

**YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF
BOSTON, INC.**

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

**YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF BOSTON, INC.
FOR THE YEAR ENDED DECEMBER 31, 2022**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Young Women's Christian Association of Boston, Inc.
Boston, Massachusetts

Opinion

We have audited the accompanying financial statements of Young Women's Christian Association of Boston, Inc. (the "Organization"), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2022, and the changes in its net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Adoption of New Accounting Pronouncement

As discussed in Note 2 to the financial statements, the Organization adopted Accounting Standards Codification Topic 842, *Leases*, as of January 1, 2022, using the modified retrospective method. Our opinion is not modified with respect to this matter.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.


CERTIFIED PUBLIC ACCOUNTANTS

Braintree, Massachusetts
June 14, 2023

YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF BOSTON, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2022

ASSETS

Current assets:	
Cash	\$ 432,327
Current portion of contributions receivable	327,239
Accounts receivables	<u>128,430</u>
Total current assets	<u>887,996</u>
Property and equipment, net	<u>114,718</u>
Other assets:	
Contributions receivable, net of current portion and discount	279,113
Investments	30,993,193
Right of use asset	1,372,056
Beneficial interest in perpetual trust	<u>36,163</u>
Total other assets	<u>32,680,525</u>
TOTAL ASSETS	<u>\$ 33,683,239</u>

LIABILITIES AND NET ASSETS

Current liabilities:	
Current portion of lease liability	\$ 110,103
Accounts payable and accrued expenses	402,896
Deferred revenue	<u>207,656</u>
Total current liabilities	<u>720,655</u>
Long-term lease liability, less current portion	<u>1,342,793</u>
Commitments and contingencies (Notes 10 and 13)	
Net assets	
Without donor restrictions:	
Board designated	26,709,647
Undesignated	<u>1,778,032</u>
Total net assets without donor restrictions	28,487,679
With donor restrictions	<u>3,132,112</u>
Total net assets	<u>31,619,791</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 33,683,239</u>

See accompanying notes to financial statements.

YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF BOSTON, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Operating revenue and support:			
Special events revenue	\$ 336,143	\$ -	\$ 336,143
Less: cost of direct benefit to donor	<u>(110,798)</u>	<u>-</u>	<u>(110,798)</u>
Net special event revenue	225,345	-	225,345
Foundation and corporate contributions	378,505	212,192	590,697
Government grant revenue	212,222	-	212,222
Individuals' contributions	242,689	-	242,689
United Way revenue	17,480	-	17,480
In-kind donations	18,365	-	18,365
Program revenue	1,445,096	-	1,445,096
Appropriation from endowment	800,000	-	800,000
Net assets released from restrictions	<u>906,667</u>	<u>(906,667)</u>	<u>-</u>
Total operating revenue and support	<u>4,246,369</u>	<u>(694,475)</u>	<u>3,551,894</u>
Expenses:			
Program expenses:			
DEI Services	2,681,046	-	2,681,046
FYRE Girls Program	602,843	-	602,843
General and administrative	412,136	-	412,136
Fundraising	<u>456,631</u>	<u>-</u>	<u>456,631</u>
Total expenses	<u>4,152,656</u>	<u>-</u>	<u>4,152,656</u>
Changes in net assets from operations	<u>93,713</u>	<u>(694,475)</u>	<u>(600,762)</u>
Non-operating revenue (losses):			
Net non-endowment investment return	(1,139,209)	-	(1,139,209)
Appropriation from endowment	(800,000)	-	(800,000)
Net endowment investment return	(3,031,341)	(41,209)	(3,072,550)
Change in beneficial interest in perpetual trust	-	(10,244)	(10,244)
Employee retention tax credits	<u>452,961</u>	<u>-</u>	<u>452,961</u>
Total non-operating revenue (losses)	<u>(4,517,589)</u>	<u>(51,453)</u>	<u>(4,569,042)</u>
Changes in net assets	<u>(4,423,876)</u>	<u>(745,928)</u>	<u>(5,169,804)</u>
Net assets - beginning	<u>32,911,555</u>	<u>3,878,040</u>	<u>36,789,595</u>
NET ASSETS - ENDING	<u><u>\$ 28,487,679</u></u>	<u><u>\$ 3,132,112</u></u>	<u><u>\$ 31,619,791</u></u>

See accompanying notes to financial statements.

YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF BOSTON, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022

	Program Services						
	DEI Services	FYRE Girls Program	Total Program Services	General and Administrative	Fundraising	Direct benefit to donors	Total Expenses
Salaries	\$ 1,764,555	\$ 426,795	\$ 2,191,350	\$ 132,805	\$ 225,470	\$ -	\$ 2,549,625
Payroll taxes and employee benefits	320,146	77,434	397,580	24,095	40,907	-	462,582
Professional fees	211,946	24,057	236,003	185,199	153,891	-	575,093
Occupancy	178,542	23,632	202,174	7,353	12,484	-	222,011
Insurance	17,661	4,272	21,933	1,329	2,257	-	25,519
Advertising	7,156	-	7,156	-	-	-	7,156
Travel and meetings	21,552	7,720	29,272	10,886	420	110,798	151,376
Information technology	99,677	24,109	123,786	40,864	8,801	-	173,451
Supplies and office expense	36,641	9,220	45,861	8,816	11,061	-	65,738
National dues	12,684	3,068	15,752	-	-	-	15,752
Depreciation	10,486	2,536	13,022	789	1,340	-	15,151
	2,681,046	602,843	3,283,889	412,136	456,631	110,798	4,263,454
Less expenses included with revenues on the statement of activities	-	-	-	-	-	(110,798)	(110,798)
	<u>\$ 2,681,046</u>	<u>\$ 602,843</u>	<u>\$ 3,283,889</u>	<u>\$ 412,136</u>	<u>\$ 456,631</u>	<u>\$ -</u>	<u>\$ 4,152,656</u>

See notes to financial statements.

YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF BOSTON, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022

Cash flows from operating activities:	
Changes in net assets	\$ (5,169,804)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:	
Depreciation	15,151
Non-cash lease expense	80,840
Net losses on investments	4,211,759
Change in beneficial interest in perpetual trust	10,244
Changes in assets and liabilities:	
Contribution receivable	648,511
Accounts receivable	276,113
Prepaid expenses	45,763
Accounts payable and accrued expenses	(44,395)
Deferred revenue	<u>200,999</u>
Net cash provided by operating activities	<u>275,181</u>
Cash flows from investing activities:	
Purchase of fixed assets	(64,935)
Proceeds from sale of investments	800,000
Purchase of investments	<u>(2,400,001)</u>
Net cash used in investing activities	<u>(1,664,936)</u>
Net decrease in cash	(1,389,755)
Cash - beginning	<u>1,822,082</u>
CASH - ENDING	<u>\$ 432,327</u>

See accompanying notes to financial statements.

YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF BOSTON, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 1. DESCRIPTION OF ORGANIZATION

Young Women's Christian Association of Boston, Inc. (the "Organization"), a nonprofit organization, known today as YW Boston, was founded in 1866 by abolitionists and suffragists to serve the needs of women in Greater Boston. As the first YWCA in the nation, the Organization has been at the forefront of advancing social equality for 150 years. The Organization shares its mission statement with all other YWCA affiliates nationwide: to eliminate racism, empower women and promote peace, justice, freedom and dignity for all. Today, the Organization helps individuals and organizations create more inclusive environments where women, people of color and especially women of color can succeed.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Recently adopted accounting pronouncements

Leases

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-02, *Leases (Topic 842)* ("ASC 842") as amended, which requires the recording of operating lease right-of-use assets and lease liabilities and the expanded disclosure for operating and finance leasing arrangements. Leases are classified as finance or operating, with classification affecting the pattern and classification of expense recognition in the income statement. The Organization adopted ASC 842 under the modified retrospective method at January 1, 2022.

The Organization adopted the package of practical expedients available at transition that retained the lease classification under ASC 840 and initial direct costs for any leases that existed prior to adoption of the standard. Contracts entered into prior to adoption were not reassessed for leases or embedded leases. In addition, the Organization used hindsight in determining lease term and considerations for impairment. The Organization made the accounting policy elections to not recognize short-term leases on the balance sheet and to utilize the risk-free discount rate when the rate implicit in the lease is not readily determinable.

