

YWCA NASHVILLE AND MIDDLE TENNESSEE

FINANCIAL STATEMENTS

As of and for the Years Ended June 30, 2019 and 2018

YWCA NASHVILLE AND MIDDLE TENNESSEE

ROSTER OF BOARD OF DIRECTORS AND EXECUTIVE STAFF

JUNE 30, 2019

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Sharon Roberson	President and Chief Executive Officer
Orin Crouch	Chief Operating Officer
Shan Foster	VP of External Affairs & AMEND Together
LaRhonda Magras	SVP of Program Operations
Ryan Fleischman	SVP of Grants & Strategic Initiatives
Jessica Guzman	Deputy Administrator
Sheila Holman	Senior Director of Human Resources
Latrina Adams	VP, Controller

YWCA NASHVILLE AND MIDDLE TENNESSEE

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Report of Independent Auditor

To the Board of Directors
YWCA Nashville and Middle Tennessee
Nashville, Tennessee

Report on the Financial Statements

We have audited the accompanying financial statements of YWCA Nashville and Middle Tennessee (a nonprofit organization), which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of YWCA Nashville and Middle Tennessee as of June 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Changes in Financial Statement Presentation

As discussed in Note 2, YWCA Nashville and Middle Tennessee adopted Accounting Standards Update (“ASU”) 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements for Not-for-Profit Entities*. The ASU has been applied retrospectively to all periods presented. Our opinion is not modified with respect to this matter.

Other Matters

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2019, on our consideration of YWCA Nashville and Middle Tennessee’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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 Nashville and Middle Tennessee’s internal control over financial reporting and compliance.

Cheryl Bekant LLP

Nashville, Tennessee
December 19, 2019

YWCA NASHVILLE AND MIDDLE TENNESSEE
STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2019 AND 2018

	2019	2018
ASSETS		
Cash and cash equivalents	\$ 1,398	\$ 360,434
Pledges and other receivables, net	21,044	10,517
Grants receivable	92,590	161,880
Prepaid expenses and other assets	1,409	18,213
Investments	6,000,525	5,719,138
Land, buildings, and equipment, net	4,277,938	4,054,151
Total Assets	\$ 10,394,904	\$ 10,324,333
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	\$ 93,446	\$ 91,887
Accrued expenses and withheld taxes	108,171	95,272
Note payable, line of credit	69,931	-
Deferred revenues	41,500	34,500
Capital advance	51,294	102,588
Total Liabilities	364,342	324,247
Net Assets:		
Without Donor Restrictions:		
Undesignated	2,612,717	2,985,225
Designated for land, buildings, and equipment	4,277,938	4,054,151
Total Without Donor Restrictions	6,890,655	7,039,376
With donor restrictions	3,139,907	2,960,710
Total Net Assets	10,030,562	10,000,086
Total Liabilities and Net Assets	\$ 10,394,904	\$ 10,324,333

YWCA NASHVILLE AND MIDDLE TENNESSEE
STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2019 AND 2018

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Support:						
Contributions (in-kind of \$58,750 and \$125,502, respectively)	\$ 3,050,469	\$ 195,213	\$ 3,245,682	\$ 3,095,872	\$ 16,016	\$ 3,111,888
United Way contributions	201,749	-	201,749	201,750	-	201,750
Grants from federal, state, and local agencies	1,530,799	-	1,530,799	1,185,594	-	1,185,594
Program service fees	15,438	-	15,438	53,678	-	53,678
Other income	155,603	-	155,603	278,623	-	278,623
Investment income, net	281,282	-	281,282	291,601	151,212	442,813
Net assets released from restrictions	16,016	(16,016)	-	59,416	(59,416)	-
Total Revenues and Support	5,251,356	179,197	5,430,553	5,166,534	107,812	5,274,346
Expenses:						
Program Services:						
Educational/family learning services	464,530	-	464,530	507,653	-	507,653
Youth services	308,984	-	308,984	381,421	-	381,421
Domestic violence	2,216,522	-	2,216,522	2,235,070	-	2,235,070
Prevention	413,190	-	413,190	322,543	-	322,543
Total Program Services	3,403,226	-	3,403,226	3,446,687	-	3,446,687
Supporting Services:						
Administrative	1,113,283	-	1,113,283	1,063,686	-	1,063,686
Development	883,568	-	883,568	906,178	-	906,178
Total Supporting Services	1,996,851	-	1,996,851	1,969,864	-	1,969,864
Total Expenses	5,400,077	-	5,400,077	5,416,551	-	5,416,551
Change in net assets	(148,721)	179,197	30,476	(250,017)	107,812	(142,205)
Net assets, beginning of year	7,039,376	2,960,710	10,000,086	7,289,393	2,852,898	10,142,291
Net assets, end of year	\$ 6,890,655	\$ 3,139,907	\$ 10,030,562	\$ 7,039,376	\$ 2,960,710	\$ 10,000,086

The accompanying notes to the financial statements are an integral part of these statements.

