YWCA West Central Michigan

Consolidated Financial Report
with Additional Information
September 30, 2021

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, 2021 and 2020 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, 2021 and 2020 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.

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 May 23, 2022 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

May 23, 2022

Consolidated Statement of Financial Position

September 30, 2021 and 2020

	2021	2020
Assets		
Cash and cash equivalents	$ 715,110	$ 889,345
Investments (Notes 4 and 5)	1,720,936	1,540,957
Receivables:		
Trade less allowance for doubtful accounts	92,624	204,567
Contributions receivable - Net (Note 3)	76,351	60,632
United Way	131,250	131,250
Grants and other	407,677	570,211
Permanent housing operating reserve escrow (Notes 4 and 5)	68,529	108,529
Prepaid expenses	162,283	129,099
Note receivable (Note 7)	5,940,400	5,940,400
Beneficial interests (Notes 13 and 14)	905,182	787,813
Property and equipment - Net (Note 6)	6,248,997	6,495,658
Total assets	**$ 16,469,339**	**$ 16,858,461**
Liabilities and Net Assets		
Liabilities		
Accounts payable	$ 104,364	$ 195,143
Accrued liabilities	217,259	199,202
Debt - Net (Note 9)	8,777,100	9,427,785
Total liabilities	9,098,723	9,822,130
Net Assets		
Without donor restrictions:		
Undesignated	3,874,580	3,717,078
Board designated (Note 10)	277,862	277,472
With donor restrictions (Note 10)	3,218,174	3,041,781
Total net assets	7,370,616	7,036,331
Total liabilities and net assets	**$ 16,469,339**	**$ 16,858,461**

Consolidated Statement of Activities and Changes in Net Assets

Years Ended September 30, 2021 and 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Gains, and Other Support						
Governmental grants	$ 3,947,119	$ -	$ 3,947,119	$ 4,120,046	$ -	$ 4,120,046
Program fees	401,401	-	401,401	466,373	-	466,373
Contributions	623,984	38,332	662,316	343,689	102,390	446,079
In-kind donations	-	-	-	670	-	670
Special events	95,242	-	95,242	177,721	38,033	215,754
United Way	17,507	175,000	192,507	26,296	175,000	201,296
Forgiveness of Paycheck Protection Program loan	656,832	-	656,832	-	-	-
Other income	53,439	-	53,439	47,981	-	47,981
Interest and dividends - Net of investment fees	39,597	-	39,597	52,855	-	52,855
Net unrealized and realized (losses) gains	(38,456)	242,156	203,700	(20,760)	139,599	118,839
Change in beneficial interests	-	116,877	116,877	-	15,043	15,043
Total revenue, gains, and other support	5,796,665	572,365	6,369,030	5,214,871	470,065	5,684,936
Net Assets Released from Restrictions	395,972	(395,972)	-	514,497	(514,497)	-
Total revenue, gains, other support, and net assets released from restrictions	6,192,637	176,393	6,369,030	5,729,368	(44,432)	5,684,936
Expenses						
Program services:						
Counseling programs	2,703,516	-	2,703,516	2,721,754	-	2,721,754
Housing	1,861,940	-	1,861,940	2,002,250	-	2,002,250
Youth programs	235,611	-	235,611	264,877	-	264,877
Center for Women	127,717	-	127,717	188,678	-	188,678
Special programs	208,057	-	208,057	103,769	-	103,769
Total program services	5,136,841	-	5,136,841	5,281,328	-	5,281,328
Support services:						
Management and general	593,115	-	593,115	588,765	-	588,765
Fundraising	254,004	-	254,004	238,255	-	238,255
Special events	50,785	-	50,785	109,412	-	109,412
Total support services	897,904	-	897,904	936,432	-	936,432
Total expenses	6,034,745	-	6,034,745	6,217,760	-	6,217,760
Increase (Decrease) in Net Assets	157,892	176,393	334,285	(488,392)	(44,432)	(532,824)
Net Assets - Beginning of year	3,994,550	3,041,781	7,036,331	4,482,942	3,086,213	7,569,155
Net Assets - End of year	**$ 4,152,442**	**$ 3,218,174**	**$ 7,370,616**	**$ 3,994,550**	**$ 3,041,781**	**$ 7,036,331**

See notes to consolidated financial statements.