In addition, at the date of initial application, the Organization only had short term leases. Upon lease commencement in June 2022, the Organization recorded operating lease right of use assets and aggregate operating lease liabilities in the amount of \$1,430,871.

In-kind contributions

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* ("ASU 2020-07"), which is intended to increase the transparency of contributed nonfinancial assets for not-for-profit entities through enhancements to presentation and disclosure. This ASU is effective for annual periods beginning after June 15, 2021, and the Organization has adopted the amendments on a retrospective basis during the year ended December 31, 2022. The Organization has determined that the application of the amendments of ASU 2020-07 did not have a material impact on the Organization's financial statements and related disclosures.

YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF BOSTON, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recently issued but not yet effective accounting pronouncement

Credit losses

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments - Credit Losses (Topic 326)*, which requires entities to measure all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. This replaces the existing incurred loss model and is applicable to the measurement of credit losses on financial assets measured at amortized cost. ASU 2016-13 is effective for private companies for fiscal years beginning after December 15, 2022, including interim periods within those annual reporting periods. The Organization is currently evaluating the impact of the new standard on its financial statements and related disclosures.

Basis of presentation

The financial statements of the Organization have been prepared using the accrual basis of accounting in accordance with guidance under accounting principles generally accepted in the United States of America ("U.S. GAAP"). Accordingly, the accounts of the Organization are reported in the following net asset categories:

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor (or certain grantor) stipulations or time restrictions.

Net Assets With Donor Restrictions - Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, whereby the donor stipulates that resources be maintained in perpetuity.

Use of estimates

The preparation of financial statements in conformity with U.S. GAAP 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash

Highly liquid investments with maturities at date of purchase of three months or less are classified as cash equivalents, except short-term investments that are managed by external investment managers as part of their long-term strategies and are carried at cost, which approximates fair value. At December 31, 2022, the Organization had no cash equivalents.

The Organization maintains its cash accounts in a bank deposit account, which, at times may exceed federally insured limits. The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk related to cash.

YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF BOSTON, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts receivable

Accounts receivable are stated at the amount that management expects to collect from outstanding balances. Accounts receivable totaled \$128,430 and \$166,550 at December 31, 2022 and 2021, respectively. An allowance for doubtful accounts is provided for those receivables considered to be uncollectible based upon historical experience and management's evaluation of outstanding receivables at the end of the year. At December 31, 2022, management believes all outstanding balances are fully collectible, therefore, no allowance for doubtful accounts was recorded.

Fair value measurements

FASB Accounting Standards Codification ("ASC") 820, *Fair Value Measurement*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. Under the standard, fair value is defined as the exit price, or the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants as of the measurement date.

The three levels of the fair value hierarchy are described as follows:

Level 1 inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 inputs to the valuation methodology include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; and, inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

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

The Organization has adopted accounting guidance permitting beneficial interest in perpetual trusts to be valued using net asset value ("NAV") as a practical expedient. As a result of applying this practical expedient, the beneficial interest in perpetual trust is measured at NAV per unit, as determined by the trustee. The NAV is used as a practical expedient to estimate fair value and is based on the fair value of the underlying fund, less its liabilities. This practical expedient is not used when it is determined to be probable that the fund will sell the investment for an amount different than the reported NAV.

YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF BOSTON, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Endowment and investments

The investment portfolio consists of board designated endowment, donor restricted endowments and non-endowment investments. Investments in marketable securities and primarily mutual funds are stated at fair value as established by major securities markets and are pooled for investment purposes. Interest, dividends and mutual fund distributions are recorded when earned. Gains and losses are recognized as incurred or based on market value changes during the period. Investment return on the endowment is reported on the statement of activities as net endowment return. Investment return on non-endowment investments is reported on the statement of activities as net non-endowment loss.

Investment securities are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is possible that changes in values of investment securities could occur in the near term and such changes could materially affect investments. Net investment return on donor restricted endowment funds is recorded as net assets with donor restrictions in accordance with state law. Net investment return on the remaining investment portfolio are recorded as net assets without donor restrictions. When a donor restriction exists, net investment return is allocated based on the total balance of pooled investments applicable to the respective asset totals.