YWCA NASHVILLE AND MIDDLE TENNESSEE
STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2019

	Program Services					Supporting Services			Total Expenses
	Family Learning Center/ Dress for Success	Girls Inc.	Domestic Violence Services	AMEND Together	Total	Admin	Development	Total	
Salaries	\$ 314,812	\$ 183,773	\$ 1,174,257	\$ 265,438	\$ 1,938,280	\$ 743,535	\$ 271,257	\$ 1,014,792	\$ 2,953,072
Employee benefits and taxes	47,463	41,078	241,614	52,600	382,755	134,819	54,861	189,680	572,435
Total Salaries and Related Expenses	362,275	224,851	1,415,871	318,038	2,321,035	878,354	326,118	1,204,472	3,525,507
Professional fees and contracted services (in-kind of \$58,750)	25,287	13,300	137,181	17,834	193,602	82,723	212,021	294,744	488,346
Miscellaneous	8,600	8,799	130,097	10,044	157,540	25,343	65,887	91,230	248,770
Occupancy	15,830	7,013	178,054	8,458	209,355	27,191	8,066	35,257	244,612
Conferences, conventions, and meetings	1,487	1,709	3,976	198	7,370	10,587	189,192	199,779	207,149
Supplies	3,937	13,956	75,916	16,323	110,132	16,944	21,993	38,937	149,069
Specific assistance - other	1,478	-	74,854	-	76,332	-	-	-	76,332
Travel	2,008	13,963	22,566	13,433	51,970	11,235	3,694	14,929	66,899
Telephone and postage	5,295	2,864	16,682	3,199	28,040	7,948	8,629	16,577	44,617
Insurance - general	4,007	2,363	16,892	2,694	25,956	4,988	2,632	7,620	33,576
Printing	630	299	3,231	949	5,109	173	18,464	18,637	23,746
Rental and maintenance of equipment	1,429	844	7,683	963	10,919	7,638	941	8,579	19,498
Bad debt expense	-	-	-	-	-	-	4,420	4,420	4,420
Total Expenses Before Depreciation	432,263	289,961	2,083,003	392,133	3,197,360	1,073,124	862,057	1,935,181	5,132,541
Depreciation	32,267	19,023	133,519	21,057	205,866	40,159	21,511	61,670	267,536
Total Expenses	\$ 464,530	\$ 308,984	\$ 2,216,522	\$ 413,190	\$ 3,403,226	\$ 1,113,283	\$ 883,568	\$ 1,996,851	\$ 5,400,077

The accompanying notes to the financial statements are an integral part of this statement.

YWCA NASHVILLE AND MIDDLE TENNESSEE
STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2018

	Program Services					Supporting Services			Total Expenses
	Family Learning Center/ Dress for Success	Girls Inc.	Domestic Violence Services	AMEND Together	Total	Admin	Development	Total	
Salaries	\$ 338,829	\$ 208,430	\$ 1,093,133	\$ 179,199	\$ 1,819,591	\$ 699,841	\$ 295,190	\$ 995,031	\$ 2,814,622
Employee benefits and taxes	52,512	43,056	235,267	34,537	365,372	114,802	51,740	166,542	531,914
Total Salaries and Related Expenses	391,341	251,486	1,328,400	213,736	2,184,963	814,643	346,930	1,161,573	3,346,536
Professional fees and contracted services (in-kind of \$97,511)	21,013	24,177	202,526	30,333	278,049	85,448	221,081	306,529	584,578
Conferences, conventions, and meetings (in-kind of \$27,991)	2,030	3,017	15,864	1,895	22,806	13,852	204,493	218,345	241,151
Specific assistance - other	1,206	635	269,153	-	270,994	-	-	-	270,994
Occupancy	18,594	8,896	144,360	9,012	180,862	32,719	12,061	44,780	225,642
Supplies	6,808	30,515	59,105	17,432	113,860	15,216	10,948	26,164	140,024
Miscellaneous	10,696	11,365	25,987	12,586	60,634	34,614	42,206	76,820	137,454
Travel	3,980	22,647	23,303	8,347	58,277	10,002	2,352	12,354	70,631
Telephone and postage	4,993	3,227	24,471	1,900	34,591	7,168	7,836	15,004	49,595
Insurance - general	4,979	2,735	15,436	2,623	25,773	4,933	3,047	7,980	33,753
Printing	1,041	131	1,624	1,773	4,569	492	20,539	21,031	25,600
Rental and maintenance of equipment	2,084	1,116	7,243	1,157	11,600	6,692	1,665	8,357	19,957
Bad debt expense	-	-	-	-	-	-	10,533	10,533	10,533
Total Expenses Before Depreciation	468,765	359,947	2,117,472	300,794	3,246,978	1,025,779	883,691	1,909,470	5,156,448
Depreciation	38,888	21,474	117,598	21,749	199,709	37,907	22,487	60,394	260,103
Total Expenses	\$ 507,653	\$ 381,421	\$ 2,235,070	\$ 322,543	\$ 3,446,687	\$ 1,063,686	\$ 906,178	\$ 1,969,864	\$ 5,416,551

The accompanying notes to the financial statements are an integral part of this statement.