Consolidated Statement of Functional Expenses

Year Ended September 30, 2021

	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	$ 1,702,807	$ 614,167	$ 153,503	$ 22,528	$ 69,526	$ 2,562,531	$ 358,349	$ 148,617	$ -	$ 3,069,497
Payroll taxes	132,990	46,760	12,326	1,684	5,312	199,072	26,671	10,337	-	236,080
Employee benefits	267,303	112,583	31,569	4,770	4,627	420,852	46,900	17,792	-	485,544
Professional fees	38,386	247,412	3,116	2,606	-	291,520	99,032	26,197	50,054	466,803
Operating supplies and expenses	45,480	38,851	3,807	2,038	7,905	98,081	13,705	13,357	-	125,143
Telephone, postage, and shipping	28,380	29,047	4,086	1,278	-	62,791	2,838	5,464	-	71,093
Utilities	67,923	29,894	4,721	19,962	-	122,500	6,487	4,082	-	133,069
Insurance	11,601	14,947	1,772	7,232	-	35,552	9,418	683	-	45,653
Maintenance and repairs	159,245	60,045	5,339	12,863	17,038	254,530	1,636	7,531	-	263,697
Publicity and promotion	1,186	264	1,383	12	-	2,845	243	8,579	731	12,398
Travel and vehicle expense	4,655	2,019	252	-	165	7,091	-	168	-	7,259
Conferences, training, and dues	26,591	2,148	314	61	-	29,114	3,434	287	-	32,835
Direct client assistance	25,672	562,964	-	-	92,218	680,854	-	2,000	-	682,854
Food and household supplies	449	16,158	-	-	812	17,419	-	-	-	17,419
Property taxes, permits, and fees	1,639	10,540	114	482	-	12,775	153	272	-	13,200
Interest	59,656	7,336	4,146	17,533	9,393	98,064	-	-	-	98,064
National YWCA support	15,091	7,236	1,088	522	-	23,937	1,883	1,656	-	27,476
Depreciation	114,462	59,569	8,075	34,146	1,061	217,313	22,366	6,982	-	246,661
Total functional expenses	**$ 2,703,516**	**$ 1,861,940**	**$ 235,611**	**$ 127,717**	**$ 208,057**	**$ 5,136,841**	**$ 593,115**	**$ 254,004**	**$ 50,785**	**$ 6,034,745**

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
Conference, 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 Cash Flows

Years Ended September 30, 2021 and 2020

	2021	2020
Cash Flows from Operating Activities		
Increase (decrease) in net assets	$ 334,285	$ (532,824)
Adjustments to reconcile increase (decrease) in net assets to net cash, cash equivalents, and restricted cash from operating activities:		
Depreciation	246,661	297,562
Unrealized gain on revaluation of beneficial interests	(116,877)	(15,043)
Amortization of debt issuance costs	6,147	8,197
Realized and unrealized gain on investments	(203,700)	(117,394)
Collections of contributions receivable restricted for long-term purposes	(30,000)	-
Paycheck Protection Program loan forgiveness	(656,832)	-
Changes in operating assets and liabilities:		
Receivables	258,758	(212,182)
Prepaid expenses	(33,676)	6,120
Accounts payable	(90,779)	49,847
Accrued liabilities	18,057	15,252
Net cash, cash equivalents, and restricted cash used in operating activities	(267,956)	(500,465)
Cash Flows from Investing Activities		
Purchase of property and equipment	-	(143,977)
Purchases of investments	(687,055)	(779,664)
Proceeds from sales of investments	710,776	923,055
Net cash, cash equivalents, and restricted cash provided by (used in) investing activities	23,721	(586)
Cash Flows from Financing Activities		
Proceeds from contributions receivable restricted for long-term purposes	30,000	1,650
Proceeds from Paycheck Protection Program loan	-	656,832
Net cash, cash equivalents, and restricted cash provided by financing activities	30,000	658,482
Net (Decrease) Increase in Cash, Cash Equivalents, and Restricted Cash	(214,235)	157,431
Cash, Cash Equivalents, and Restricted Cash - Beginning of year	997,874	840,443
Cash, Cash Equivalents, and Restricted Cash - End of year	**$ 783,639**	**$ 997,874**
Consolidated Statement of Financial Position Classification of Cash, Cash Equivalents, and Restricted Cash		
Cash and cash equivalents	$ 715,110	$ 889,345
Permanent housing operating reserve escrow	68,529	108,529
Total cash, cash equivalents, and restricted cash	**$ 783,639**	**$ 997,874**
Supplemental Cash Flow Information - Cash paid for interest	$ 91,917	$ 91,917

See notes to consolidated financial statements.