The Board has interpreted Massachusetts General Law as requiring net investment return of donor restricted net assets to be retained as net assets with donor restrictions classification until appropriated by the Board and expended. Massachusetts General Law allows the Board to appropriate for expenditure or accumulate so much of an endowment fund as is prudent for the uses, benefits, purposes and duration for which the endowment fund is established. This includes underwater endowments. In making a determination whether to appropriate or accumulate, the Organization shall act in good faith, with the care that an ordinary person in a like position would exercise under similar circumstances and shall consider the following factors: the duration and preservation of the endowment fund; the purposes of the Organization and the endowment fund; general economic conditions; the possible effect of inflation or deflation; the expected total return from income and the appreciation of investments; other resources of the Organization and the investment policy of the Organization.

The Organization has adopted a policy for endowment investments of appropriating for distribution each year of up to 4.5% of the average market value of the investments, based on the prior 20 rolling quarters ending September each year. The Organization has adopted investment and spending policies for invested funds that attempt to provide a predictable stream of funding for operations while seeking to maintain the assets. The current investment policy was implemented as of March 2022, and as such the Organization has not yet attained a full 20 quarters of rolling information. Until the point in time where the Organization reaches a full 20 quarters of rolling data, the appropriation of investment income will be calculated by using the data from the first four quarters, and subsequent quarters.

YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF BOSTON, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Endowment and investments (continued)

Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity. Under this investment policy, as approved by the Board of Directors, the donor-restricted endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the S&P 500 index while assuming a moderate level of investment risk. The Organization expects its donor-restricted funds, over time, to provide an average rate of return of approximately 7%. Actual returns in any given year may vary from this amount.

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). The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Based on the Organization's spending guidelines, \$800,000 was utilized for operations for the year ended December 31, 2022, and appropriated from the Board-designated endowment fund.

Beneficial interest in perpetual trust

The Organization is the income beneficiary of a charitable trust (the trust) under an irrevocable agreement, the assets of which are held by a bank with a trustee having responsibility for both its administration and investment. The trust is restricted in perpetuity.

Property and equipment

Property and equipment acquisitions are recorded at cost. Real estate, buildings and equipment are carried at historical cost or, if donated, at the fair value on the date of the contribution. Minor renovations and repairs are charged to operations as incurred. Depreciation of property and equipment is computed on a straight-line basis over the estimated useful lives of the assets which are 5 years.

Impairment of long-lived assets

The Organization accounts for the valuation of long-lived assets in accordance with the FASB Topic *Property, Plant, and Equipment*. The FASB ASC Topic *Property, Plant and Equipment* requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of the long-lived asset is measured by a comparison of the carrying amount of the asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. Assets to be disposed of are reportable at the lower of the carrying amount or fair value, less costs to sell. At December 31, 2022, the Organization has determined that no long-lived assets are impaired.

YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF BOSTON, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition and deferred revenue

The Organization recognizes program revenue under ASC Topic 606, *Revenue from Contracts with Customers* ("Topic 606"), which requires an entity to recognize the amount of revenue which it expects to be entitled for the transfer of promised goods or services to customers. The five-step model required for recognizing revenue from contracts with customers is as follows:

- Identify the contract with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognize revenue when or as performance obligations are satisfied

Revenue is recognized when promised goods or services are transferred to the customer in an amount that reflects the consideration expected in exchange for those goods or services. The Organization has identified a performance obligation associated with the provisions of its educational instruction and leadership programs and uses the output measure for recognition as the period of time in which the services are performed. Revenues from workshop related program activities are recognized at a point in time, when the related program is held. Payments received prior to the start of the educational instruction and leadership programs are recorded as deferred revenue, to be recognized as revenue as performance obligations are satisfied.

Total revenue recognized in accordance with ASC 606 at a point in time and over time was as follows for the year ended December 31, 2022:

Program revenue recognized over time	\$ 778,246
Program revenue recognized at a point in time	<u>666,850</u>
Total program revenue	<u>\$ 1,445,096</u>

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions.

Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or law. Expirations of net assets with donor restrictions on net assets, that is, the donor-imposed stipulated purpose has been accomplished and/or the stipulated time period has elapsed, are reported as reclassifications between applicable classes of net assets.

YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF BOSTON, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Grants and contributions

Grants and contributions, including unconditional promises to give, are recognized as revenues in the period the promise is received. Conditional promises to give are not recognized until they become unconditional, that is, at the time when the conditions on which they depend are substantially met. Grants and contributions of assets other than cash are reported at their estimated fair value. Restricted contributions of assets other than cash are released from restriction when the asset is placed in service. Grants and contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risk involved. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the grants and contributions.

The Organization reports gifts of cash and other assets as donor-restricted support if they are unconditionally received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, a stipulated time restriction ends or the purpose of the restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions, and reported in the accompanying statement of activities as net assets released from restrictions. Donor restricted contributions received and satisfied in the same period are included in net assets without donor restrictions.

The Organization reports contributions of land, building and equipment as net assets without donor restrictions unless the donor places restrictions on their use. Contributions of cash or other assets used to acquire or construct long-lived assets are reported as net assets without donor restriction to the extent the funds have been expended for the stipulated acquisition or construction; or when the asset has been placed into service, otherwise, the contributions are reported as net assets with donor restrictions.

In-kind contributions

Donated goods are recorded as contributions at fair value at the date of the donation. Donated services are recorded as contributions at fair value at the date services are performed if the services required specialized skills which would otherwise be purchased by the Organization and are based upon the number of hours and blended rate of pay. In-kind contributions, comprised of donated services, totaled \$18,365 for the year ended December 31, 2022, which are included in in-kind contributions on the accompanying statement of activities, and within professional services on the accompanying statement of functional expenses.

Measurement of operations

The statement of activities reports all changes in net assets. The Organization's operating activities consist of those items attributable to the Organization's ongoing services and activities. Non-operating activities reflects all other activity, including but not limited to net non-endowment and net endowment investment return, change in beneficial interest in perpetual trust, and employee retention tax credits.

YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF BOSTON, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional allocation of expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Salaries	Time and effort
Payroll taxes and employee benefits	Time and effort
Information technology	Usage
Interest	Usage
Depreciation	Square footage

Advertising

The Organization expenses advertising costs as they are incurred. Advertising expense for the year ended December 31, 2022 totaled \$7,156.

Income taxes

The Organization is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code ("IRC") and accordingly, no provision for income taxes has been recorded in the accompanying financial statements. The Organization is subject to federal and state income taxes on unrelated business income, if any. The Organization files informational tax returns as required by the IRC.

The Organization accounts for uncertain tax positions in accordance with FASB ASC Topic 740 *Income Taxes*. This topic prescribes a recognition threshold and measurement process for financial statement recognition of uncertain tax positions taken or expected to be taken in a tax return. This topic also provides guidance on recognition, derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. At December 31, 2022, management believes that the Organization has no material uncertain tax positions.

Subsequent events

The Organization has evaluated subsequent events through June 14, 2023, the date on which these financial statements were available to be issued. Except as disclosed in Note 13, there were no material subsequent events that required recognition or additional disclosure in these financial statements.

YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF BOSTON, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 3. LIQUIDITY AND AVAILABILITY

The following represents the Organization's financial assets as of December 31, 2022:

Cash	\$ 432,327
Contributions receivable	606,352
Accounts receivables	128,430
Investments	30,993,193
Beneficial interest in perpetual trust	<u>36,163</u>
Total financial assets at year end	<u>32,196,465</u>
Less amounts not available to be used within one year:	
Board designated net assets	26,709,647
Net assets with donor restrictions	<u>3,132,112</u>
Financial assets available to meet general expenditure over the next twelve months	\$ <u>2,354,706</u>

As part of management's liquidity plan, cash is maintained in a checking account and is readily available for use. Additionally, the Organization has a board-designated endowment totaling \$26,709,647 at December 31, 2022 and a line of credit of \$500,000 available to meet cash flow needs.