YWCA NASHVILLE AND MIDDLE TENNESSEE
STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities:		
Change in net assets	\$ 30,476	\$ (142,205)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	267,536	260,103
Amortization of capital advance	(51,294)	(51,294)
Gain on sale of assets	(18,242)	(99,592)
Realized and unrealized gain on investments	(150,586)	(324,983)
(Increase) decrease in:		
Pledges and other receivables	(10,527)	48,367
Grants receivable	69,290	(71,153)
Prepaid expenses and other assets	16,804	12,639
Increase (decrease) in:		
Accounts payable	1,559	4,352
Accrued expenses	12,899	(11,542)
Deferred revenues	7,000	(40,689)
Net cash provided by (used in) operating activities	<u>174,915</u>	<u>(415,997)</u>
Cash flows from investing activities:		
Proceeds from sale and maturation of investments	28,492	37,723
Purchase of investments	(159,293)	(155,550)
Proceeds from sale of land, buildings, and equipment	12,242	261,223
Purchase of land, buildings, and equipment	(485,323)	(98,262)
Net cash (used in) provided by investing activities	<u>(603,882)</u>	<u>45,134</u>
Cash flows from financing activities:		
Borrowings on line of credit	2,480,534	-
Payments on line of credit	(2,410,603)	-
Net cash provided by financing activities	<u>69,931</u>	<u>-</u>
Decrease in cash and cash equivalents	(359,036)	(370,863)
Cash and cash equivalents, beginning of year	360,434	731,297
Cash and cash equivalents, end of year	<u>\$ 1,398</u>	<u>\$ 360,434</u>

The accompanying notes to the financial statements are an integral part of these statements.

YWCA NASHVILLE AND MIDDLE TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

Note 1—General

YWCA Nashville and Middle Tennessee (the “YWCA”) is a Tennessee not-for-profit corporation chartered to focus on women and girls who desire to create a better quality of life for themselves and/or their families; to achieve self-sufficiency; and to increase their financial strength. The YWCA is a member of the YWCA USA and pays an annual assessment to the regional organization based on expenses and other factors. The assessment amount was \$33,552 and \$20,547 in 2019 and 2018, respectively, and is included in miscellaneous expenses.

Note 2—Summary of significant accounting policies

Basis of Presentation – The accompanying financial statements present the financial position and changes in net assets of the YWCA on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Net assets of the YWCA and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – All revenues, gains, and losses that are not restricted by donors are included in this classification. All expenditures are reported in the net assets without donor restrictions class since the use of restricted contributions in accordance with the donors’ stipulations results in the release of the restriction. Net assets without donor restrictions may be designated for specific purposes by action of the Board of Directors.

Net Assets With Donor Restrictions – Net assets subject to stipulations imposed by donors are included in this classification. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the YWCA or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Net assets with donor restrictions represent amounts available for specified projects.

Contributions and Support – Contributions are recognized as revenues in the period unconditionally pledged. The YWCA reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period as received are reported as support without donor restrictions. Donor pledges which are expected to be collected over a period greater than one year are discounted at current interest rates, if material.

The YWCA also receives grant revenue from various federal, state, and local agencies. Grant revenue is recognized in the period a liability is incurred for eligible expenditures under the terms of the grant.

Noncash gifts, consisting principally of clothing donations for the YWCA’s resale boutique and memorabilia donated for fundraisers, are recorded at the realized sales amount in other income in the period of sale.

Contributed services are reported as contribution revenue and as assets or expense when services would otherwise need to be purchased by the YWCA, require specialized skills, and are provided by persons with those skills. Such contributions are reported at estimated fair value.

YWCA NASHVILLE AND MIDDLE TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

Note 2—Summary of significant accounting policies (continued)

Cash Equivalents – Cash equivalents include demand deposits with banks and time deposits with original maturities, when purchased, of three months or less. Time deposits with original maturities, when purchased, of greater than three months are classified as investments.

Pledges, Grants, and Other Receivables – Pledges and other receivables that are expected to be collected within one year are recorded as contributions receivable at their net realizable value. The YWCA uses the allowance method to determine uncollectible contributions receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

Grants receivable are collectible from local, state, and federal government grantors and generally represent reimbursements for grant specific expenses.

Land, Buildings, and Equipment – Land, buildings, and equipment are stated at cost. Equipment purchases less than \$5,000 are generally expensed. Depreciation is calculated using the straight-line method to allocate the cost of depreciable assets over their estimated useful lives. The general range of useful lives is 15 to 40 years for buildings and improvements and 3 to 7 years for equipment and automobiles.

Deferred Revenues – Deferred revenues consist of sponsorships received prior to year-end for special events to be held in the following fiscal year.

Investments and Fair Value Measurements – Investments in money market accounts, certificates of deposit, mutual funds, and equity securities with readily determinable fair values and all investments in debt securities are reported at fair value, with unrealized gains and losses recognized currently in the statements of activities.