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, 2021 and 2020. 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 with a maturity of three months or less when purchased 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, 2021 and 2020 was $5,511 and $40,986, respectively. The Organization recognized impairment losses of $450 and $36,280 on trade receivables in 2021 and 2020, respectively. At October 1, 2019, trade receivables amounted to $98,010, 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 $734,796 as of September 30, 2021 and 2020. Accumulated depreciation for these assets was $235,369 and $221,517 as of September 30, 2021 and 2020, 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 $1,024,000 and $460,000 as of September 30, 2021 and 2020, respectively, and are not reflected in the accompanying consolidated 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, 2021 and 2020 include the U.S. Department of Justice (DOJ) and U.S. Department of Health and Human Services (HHS). DOJ revenue represents approximately 23 and 28 percent of program revenue for the years ended September 30, 2021 and 2020, respectively. DOJ receivables represent 26 and 19 percent of related receivables as of September 30, 2021 and 2020, respectively. HHS revenue represents approximately 18 and 15 percent of program revenue and 9 and 16 percent of related receivables of the Organization as of and for the years ended September 30, 2021 and 2020, 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 period in which the gift is received are both reported as contributions without 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.

Revenue from Contracts with Customers

The Organization generates program fees from contracts by providing medical and counseling services. Revenue from program fees is recognized at the time a service is provided, as that is the point in time when the Organization satisfies the performance obligation. Invoices for program fees are billed monthly, after services have been performed and are due upon receipt. The Organization has elected the practical expedient method and does not adjust the promised amount of consideration from government agencies or patients for the effects of a significant financing component due to the Organization's expectation that the period between the time the service is provided to a client and the time that the government agency or client pays for that service will be one year or less.

Classification of Net Assets

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

Note 2 - Significant Accounting Policies (Continued)

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.

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 estimates of time spent by 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, 2021 and 2020.

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 May 23, 2022, which is the date the consolidated financial statements were available to be issued.

Note 2 - Significant Accounting Policies (Continued)

Upcoming Accounting Change

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.

Adoption of New Accounting Pronouncement

As of October 1, 2020, the Organization adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which supersedes 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 Organization adopted the ASU using the full retrospective method. The adoption of the ASU did not result in a restatement of the 2020 financial information, as there was no change to the timing of revenue recognition.

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.

During 2020, the Organization received a Paycheck Protection Program (PPP) loan in the amount of $656,832, as further disclosed in Note 9. During the year ended September 30, 2021, the Organization applied for and received notification of full forgiveness from the Small Business Administration.

No impairments 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. While management acknowledges the COVID-19 outbreak could negatively impact the Organization's financial position; changes in net assets; and, where applicable, the timing and amounts of cash flows, the related financial consequences and duration are highly uncertain.

Note 3 - Contributions Receivable

Contributions receivable are as follows:

	2021	2020
Gross promises to give in less than one year	$ 78,398	$ 54,896
Less allowance for doubtful promises	(2,047)	(2,643)
Net receivable in less than one year	$ 76,351	$ 52,253
Promises to give in one to five years	$ -	$ 8,379

Note 4 - Investments

Investments consisted of the following at September 30:

	2021	2020
Cash and cash equivalents	$ 63,410	$ 50,204
U.S. equity securities	1,068,172	970,642
Mutual funds	372,624	323,805
Fixed income	216,730	196,306
Total	$ 1,720,936	$ 1,540,957

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

	2021	2020
Cash and cash equivalents	$ 33,050	$ 52,627
Asset-backed securities	35,479	55,902
Total	$ 68,529	$ 108,529

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.

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.

