have been adjusted as follows:

The following financial statement line items for fiscal year 2019 were affected by the change in accounting principle:

Statement of Cash Flows
Year Ended September 30, 2019

	As Previously Reported	As Reported Under New Method	Effect of Change
Cash flows from operating activities	$ 80,600	$ 83,404	$ 2,804
Cash flows from investing activities	4,405	(33,398)	(37,803)
Cash, cash equivalents, and restricted cash - Beginning of year	574,590	753,065	178,475
Cash, cash equivalents, and restricted cash - End of year	696,967	840,443	143,476

Additional Information

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Independent Auditor's Report on Additional Information

To the Board of Directors
YWCA West Central Michigan

We have audited the consolidated financial statements of YWCA West Central Michigan and its subsidiary as of and for the years ended September 30, 2020 and 2019 and have issued our report thereon dated February 3, 2021, which contained an unmodified opinion on those consolidated financial statements. Our audit was performed for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information is presented for the purpose of additional analysis and is not a required part of the consolidated 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 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 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 consolidated financial statements as a whole.

Plante & Moran, PLLC

February 3, 2021

Consolidating Statement of Financial Position

September 30, 2020

	YWCA	Growth Fund	Eliminating Entries	Total
Assets				
Cash and cash equivalents	$ 829,433	$ 59,912	$ -	$ 889,345
Investments	1,540,957	-	-	1,540,957
Receivables:				
Trade less allowance for doubtful accounts	204,567	-	-	204,567
Contributions receivable - Net	60,632	-	-	60,632
United Way	131,250	-	-	131,250
Grants and other	570,211	-	-	570,211
Permanent housing operating reserve escrow	108,529	-	-	108,529
Prepaid expenses	129,099	-	-	129,099
Note receivable	5,940,400	-	-	5,940,400
Beneficial interests	787,813	-	-	787,813
Property and equipment - Net	1,316,830	5,178,828	-	6,495,658
Total assets	**$ 11,619,721**	**$ 5,238,740**	**$ -**	**$ 16,858,461**
Liabilities and Net Assets				
Liabilities				
Accounts payable	$ 160,534	$ 34,609	$ -	$ 195,143
Accrued liabilities	199,202	-	-	199,202
Debt - Net	1,226,833	8,200,952	-	9,427,785
Total liabilities	1,586,569	8,235,561	-	9,822,130
Net Assets				
Without donor restrictions:				
Undesignated	6,713,899	(2,996,821)	-	3,717,078
Board designated	277,472	-	-	277,472
With donor restrictions	3,041,781	-	-	3,041,781
Total net assets	10,033,152	(2,996,821)	-	7,036,331
Total liabilities and net assets	**$ 11,619,721**	**$ 5,238,740**	**$ -**	**$ 16,858,461**

Consolidating Statement of Activities and Changes in Net Assets

Year Ended September 30, 2020

	YWCA	Growth Fund	Eliminating Entries	Total
Changes in Net Assets without Donor Restrictions				
Revenue, gains, and other support:				
Governmental agency contracts	$ 4,120,046	$ -	$ -	$ 4,120,046
Service fees (without donor restrictions)	466,373	-	-	466,373
Contributions	368,380	-	(24,691)	343,689
In-kind donations	670	-	-	670
Special events	177,721	-	-	177,721
United Way	26,296	-	-	26,296
Other income	8,111	124,870	(85,000)	47,981
Interest and dividends	52,855	-	-	52,855
Net unrealized and realized losses	(20,760)	-	-	(20,760)
Net assets released from restrictions	514,497	-	-	514,497
Total revenue, gains, and other support	5,714,189	124,870	(109,691)	5,729,368
Expenses:				
Program services:				
Counseling programs	2,555,569	166,185	-	2,721,754
Housing	1,944,679	57,571	-	2,002,250
Youth programs	239,844	25,033	-	264,877
Center for Women	191,901	106,468	(109,691)	188,678
Special programs	99,500	4,269	-	103,769
Total program services	5,031,493	359,526	(109,691)	5,281,328
Support services:				
Management and general	588,765	-	-	588,765
Fundraising	234,292	3,963	-	238,255
Special events	109,412	-	-	109,412
Total support services	932,469	3,963	-	936,432
Total expenses	5,963,962	363,489	(109,691)	6,217,760
Decrease in Net Assets without Donor Restrictions	(249,773)	(238,619)	-	(488,392)
Changes in Net Assets with Donor Restrictions				
Contributions	102,390	-	-	102,390
Special events	38,033	-	-	38,033
United Way	175,000	-	-	175,000
Net unrealized and realized gains	139,599	-	-	139,599
Change in beneficial interests	15,043	-	-	15,043
Net assets released from restrictions	(514,497)	-	-	(514,497)
Decrease in Net Assets with Donor Restrictions	(44,432)	-	-	(44,432)
Decrease in Net Assets	(294,205)	(238,619)	-	(532,824)
Net Assets - Beginning of year	10,327,357	(2,758,202)	-	7,569,155
Net Assets - End of year	**$ 10,033,152**	**$ (2,996,821)**	**$ -**	**$ 7,036,331**