The YWCA has an established process for determining fair value. Fair value is based upon quoted market prices, where available. If listed prices or quotes are not available, fair value is based upon internally developed models or processes that use primarily market-based or independently-sourced market data and third-party information. Valuation adjustments may be made to ensure that financial instruments are recorded at fair value. Furthermore, while the YWCA believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies, or assumptions, to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date. Accounting principles generally accepted in the United States of America have a three-level valuation hierarchy for fair value measurements. A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

The three levels are explained as follows:

Level 1 – Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 – Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset and liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

YWCA NASHVILLE AND MIDDLE TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

Note 2—Summary of significant accounting policies (continued)

An asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques should maximize the use of observable inputs and minimize the use of unobservable inputs.

A description of the valuation methodologies used for instruments measured at fair value, as well as the general classification of such instruments pursuant to the valuation hierarchy, is set forth below. In general, fair value is based on quoted market prices, where available. If such quoted market prices are not available, fair value is based on internally developed models that primarily use, as inputs, observable market-based parameters. Valuation adjustments may be made to ensure that financial instruments are recorded at fair value. These adjustments may include amounts to reflect counterparty credit quality and valuation adjustments are applied consistently over time. The YWCA's valuation methodologies may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. While management believes the valuation methodologies are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

Furthermore, the reported fair value amounts have not been comprehensively revalued since the presentation dates and, therefore, estimates of fair value after the balance sheet date may differ significantly from the amounts presented herein.

Fair values for investments in money market accounts and mutual funds are valued at the net asset value of shares held by the YWCA at year-end. Fair values for investments in exchange-traded funds are valued at the closing price reported on the active market on which the securities are traded. Fair values for investments in certificates of deposit and corporate bonds are based primarily on other observable values, such as interest rates and yield curves.

Functional Allocation of Expenses – The costs of providing program services and supporting services have been summarized on a functional basis in the statements of activities and functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited based upon estimates by management. While most costs have been directly assigned to a functional category, certain personnel costs have been allocated to program and management and general based on time and effort estimates made by management.

The following programs and supporting services are included in the accompanying financial statements:

Program Services

Family Learning Center/Dress for Success Nashville – Learning offers four components of a comprehensive literacy program: 1) Adult Education; 2) Children's Education; 3) Parent Time; and 4) Parent and Child Together Time ("PACT"). Free classes are offered to adults to earn their high school equivalency diploma, and obtain the knowledge and skills necessary for employment and self-sufficiency. Free classes for Children's Education, Parent Time, and PACT are offered to promote the growth and development of children (ages 3 through 5). Dress for Success Nashville transitions women to self-sufficiency by providing professional attire, a network of support, and career development tools to help them thrive in work, home, and community. A suite of services supports every phase of their professional lives, so that clients find and keep their jobs, build thriving careers, and prosper in the mainstream workplace.

YWCA NASHVILLE AND MIDDLE TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

Note 2—Summary of significant accounting policies (continued)

Girls Inc. – This program uses a research-based curriculum that develops 5th and 6th grade girls' leadership skills, knowledge about safety issues, and abilities to resist stereotypes. The YWCA partners with the Girls Inc. Agency for the program, "Girls Inc.," at the YWCA. Girls Inc. inspires all girls to be strong, smart, and bold through life-changing programs and experiences that help girls navigate gender, economic, and social barriers. Research-based curricula, delivered by trained, mentoring professionals in a positive all-girl environment, equip girls to achieve academically; lead healthy and physically active lives; manage money; navigate media messages; and discover an interest in science, technology, engineering, and math.

Domestic Violence Services – Fulfilling its mission of empowering women, YWCA has been Nashville's primary provider of domestic violence services for over 40 years. YWCA Domestic Violence Services offer more than temporary safety – they help break the cycle of violence by offering a continuum of services, including: a 24-hour crisis and information hotline, a 65-bed emergency shelter for women and their children fleeing domestic violence, a 25-unit transitional housing program, community support groups, as well as community outreach and education.

AMEND Together – AMEND together is a primary prevention initiative dedicated to ending violence against women and girls by engaging men and boys to be a part of the solution. AMEND Together seeks to challenge the culture that supports violence, cultivate healthy masculinity, and change the future for women and girls.

Supporting Services

Administrative – Includes costs related to the overall direction of the YWCA. These expenses are not identifiable with a particular program or with fundraising but are indispensable to the conduct of those activities and are essential to the YWCA. Specific activities include organization oversight, business management, human resource function, finance and accounting services, training and coordinating volunteers, property and technology oversight, and other administrative duties.

Development – Includes costs of activities directed toward grant writing, donor tracking, public relations, and fundraising. Expense associated with the YWCA's 2616 retail store is also included in development. Other activities include the cost of solicitations as well as the creation and distribution of fundraising materials.

Income Taxes – The YWCA is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and is not a private foundation. Therefore, no provision for income taxes has been made in the accompanying financial statements.