Note 5 - Fair Value Measurements (Continued)

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 following tables present information about the Organization's assets measured at fair value on a recurring basis at September 30, 2021 and 2020 and the valuation techniques used by the Organization to determine those fair values:

	Assets Measured at Fair Value on a Recurring Basis at September 30, 2021			
	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, 2021
Investments:				
Cash and cash equivalents	$ 96,460	$ -	$ -	$ 96,460
Fixed income	216,730	-	-	216,730
U.S. equity	1,068,172	-	-	1,068,172
Mutual funds	372,624	-	-	372,624
Asset-backed securities	-	35,479	-	35,479
Total investments	1,753,986	35,479	-	1,789,465
Beneficial interests:				
Beneficial interest in perpetual endowment fund	-	-	52,465	52,465
Beneficial interests in outside trusts	-	-	852,717	852,717
Total beneficial interests	-	-	905,182	905,182
Total assets	$ 1,753,986	$ 35,479	$ 905,182	$ 2,694,647

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
Total investments	1,593,584	55,902	-	1,649,486
Beneficial interests:				
Beneficial interest in perpetual endowment fund	-	-	42,916	42,916
Beneficial interests in outside trusts	-	-	744,897	744,897
Total beneficial interests	-	-	787,813	787,813
Total assets	$ 1,593,584	$ 55,902	$ 787,813	$ 2,437,299

The fair value of asset-backed securities at September 30, 2021 was determined based on Level 2 inputs. The fair value of these investments was estimated 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.

Realized and unrealized gains of $116,877 and $15,043 for the years ended September 30, 2021 and 2020, 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:

	2021	2020	Depreciable Life - Years
Land improvements	$ 151,350	$ 151,350	10-15
Buildings	10,384,598	10,384,598	7-40
Equipment	920,246	920,246	2-10
Total cost	11,456,194	11,456,194	
Accumulated depreciation	5,207,197	4,960,536	
Net property and equipment	$ 6,248,997	$ 6,495,658	

Depreciation expense for 2021 and 2020 was $246,661 and $297,562, 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, 2021 and 2020. The note expires in July 2022. The note bears interest at the bank's prime rate less 0.5 percent.

Note 9 - Debt

Debt at September 30 is as follows:

	2021	2020
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 $499,000 and $513,000 at September 30, 2021 and 2020, respectively	$ 570,000	$ 570,000
Paycheck Protection Program loan, due on April 13, 2022. Interest is payable monthly at a fixed rate of 1 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. The loan was fully forgiven in June 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	8,995,000	9,651,832
Less debt issuance costs	217,900	224,047
Total debt - Net	$ 8,777,100	$ 9,427,785

The balance of the above debt matures as follows:

Years Ending	Amount
2022	$ -
2023	294,482
2024	297,709
2025	300,969
2026	304,268
Thereafter	7,797,572
Total	$ 8,995,000

Note 9 - Debt (Continued)

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, 2021 and 2020 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, 2021 and 2020 was $38,934 and $32,787, respectively. Amortization expense is classified within interest expense for the years ended September 30, 2021 and 2020 in the amount of $6,147 and $8,197, respectively.

Note 10 - Net Assets

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

	2021	2020
Board-designated net assets:		
Operating	$ 96,169	$ 96,028
Building	129,684	129,493
Endowment	12,893	12,893
Domestic violence programming	39,116	39,058
Total board-designated net assets	$ 277,862	$ 277,472

Note 10 - Net Assets (Continued)

Donor-restricted net assets at September 30, 2021 and 2020 are restricted for the following:

	2021	2020
Subject to expenditures for a specified purpose:		
Permanent housing	$ 68,529	$ 108,529
Sponsorship for future events	-	38,032
Endowment fund - Includes the total investment return from the held in perpetuity endowment funds (Note 15)	1,068,282	884,361
HOME Investment Partnerships Program	327,204	327,204
COVID-19 funds	-	74,333
Various program initiatives	40,788	35,571
Total subject to expenditures for a specified purpose	1,504,803	1,468,030
Subject to the passage of time - United Way allocation	131,250	131,250
Subject to the Organization's spending policy and appropriation:		
Endowment fund - Pledges receivable	5,321	9,181
Endowment fund - Includes the principal amounts of held in perpetuity restricted gifts and bequests from donors	671,618	645,497
Total subject to the Organization's spending policy and appropriation (Note 15)	676,939	654,678
Held in perpetuity but not subject to the Organization's spending policy and appropriation:		
Beneficial interests in outside trusts (Note 14)	852,717	744,907
Beneficial interest in perpetual endowment fund (Note 13)	52,465	42,916
Total held in perpetuity but not subject to the Organization's spending policy and appropriation	905,182	787,823
Total	$ 3,218,174	$ 3,041,781

Note 11 - Leases

YWCA leases various apartments for tenants in connection with its Transitional Housing Program. Total lease expense was $447,012 and $388,932 for the years ended September 30, 2021 and 2020, respectively. The leases expire at various dates through 2023. Future minimum rental payments under the agreements are $490,197 for the year ending September 30, 2022 and $79,094 for the year ending September 30, 2023.