NOTE 4. CONTRIBUTIONS RECEIVABLE

Contributions receivable consisted of the following as of December 31, 2022:

Amounts due in:	
Less than one year	\$ 327,239
Two to five years	180,000
More than five years	135,000
Less:	
Unamortized discount	<u>(35,887)</u>
	\$ <u>606,352</u>

NOTE 5. BENEFICIAL INTEREST IN PERPETUAL TRUST

The Organization has a beneficial interest in a charitable trust managed by a third-party trustee. Perpetual trusts provide for the distribution of the net income of the trust to the Organization; however, the Organization will never receive the assets of the trust. Distributions are made to the Organization at least annually according to the trustee's spending policy.

The net asset value of the Organization's beneficial interest in perpetual trust is based on the Organization's proportionate share of all assets held by the trustee and the fair value of the underlying investments, as reported by the trustee. Investments that are measured at fair value using NAV per share as a practical expedient are not classified in the fair value hierarchy.

YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF BOSTON, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 6. INVESTMENTS

Assets measured at fair value are based on one or more of the following valuation techniques:

- (a) *Market approach*: Prices and other relevant information generated by the market transactions involving identical or comparable assets or liabilities;
- (b) *Cost approach*: Amount that would be required to replace the service capacity of an asset (replacement cost); and
- (c) *Income approach*: Techniques to convert future amounts to a single present amount based on market expectations (including present value techniques, option-pricing and excess earnings models).

At December 31, 2022, a summary of the Organization's investments is as follows:

	Fair value				Valuation Technique
	Level 1	Level 2	Level 3	Total	
Money market funds	\$ <u>2,726,970</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>2,726,970</u>	(a)
Corporate bonds:					
AA+	-	603,113	-	603,113	(a)
AA-	-	515,519	-	515,519	(a)
A+	-	1,516,737	-	1,516,737	(a)
A	-	1,030,081	-	1,030,081	(a)
A-	-	1,133,180	-	1,133,180	(a)
BBB+	-	1,643,971	-	1,643,971	(a)
BBB	-	1,626,921	-	1,626,921	(a)
	<u>-</u>	<u>8,069,522</u>	<u>-</u>	<u>8,069,522</u>	
Government Bonds					
AA+	-	2,743,180	-	2,743,180	(a)
	<u>-</u>	<u>2,743,180</u>	<u>-</u>	<u>2,743,180</u>	
Common stock:					
Communication services	710,842	-	-	710,842	(a)
Consumer discretionary	1,135,100	-	-	1,135,100	(a)
Consumer staples	1,134,091	-	-	1,134,091	(a)
Financial services	1,617,211	-	-	1,617,211	(a)
Healthcare	1,971,486	-	-	1,971,486	(a)
Industrial goods	1,241,121	-	-	1,241,121	(a)
Materials	290,994	-	-	290,994	(a)
Real estate	410,839	-	-	410,839	(a)
Technology	2,666,456	-	-	2,666,456	(a)
Utilities	202,250	-	-	202,250	(a)
	<u>11,380,390</u>	<u>-</u>	<u>-</u>	<u>11,380,390</u>	
International funds	3,727,155	-	-	3,727,155	(a)
Mutual funds	<u>2,345,976</u>	<u>-</u>	<u>-</u>	<u>2,345,976</u>	(a)
Total	\$ <u>20,180,491</u>	\$ <u>10,812,702</u>	\$ <u>-</u>	\$ <u>30,993,193</u>	

YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF BOSTON, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 6. INVESTMENTS (CONTINUED)

Level 1 investments owned by the Organization and listed on a National Securities Exchange are valued at the last recorded sales price as of the financial statement reporting date or, in the absence of recorded sales, at the last quoted bid price reported as of the financial statement reporting date.

Level 2 investment values are determined by obtaining nonbinding market prices from the Organization's third-party portfolio managers as of the financial statement reporting date. These investments are less actively traded in the market, but quoted market prices exist for similar instruments that are actively traded.

There were no Level 3 investments as of December 31, 2022.