The YWCA follows Financial Accounting Standards Board ("FASB") Accounting Standards Codification guidance that clarifies the accounting for uncertainty in income taxes recognized in an entity's financial statements. This guidance prescribes a minimum probability threshold that a tax position must meet before a financial statement benefit is recognized. The minimum threshold is defined as a tax position that is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than 50 percent likely of being realized upon ultimate settlement. The YWCA has no tax penalties or interest reported in the accompanying financial statements.

Use of Estimates – The preparation of 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

YWCA NASHVILLE AND MIDDLE TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

Note 2—Summary of significant accounting policies (continued)

Change in Accounting Principle – In August 2016, the FASB issued Accounting Standards Update (“ASU”) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statement of Not-for-Profit Entities*. The standard addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The ASU has been applied retrospectively to all periods presented.

New Accounting Pronouncements – In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers*. ASU 2014-09 clarifies the principles for recognizing revenue and develops a common revenue standard under accounting principles generally accepted in the United States of America under which an entity should recognize revenue to depict the transfer of promised 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. ASU 2014-09 is effective for the YWCA for the year ending June 30, 2020. The YWCA is currently evaluating the effect of the implementation of this new standard.

In January 2016, the FASB issued ASU 2016-01, *Recognition and Measurement of Financial Assets and Financial Liabilities*. This guidance revises accounting related to (1) the classification and measurement of investment in equity securities and (2) the presentation of certain fair value changes for financial liabilities measured at fair value. It also amends certain disclosure requirements associated with the fair value of financial instruments. This guidance is effective for the year ending June 30, 2020. The YWCA is evaluating the impact this guidance may have on its financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases*. This guidance introduces a lessee model that brings substantially all leases on the statements of financial position. This guidance is effective for the year ending June 30, 2022. The YWCA is evaluating the impact this guidance may have on its financial statements.

In June 2018, the FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The guidance in this ASU clarifies the accounting guidance for contributions received and contributions made. The amendments in this ASU will assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, *Not-for-Profit Entities*, or as exchange (reciprocal) transactions subject to other guidance; and (2) determining whether a contribution is conditional. This guidance is effective for the year ending June 30, 2020. The YWCA is evaluating the impact of this standard on its financial statements.

Subsequent Events – The YWCA has evaluated subsequent events through December 19, 2019, when these financial statements were available to be issued.

YWCA NASHVILLE AND MIDDLE TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

Note 3—Liquidity and availability

The YWCA regularly monitors liquidity required to meet its operating needs and other contractual commitments. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the YWCA considers all expenditures related to its ongoing program service activities as well as the conduct of services undertaken to support those activities to be general expenditures. Financial assets available for general expenditures, that is, without donor restriction or other restrictions limiting their use within one year of the statement of financial position comprise the following at June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 1,398	\$ 360,434
Pledges and other receivables, net	21,044	10,517
Grants receivable	92,590	161,880
Investments	<u>6,000,525</u>	<u>5,719,138</u>
Total financial assets	6,115,557	6,251,969
Less amounts not available to be used for general expenditures within one year:		
Purpose restrictions including earnings on endowments	1,347,180	1,170,055
Time restrictions	18,088	16,016
Amounts held in perpetuity	<u>1,774,639</u>	<u>1,774,639</u>
Financial assets not available to be used within one year	<u>3,139,907</u>	<u>2,960,710</u>
Financial assets available to meet general expenditures within one year	<u>\$ 2,975,650</u>	<u>\$ 3,291,259</u>

Note 4—Concentration of credit risk

The YWCA maintains cash balances at financial institutions whose accounts are insured by the Federal Deposit Insurance Company up to statutory limits. Management believes the YWCA is not exposed to any significant credit risk on its cash balances. Uninsured balances at June 30, 2019 and 2018 totaled \$-0- and \$26,485, respectively.

YWCA NASHVILLE AND MIDDLE TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

Note 5—Investments and fair value measurements

The following tables set forth the YWCA's major categories of assets and liabilities measured at fair value on a recurring basis, by level within the fair value hierarchy, as of June 30:

	2019			Total
	Level 1	Level 2	Level 3	
Investments:				
Money market accounts	\$ 59,099	\$ -	\$ -	\$ 59,099
Exchange-traded funds	581,986	-	-	581,986
Mutual Funds:				
Fixed income funds	2,078,712	-	-	2,078,712
Large cap	1,072,613	-	-	1,072,613
Foreign large growth	286,259	-	-	286,259
World stock	285,682	-	-	285,682
Large blend	242,025	-	-	242,025
Foreign large blend	233,022	-	-	233,022
Diversified emerging markets	231,396	-	-	231,396
Foreign small/mid growth	226,316	-	-	226,316
Preferred Stock	208,997	-	-	208,997
Small growth	194,561	-	-	194,561
Small cap	157,530	-	-	157,530
Energy limited partnership	142,327	-	-	142,327
Total investments	<u>\$ 6,000,525</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,000,525</u>