YWCA is the lessor of various housing units and building space. Total tenant rental income was $37,056 and $37,095 for the years ended September 30, 2021 and 2020, respectively. The leases expire at various dates through 2023. The cost and accumulated depreciation for the housing units under leasing agreements for the year ended September 30, 2021 totaled $734,796 and $235,369, respectively. 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.

Future minimum rental payments to be received under the agreements are $61,100 for the year ending September 30, 2022 and $8,626 for the year ending September 30, 2023.

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, 2021, the Fund did not provide any contribution relief. YWCA contributed $94,716 to the Plan for the year ended September 30, 2021, which was based on a rate of 5.0 percent.

During 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.

Based on information as of December 31, 2020, 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, 2020, 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, 2021 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, 2020:

	Young Women's Christian Association Retirement Fund, Inc.
Fair market value of plan assets	$ 380,691,314
Actuarial present value of accumulated plan benefits	$ 289,429,879
Indicated level of funding	131.53 %

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 $52,465 and $42,916 as of September 30, 2021 and 2020, 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 $64,000 and $50,000 as of September 30, 2021 and 2020, 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, 2021 and 2020 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 $2,254,262 and $1,962,624 at September 30, 2021 and 2020, respectively. YWCA's participation in the income of each perpetual trust ranges from 20 to 50 percent and has a total market value of $852,717 and $744,897 at September 30, 2021 and 2020, 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, 2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	$ 12,893	$ -	$ 12,893
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by the donor	-	676,939	676,939
Accumulated investment gains	-	1,068,282	1,068,282
Total	$ 12,893	$ 1,745,221	$ 1,758,114

	Changes in Endowment Net Assets for the Fiscal Year Ended September 30, 2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets - Beginning of year	$ 12,893	$ 1,539,039	$ 1,551,932
Investment return - Net	-	242,155	242,155
Contributions	-	22,762	22,762
Appropriation of endowment assets for expenditure	-	(58,735)	(58,735)
Endowment net assets - End of year	$ 12,893	$ 1,745,221	$ 1,758,114

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

	Endowment Net Asset Composition by Type of Fund as of September 30, 2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	$ 12,893	$ -	$ 12,893
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by the donor	-	654,678	654,678
Accumulated investment gains	-	884,361	884,361
Total	$ 12,893	$ 1,539,039	$ 1,551,932

	Changes in Endowment Net Assets for the Fiscal Year Ended September 30, 2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets - Beginning of year	$ 12,893	$ 1,463,797	$ 1,476,690
Investment return - Net	-	134,545	134,545
Contributions	-	2,436	2,436
Appropriation of endowment assets for expenditure	-	(61,739)	(61,739)
Endowment net assets - End of year	$ 12,893	$ 1,539,039	$ 1,551,932

Funds with Deficiencies

As of September 30, 2021 and 2020, 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 - 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:

	2021	2020
Total assets - At year end	$ 16,469,339	$ 16,858,461
Less fixed and nonfinancial assets	(6,411,280)	(6,624,757)
Financial assets - At year end	10,058,059	10,233,704
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	1,454,803	1,310,510
Subject to appropriation and satisfaction of donor restrictions	676,939	654,678
Beneficial interests	905,182	787,813
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	264,969	264,579
Financial assets available to meet cash needs for general expenditures within one year	$ 802,873	$ 1,262,831

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, 2021, which could be drawn upon if needed, as further described in Note 8.

The Organization’s funds with donor-imposed time or purpose restrictions total $1,636,053 and $1,599,280 at September 30, 2021 and 2020, respectively, of which $166,821 and $288,788, respectively, will satisfy donor-imposed restrictions within one year. Additionally, as of September 30, 2021, 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.