The following is a summary of investment return as of December 31, 2022:

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
Net realized and unrealized gains	\$ (4,618,779)	\$ (47,226)	\$ (4,666,005)
Income from investments consisting of dividends, interest and capital gains	566,476	6,017	572,493
Investment fees	<u>(118,247)</u>	<u>-</u>	<u>(118,247)</u>
Total	<u>\$ (4,170,550)</u>	<u>\$ (41,209)</u>	<u>\$ (4,211,759)</u>

NOTE 7. PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31, 2022:

Furniture and equipment	\$ 129,869
Less: accumulated depreciation	<u>(15,151)</u>
Property and equipment, net	<u>\$ 114,718</u>

NOTE 8. ENDOWMENT

The Organization's endowment consists of 5 individual funds established for a variety of purposes, which include donor-restricted endowment funds and funds designated by the Board to function as endowments.

YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF BOSTON, INC.
NOTES TO FINANCIAL STATEMENTS
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NOTE 8. ENDOWMENT (CONTINUED)

Changes in the Organization's endowment net assets with donor restrictions consist of the following for the year ended December 31, 2022:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 30,540,988	\$ 2,120,158	\$ 32,661,146
Investment return, net:			
Investment income, net:			
Interest and dividends	544,306	6,017	550,323
Investment expenses	(109,185)	-	(109,185)
Investment gain (realized and unrealized), net	<u>(3,466,462)</u>	<u>(47,226)</u>	<u>(3,513,688)</u>
Total investment return	<u>(3,031,341)</u>	<u>(41,209)</u>	<u>(3,072,550)</u>
Appropriations for expenditure	<u>(800,000)</u>	<u>-</u>	<u>(800,000)</u>
Endowment net assets, end of year	<u>\$ 26,709,647</u>	<u>\$ 2,078,949</u>	<u>\$ 28,788,596</u>

NOTE 9. LINE OF CREDIT

The Organization has a \$500,000 line of credit agreement with a bank that bears interest at 6.00%. The line is secured by all business assets. The line must be paid to zero over a period of no less than 30 consecutive days in each successive annual period. The line is subject to an annual review and renewal on July 31 each year. There was no outstanding balance as of December 31, 2022.

NOTE 10. LEASE COMMITMENTS

The Organization leases an office facility for minimum monthly rent payments ranging from \$12,499 to \$15,177 under a long-term, non-cancelable operating lease agreement expiring in December 2032. The weighted average lease term is 10 years, and the average discount rate is 3.06% .

At December 31, 2022, the Organization's future minimum payments on operating leases, including interest, are as follows:

<u>Years Ending December 31,</u>	
2023	\$ 153,012
2024	156,735
2025	160,457
2026	164,180
2027	167,902
Thereafter	<u>895,348</u>
Net minimum lease payments	1,697,634
Less: interest	<u>(244,738)</u>
Present value of lease liabilities	1,452,896
Less: current portion	<u>(110,103)</u>
Lease liabilities, net of current portion	<u>\$ 1,342,793</u>

YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF BOSTON, INC.
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NOTE 10. LEASE COMMITMENTS (CONTINUED)

Rent expense for the year ended December 31, 2022 totaled \$84,840 and is included in occupancy in the statement of functional expenses.

NOTE 11. NET ASSETS WITH DONOR RESTRICTIONS

At December 31, 2022, net assets with donor restrictions are restricted for the following purposes:

Subject to expenditure for specified purpose:

Program activities	\$ <u>390,334</u>
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Subject to the passage of time:

Grants and contributions receivable	<u>626,666</u>
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Endowments:

Brown	776,393
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Bryant	163,197
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Webber	586,738
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Other	<u>181,318</u>
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	<u>1,707,646</u>
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Subject to NFP endowment spending policy and appropriation	<u>371,303</u>
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	3,095,949
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Not subject to spending policy or appropriation:

Beneficial interest in perpetual trust	<u>36,163</u>
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	<u>\$ 3,132,112</u>
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Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the year ended December 31, 2022:

Expiration of time restrictions	\$ 781,667
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Satisfaction of purpose restrictions:

Program activities	<u>125,000</u>
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	<u>\$ 906,667</u>
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NOTE 12. PENSION PLAN

The Organization is a participating employer sponsor of the YWCA Retirement Fund, Inc. (the Fund), a multiple employer cash balance defined benefit plan. The plan annually elects to contribute up to 10% of eligible employees' annual compensation. For the year ended December 31, 2022, the Organization elected to contribute 3%. Employees are eligible when they provide 1,000 hours of service each year for two years. Optional payments by employees are allowed up to 10% of annual compensation, which vest immediately. The Organization's contributions are fully vested immediately. The actuarial present value of the benefit obligation and fair value of plan assets are not available separately for each employer that participates in the plan.

YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF BOSTON, INC.
NOTES TO FINANCIAL STATEMENTS
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NOTE 12. PENSION PLAN (CONTINUED)

The Organization's policy is to fund pension costs as they are incurred. Pension expense was \$35,863, for the year ended December 31, 2022. This expense is included in payroll taxes and employee benefits in the accompanying financial statements. As a participating employer sponsor, the only obligation of the Organization is to make contributions on behalf of its employees. All other obligations associated with this plan are the responsibility of the national Organization.

NOTE 13. CONTINGENCIES

Paycheck Protection Program

In April 2020, the Organization received loan proceeds of \$294,460 under the Paycheck Protection Program ("PPP"). The Organization applied for PPP Loan forgiveness and received approval from the Small Business Administration ("SBA") in July 2021 and therefore recorded \$294,460 of government grant income in the statement of activities for the year ended December 31, 2021. If it is determined that the Organization was not eligible to receive the PPP Loan or that the Organization has not adequately complied with the rules, regulations, and procedures applicable to the SBA's Loan Program, the Organization could be subject to penalties and could be required to repay the amounts previously forgiven.

Employee Retention Tax Credits

The Employee Retention Credit ("ERC"), as it existed under the CARES Act, was not available to taxpayers that received a PPP loan. Provisions in the Consolidated Appropriations Act (the "CAA"), which was signed into law on December 27, 2020, removed this restriction and allowed organizations that qualify for the ERC to retroactively apply for the ERC so long as the same wages are not used for both PPP loan forgiveness and the ERC.

U.S. GAAP does not contain authoritative guidance related to refundable tax credits. Absent authoritative accounting standards, interpretive guidance issued and commonly applied by financial statement preparers allows the analogy to alternative guidance. Management has determined that the ERC is a type of government assistance (government grant). FASB ASC 958-605, *Not-for-Profit Entities: Revenue Recognition* ("ASC 958"), is utilized in accounting for government grants. Under ASC 958, grant revenue is recognized as revenue in the period received in the form of assets or decreases of liabilities (expenses) and when all conditions of the grant are met.

Management has determined that the Organization is eligible for and has met all the necessary conditions to qualify for the ERC for various quarters during 2020 and 2021. In 2022, the Organization submitted amended quarterly payroll tax returns claiming to recover \$128,030 and \$324,931 of ERC related to various quarters in 2020 and 2021, respectively. For the year ended December 31, 2022, \$452,961 has been recognized as revenue in the accompanying statement of activities.

If it is determined that the Organization was not eligible to receive the ERC or that the Organization has not adequately complied with the regulations of the program, the Organization could be subject to penalties and could be required to repay the ERC.

YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF BOSTON, INC.
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NOTE 13. CONTINGENCIES (CONTINUED)

Litigation

The Organization is subject to a variety of suits and proceedings arising in the ordinary course of business. In the opinion of management, no litigation, individually or in the aggregate, currently pending or to the knowledge of the Organization, threatened against it will result in a material adverse effect on its financial condition.

Recent events relating to the disruption in the U.S. Banking System

In March and May 2023, the shut-down of certain financial institutions raised economic concerns over disruption in the U.S. banking system. The U.S. government took certain actions to strengthen public confidence in the U.S. banking system. However, there can be no certainty that the actions taken by the U.S. government will be effective in mitigating the effects of financial institution failures on the economy, which may include limits on access to short-term liquidity in the near term or other adverse effects. The Organization maintains cash amounts in excess of federally insured limits in the aggregate amount of \$164,555 as of December 31, 2022 and has certain concentrations in credit risk that expose the Organization to risk of loss if the counterparty is unable to perform as a result of future disruptions in the U.S. banking system or economy. Given the uncertainty of the situation, the related financial impact cannot be reasonably estimated at this time.