YWCA NASHVILLE AND MIDDLE TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

Note 5—Investments and fair value measurements (continued)

	2018			Total
	Level 1	Level 2	Level 3	
Investments:				
Money market accounts	\$ 74,044	\$ -	\$ -	\$ 74,044
Exchange-traded funds	549,499	-	-	549,499
Mutual Funds:				
Fixed income funds	2,369,818	-	-	2,369,818
Large cap	1,051,203	-	-	1,051,203
World stock	261,816	-	-	261,816
Foreign large blend	227,622	-	-	227,622
Diversified emerging markets	226,072	-	-	226,072
Foreign large growth	225,038	-	-	225,038
Small cap	196,982	-	-	196,982
Foreign small/mid growth	188,157	-	-	188,157
Small growth	187,056	-	-	187,056
Energy limited partnership	161,831	-	-	161,831
Total investments	\$ 5,719,138	\$ -	\$ -	\$ 5,719,138

Investment income was as follows for the years ended June 30:

	2019	2018
Interest and dividend income	\$ 130,696	\$ 117,830
Realized and unrealized gain on investments	150,586	324,983
Investment income, net	\$ 281,282	\$ 442,813

Investment expenses of \$28,492 and \$30,126 were included in interest and dividend income for the years ended June 30, 2019 and 2018, respectively.

YWCA NASHVILLE AND MIDDLE TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

Note 6—Land, buildings, and equipment

Land, buildings, and equipment consist of the following as of June 30:

	2019	2018
Land	\$ 405,763	\$ 405,763
Buildings and improvements	7,285,709	6,931,866
Furniture and equipment	872,194	799,900
Automobiles	92,171	54,865
Construction in progress	37,250	46,597
	<u>8,693,087</u>	<u>8,238,991</u>
Less accumulated depreciation	<u>(4,415,149)</u>	<u>(4,184,840)</u>
Total land, buildings, and equipment, net	<u>\$ 4,277,938</u>	<u>\$ 4,054,151</u>

Note 7—Pledges and other receivables

Pledges and other receivables consist of the following as of June 30:

	2019	2018
Due within one year	\$ 30,327	\$ 39,882
Less allowance for doubtful accounts	<u>(9,283)</u>	<u>(29,365)</u>
Total pledges and other receivables, net	<u>\$ 21,044</u>	<u>\$ 10,517</u>

Note 8—Line of credit

The YWCA has an \$800,000 revolving line of credit agreement with a bank, with interest on outstanding borrowings charged at a fluctuating rate equal to LIBOR plus 2%, not to be less than 3.5%. The line of credit is secured by an investment account of the YWCA. The outstanding balance on the line of credit for the years ended June 30, 2019 and 2018 was \$69,931 and \$-0-, respectively. The revolving line of credit agreement expires April 15, 2020.

Note 9—Capital advance

During fiscal year 2015, the YWCA received a capital advance from the Metropolitan Development and Housing Agency (“MDHA”) in order to fund capital improvements to the Weaver Domestic Violence Center in the amount of \$256,472. The YWCA is not required to make repayments of this capital advance so long as the property remains a domestic violence shelter for five years. The capital advance bears no interest and is forgiven pro rata over the five-year period. However, failure of the YWCA to keep the facility available for domestic violence victims would result in MDHA’s billing the YWCA for the capital advance balance outstanding. The YWCA recognized one fifth of the capital advance, \$51,294, in the statements of activities for the years ended June 30, 2019 and 2018.

YWCA NASHVILLE AND MIDDLE TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

Note 10—Net assets with donor restrictions

Net assets with donor restrictions as of June 30, 2019 and 2018 have been restricted by the donors for the following purpose restrictions:

	<u>2019</u>	<u>2018</u>
Endowment funds with perpetual restrictions	\$ 1,774,639	\$ 1,774,639
Scholarships	166,286	155,447
Pledges receivable	18,088	16,016
Pet Shelter	83,008	-
Net gains on endowment since inception	1,097,886	1,014,608
	<u>\$ 3,139,907</u>	<u>\$ 2,960,710</u>

Note 11—Endowment funds

Financial accounting standards provide guidance on the net asset classification of donor-restricted endowment funds for a nonprofit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (“UPMIFA”). Net assets associated with endowment funds are required to be classified and reported based on the existence or absence of donor-imposed restrictions.

The YWCA’s endowment consists of donor-restricted funds established for a variety of purposes. The endowment represents perpetual funds in which the annual income is to be used for the appropriate purpose as specified by the donor. All endowment funds are considered perpetual in nature.

Interpretation of Applicable Law – In applying the provisions of the applicable law, the Board of Directors has determined that the YWCA is required to account for the fair value of donor-restricted endowment fund gifts as of the gift date, absent explicit donor stipulations to the contrary. As a result of this interpretation, the YWCA classifies as net assets with donor restrictions (a) the original value of gifts donated to the endowment and (b) the original value of subsequent gifts to the endowment. Any remaining accumulated portion of the donor-restricted endowment fund that is not classified in net assets with donor restrictions is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the YWCA in a manner consistent with the standard of prudence prescribed by UPMIFA.