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, 2021 and 2020 and have issued our report thereon dated May 23, 2022, which contained an unmodified opinion on those consolidated financial statements. Our audits were 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

May 23, 2022

Consolidating Statement of Financial Position

September 30, 2021

	YWCA	Growth Fund	Eliminating Entries	Total
Assets				
Cash and cash equivalents	$ 678,341	$ 36,769	$ -	$ 715,110
Investments	1,720,936	-	-	1,720,936
Receivables:				
Trade less allowance for doubtful accounts	92,624	-	-	92,624
Contributions receivable - Net	76,351	-	-	76,351
United Way	131,250	-	-	131,250
Grants and other	407,677	-	-	407,677
Permanent housing operating reserve escrow	68,529	-	-	68,529
Prepaid expenses	162,283	-	-	162,283
Note receivable	5,940,400	-	-	5,940,400
Beneficial interests	905,182	-	-	905,182
Property and equipment - Net	1,249,183	4,999,814	-	6,248,997
Total assets	**$ 11,432,756**	**$ 5,036,583**	**$ -**	**$ 16,469,339**
Liabilities and Net Assets (Deficiency in Net Assets)				
Liabilities				
Accounts payable	$ 69,755	$ 34,609	$ -	$ 104,364
Accrued liabilities	217,259	-	-	217,259
Debt - Net	570,000	8,207,100	-	8,777,100
Total liabilities	857,014	8,241,709	-	9,098,723
Net Assets (Deficiency in Net Assets)				
Without donor restrictions:				
Undesignated	7,079,706	(3,205,126)	-	3,874,580
Board designated	277,862	-	-	277,862
With donor restrictions	3,218,174	-	-	3,218,174
Total net assets (deficiency in net assets)	10,575,742	(3,205,126)	-	7,370,616
Total liabilities and net assets (deficiency in net assets)	**$ 11,432,756**	**$ 5,036,583**	**$ -**	**$ 16,469,339**

Consolidating Statement of Activities and Changes in Net Assets

Year Ended September 30, 2021

	YWCA	Growth Fund	Eliminating Entries	Total
Changes in Net Assets without Donor Restrictions				
Revenue, gains, and other support:				
Governmental grants	$ 3,947,119	$ -	$ -	$ 3,947,119
Program fees (without donor restrictions)	401,401	-	-	401,401
Contributions	648,675	-	(24,691)	623,984
Special events	95,242	-	-	95,242
United Way	17,507	-	-	17,507
Capitation revenue	656,832	-	-	656,832
Other income	23,724	93,465	(63,750)	53,439
Interest and dividends	39,597	-	-	39,597
Net unrealized and realized losses	(38,456)	-	-	(38,456)
Net assets released from restrictions	395,972	-	-	395,972
Total revenue, gains, and other support	6,187,613	93,465	(88,441)	6,192,637
Expenses:				
Program services:				
Counseling programs	2,566,057	137,459	-	2,703,516
Housing	1,812,736	49,204	-	1,861,940
Youth programs	215,978	19,633	-	235,611
Center for Women	129,319	86,839	(88,441)	127,717
Special programs	202,394	5,663	-	208,057
Total program services	4,926,484	298,798	(88,441)	5,136,841
Support services:				
Management and general	593,115	-	-	593,115
Fundraising	251,032	2,972	-	254,004
Special events	50,785	-	-	50,785
Total support services	894,932	2,972	-	897,904
Total expenses	5,821,416	301,770	(88,441)	6,034,745
Increase (Decrease) in Net Assets without Donor Restrictions	366,197	(208,305)	-	157,892
Changes in Net Assets with Donor Restrictions				
Contributions	38,332	-	-	38,332
United Way	175,000	-	-	175,000
Net unrealized and realized gains	242,156	-	-	242,156
Change in beneficial interests	116,877	-	-	116,877
Net assets released from restrictions	(395,972)	-	-	(395,972)
Increase in Net Assets with Donor Restrictions	176,393	-	-	176,393
Increase (Decrease) in Net Assets	542,590	(208,305)	-	334,285
Net Assets (Deficiency in Net Assets) - Beginning of year	10,033,152	(2,996,821)	-	7,036,331
Net Assets (Deficiency in Net Assets) - End of year	**$ 10,575,742**	**$ (3,205,126)**	**$ -**	**$ 7,370,616**