The YWCA’s endowment funds are governed by donor agreements which adhere to the spending policies described below. In the absence of such donor restrictions, the YWCA would follow UPMIFA and the State of Tennessee’s State Uniform Prudent Management of Institutional Funds Act (SUPMIFA). In accordance with UPMIFA, the YWCA 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 YWCA 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 the investments
- The investment policies of the YWCA

YWCA NASHVILLE AND MIDDLE TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

Note 11—Endowment funds (continued)

Spending Policy – The YWCA has a policy that allows for distribution up to 5% of the endowment fund, except as otherwise stipulated by donors, to fund annual operating needs. There were no distributions from the endowment for the years ended June 30, 2019 and 2018.

Investment Return Objective, Risk Parameters, and Strategies – The YWCA has adopted investment and spending policies, approved by the Board of Directors, to establish asset allocation targets, investment objectives and guidelines, and the degree of investment risk the Board of Directors deems acceptable. The goal of the endowment is to exist in perpetuity and, therefore, provide for funding in perpetuity. To attain this goal, the overriding objective of the endowment is to maintain purchasing power and, net of spending, to grow the aggregate portfolio value at the rate of inflation or greater over the endowment’s investment horizon. Specific performance standards have been formulated for the endowment. Underlying these standards is the belief that the management of the endowment should be directed toward achieving the following investment objective.

The endowment taken as a whole should achieve a minimum three- to five-year return (income, realized capital gains, and losses and unrealized capital gains and losses) equal to or higher than the three- to five-year average of the three-month Treasury bill rate plus 3%.

Asset allocations are targeted at 30% to 70% equities, 20% to 70% fixed income, 0% to 25% alternative investments, and estimated one month of operating expenses in cash and cash equivalents. Investment allocations are spread between cash and cash equivalents, certificates of deposit, corporate bonds, preferred stock, common stock, and mutual funds.

A schedule of endowment net asset composition by type of fund as of June 30 follows:

	2019		
	Without Donor Restriction	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 2,872,525	\$ 2,872,525
	2018		
	Without Donor Restriction	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 2,789,247	\$ 2,789,247

YWCA NASHVILLE AND MIDDLE TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

Note 11—Endowment funds (continued)

A schedule of changes in endowment net asset follows for the years ended June 30:

	2019		
	Without Donor Restriction	With Donor Restrictions	Total
Endowment net assets, July 1, 2018	\$ -	\$ 2,789,247	\$ 2,789,247
Dividends and interest	-	47,079	47,079
Realized and unrealized gain, net	-	36,199	36,199
Endowment net assets, June 30, 2019	<u>\$ -</u>	<u>\$ 2,872,525</u>	<u>\$ 2,872,525</u>

	2018		
	Without Donor Restriction	With Donor Restrictions	Total
Endowment net assets, July 1, 2017	\$ -	\$ 2,651,000	\$ 2,651,000
Dividends and interest	-	45,910	45,910
Realized and unrealized gain, net	-	92,337	92,337
Endowment net assets, June 30, 2018	<u>\$ -</u>	<u>\$ 2,789,247</u>	<u>\$ 2,789,247</u>

Note 12—Operating leases

YWCA leases storage and office equipment with varying lease terms, none of which exceed five years. Future minimum lease payments under these leases are as follows for the years ending June 30:

2020	\$ 45,048
2021	44,454
2022	43,440
2023	30,720
2024	5,610
Thereafter	-
	<u>\$ 169,272</u>

Rent expense totaled \$37,453 and \$24,842 for the years ended June 30, 2019 and 2018, respectively.

Note 13—Retirement plan

Employees of the YWCA participate in the Young Women’s Christian Association of America Retirement Fund (the “Fund”) upon completion of two years of employment. The YWCA does not administer the Fund. Payments are made by the YWCA to the Fund on behalf of eligible employees based on the employee’s compensation.

Pension expense recognized by the YWCA was approximately \$81,000 and \$66,000 for the years ended June 30, 2019 and 2018, respectively.

YWCA NASHVILLE AND MIDDLE TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

Note 14—Commitments and contingencies

The YWCA has received certain federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could result in disallowance of expenditures, management believes any required reimbursements would not be significant. Accordingly, no provision has been made for any potential reimbursements to the grantors.

ADDITIONAL INFORMATION

YWCA NASHVILLE AND MIDDLE TENNESSEE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

YEAR ENDED JUNE 30, 2019

Federal Grantor/Pass-Through Grantor	Program Name	CFDA Number	Contract Number	Passed through to Subrecipients	Expenditures
FEDERAL AWARDS					
U.S. Dept. of Housing and Urban Development Passed Through:					
Nashville Metropolitan Development and Housing Agency	Community Development Block Grant/ Entitlement Grants	14.218	N/A	\$ -	\$ 24,460
Nashville Metropolitan Development and Housing Agency	Emergency Shelter Grant Program	14.231	N/A	-	35,500
Total U.S. Dept. of Housing and Urban Development				-	59,960
U.S. Dept. of Justice	Transitional Housing Assistance for Victims of Domestic Violence, Dating Violence, Stalking, or Sexual Assault	16.736	2015-WH-AX-0021	-	99,777
U.S. Dept. of Justice Passed Through:					
TN Dept. of Finance and Administration, Office of Criminal Justice Programs	Crime Victim Assistance	16.575*	26722	-	804,985
Total U.S. Dept. of Justice				-	904,762
U.S. Dept. of Homeland Security	Emergency Food and Shelter Program	97.024	N/A	-	16,925
Total U.S. Dept. of Homeland Security				-	16,925
Total Federal Awards				-	981,647
STATE FINANCIAL ASSISTANCE					
State of Tennessee, TN Dept. of Finance & Administration:					
Office of Criminal Justice Programs	Family Violence Prevention and Services Act	N/A	N/A	-	225,000
Total State Financial Assistance				-	225,000
Total Federal Awards and State Financial Assistance				\$ -	\$ 1,206,647

* Denotes a major program.

YWCA NASHVILLE AND MIDDLE TENNESSEE
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE
FINANCIAL ASSISTANCE

YEAR ENDED JUNE 30, 2019

Note 1—Basis of presentation

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance (the "Schedule") summarizes the expenditures of YWCA Nashville and Middle Tennessee under programs of the federal and state governments for the year ended June 30, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Note 2—Summary of significant accounting policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Grant revenues are recognized when the related program expenditures are incurred.

YWCA Nashville and Middle Tennessee expended indirect costs using a multiple allocation base method and did not elect to use the 10% de minimis cost rate allowed under the Uniform Guidance.

**Report of Independent Auditor on Internal Control over Financial Reporting
and on Compliance and other Matters Based on an Audit of Financial
Statements Performed in Accordance with *Government Auditing Standards***

To the Board of Directors
YWCA Nashville and Middle Tennessee
Nashville, Tennessee

We have audited, 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, the financial statements of YWCA Nashville and Middle Tennessee (a nonprofit organization), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 19, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the YWCA Nashville and Middle Tennessee's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of YWCA Nashville and Middle Tennessee's internal control. Accordingly, we do not express an opinion on the effectiveness of the YWCA Nashville and Middle Tennessee's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether YWCA Nashville and Middle Tennessee's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the YWCA Nashville and Middle Tennessee's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the YWCA Nashville and Middle Tennessee's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Cherry Bekant LLP

Nashville, Tennessee
December 19, 2019

Report of Independent Auditor on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance

To the Board of Directors
YWCA Nashville and Middle Tennessee
Nashville, Tennessee

Report on Compliance for Each Major Federal Program

We have audited the YWCA Nashville and Middle Tennessee's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of YWCA Nashville and Middle Tennessee's major federal programs for the year ended June 30, 2019. YWCA Nashville and Middle Tennessee's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of YWCA Nashville and Middle Tennessee's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about YWCA Nashville and Middle Tennessee's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of YWCA Nashville and Middle Tennessee's compliance.

Opinion on Each Major Federal Program

In our opinion, YWCA Nashville and Middle Tennessee complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control over Compliance

Management of YWCA Nashville and Middle Tennessee is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered YWCA Nashville and Middle Tennessee's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of YWCA Nashville and Middle Tennessee's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Cheryl Bekant LLP

Nashville, Tennessee
December 19, 2019

YWCA NASHVILLE AND MIDDLE TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2019

Summary of Auditor's Results

1. The auditor's report expresses an unmodified opinion on whether the financial statements of YWCA Nashville and Middle Tennessee were prepared in accordance with accounting principles generally accepted in the United States of America.
2. No significant deficiencies were disclosed during the audit of the financial statements or were reported in the Report of Independent Auditor on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*. No material weaknesses were identified during the audit of the financial statements.
3. No instances of noncompliance material to the financial statements of YWCA Nashville and Middle Tennessee, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies in internal control over major federal award programs disclosed during the audit are reported in the Report of Independent Auditor on Compliance for Each Major Program and on Internal Control over Compliance required by the Uniform Guidance. No material weaknesses are reported.
5. The auditor's report on compliance for the major federal award programs for YWCA Nashville and Middle Tennessee expresses an unmodified opinion on all major federal programs.
6. There were no audit findings that are required to be reported in accordance with 2 CFR Section 200.516(a).
7. The programs tested as major programs include:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
16.575	Crime Victim Assistance

8. The threshold for distinguishing Types A and B programs was \$750,000.
9. YWCA was determined to be a low-risk auditee.

Findings – Financial Statement Audit

None.

Findings and Questioned Costs – Major Federal Award Programs Audit

None.

YWCA NASHVILLE AND MIDDLE TENNESSEE
SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2019

There were no prior audit findings reported.