

**YWCA OF ASHEVILLE AND  
WESTERN NORTH CAROLINA, INC.**

INDEPENDENT AUDITORS' REPORT  
AND FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2023



CORLISS &  
SOLOMON  
PLLC

CERTIFIED PUBLIC ACCOUNTANTS

**YWCA of Asheville and  
Western North Carolina, Inc.**

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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
YWCA of Asheville and Western North Carolina, Inc.  
Asheville, NC

### **Opinion**

We have audited the accompanying financial statements of YWCA of Asheville and Western North Carolina, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related disclosures to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of YWCA of Asheville and Western North Carolina, Inc. as of June 30, 2023, and the changes in its net assets and its 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 and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of YWCA 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.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the 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 YWCA's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditors' 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 auditors' 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 and *Government 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, including omissions, 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 and *Government 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 YWCA'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 YWCA'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.

### **Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary schedule of receipt and expenditure of state funds is presented for purposes of additional analysis as required by the State of North Carolina 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 schedule of receipt and expenditure of state funds 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, March 28, 2024 on our consideration of YWCAs 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 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 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's internal control over financial reporting and compliance.

**Report on Summarized Comparative Information**

We have previously audited YWCA of Asheville and Western North Carolina, Inc.'s 2022 financial statements, and our report dated November 29, 2022, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Carliss & Salaman, PLLC*

Asheville, North Carolina  
March 28, 2024

# YWCA of Asheville and Western North Carolina, Inc.

## Statement of Financial Position

As of June 30, 2023

(With summarized comparative totals as of June 30, 2022)

	<b>2023</b>	<b>2022</b>
<b><u>Assets</u></b>		
<u>Current Assets</u>		
Cash and Cash Equivalents	\$ 339,159	\$ 559,191
Accounts Receivable	48,645	57,336
Grants Receivable	596,749	626,464
Promises to Give - Short Term	141,857	134,186
Prepaid Expenses	52,092	51,580
Total Current Assets	1,178,502	1,428,757
<u>Long-Term Assets</u>		
Right-of-Use Assets	12,157	-
Promises to Give, Net - Long Term	188,631	268,332
Endowment Funds and Board-Designated Funds	574,391	1,256,186
Property and Equipment, Net	2,732,705	2,823,376
Total Long-Term Assets	3,507,884	4,347,894
<b>Total Assets</b>	<b>\$ 4,686,386</b>	<b>\$ 5,776,651</b>
<b><u>Liabilities and Net Assets</u></b>		
<u>Current Liabilities</u>		
Accounts Payable	\$ 111,744	\$ 65,190
Accrued Wages and Payroll Liabilities	40,345	54,792
Accrued Vacation	110,497	156,417
Interest Payable	4,487	-
Deferred Income	51,486	93,594
ACA Compliance Liability	60,000	-
Note Payable (EIDL Loan) - Current Portion	3,615	3,615
Capital Lease Obligation - Current Portion	9,942	7,648
Total Current Liabilities	392,116	381,256
<u>Long-Term Liabilities</u>		
Note Payable (EIDL Loan) - Long-Term Portion	146,285	146,285
Capital Lease Obligations - Long-Term Portion	2,394	2,581
Total Long-Term Liabilities	148,679	148,866
Total Liabilities	540,795	530,122
<u>Net Assets</u>		
Without Donor Restrictions	3,414,227	4,338,110
With Donor Restrictions	731,364	908,419
Total Net Assets	4,145,591	5,246,529
<b>Total Liabilities and Net Assets</b>	<b>\$ 4,686,386</b>	<b>\$ 5,776,651</b>

*The accompanying disclosures are an integral part of these financial statements.*

# YWCA of Asheville and Western North Carolina, Inc.

## Statement of Activities

Year Ended June 30, 2023

(With summarized comparative totals for the prior year)

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total 2023</b>	<b>Total 2022</b>
<b>Support and Revenue</b>				
Program Revenue	\$ 1,689,876	\$ -	\$ 1,689,876	\$ 2,040,403
Grants	446,628	602,653	1,049,281	2,220,967
Contributions	353,521	19,647	373,168	565,273
Endowment Activity, Net	34,061	40,648	74,709	(188,462)
Interest Income	1,909	-	1,909	327
Other Income	13,852	-	13,852	29,569
In-Kind Contributions	45,679	-	45,679	-
Net Assets Released from Restrictions	840,003	(840,003)	-	-
<b>Total Support and Revenue</b>	<b>3,425,529</b>	<b>(177,055)</b>	<b>3,248,474</b>	<b>4,668,077</b>
<b>Expenses</b>				
Program Services				
Empowering Women	629,670	-	629,670	562,097
Promoting Health	958,830	-	958,830	862,189
Nurturing Children	1,835,466	-	1,835,466	1,831,221
Advancing Racial Justice	117,590	-	117,590	452,136
Total Program Services	3,541,556	-	3,541,556	3,707,643
Management and General	502,898	-	502,898	464,841
Fundraising	304,958	-	304,958	231,193
<b>Total Expenses</b>	<b>4,349,412</b>	<b>-</b>	<b>4,349,412</b>	<b>4,403,677</b>
Change in Net Assets During Year	(923,883)	(177,055)	(1,100,938)	264,400
Net Assets, Beginning of Year	4,338,110	908,419	5,246,529	4,982,129
<b>Net Assets, End of Year</b>	<b>\$ 3,414,227</b>	<b>\$ 731,364</b>	<b>\$ 4,145,591</b>	<b>\$ 5,246,529</b>

*The accompanying disclosures are an integral part of these financial statements.*

**YWCA of Asheville and Western North Carolina, Inc.**  
**Statement of Functional Expenses**

Year Ended June 30, 2023

(With summarized, comparative totals for the prior year)

	<b>Program Services</b>				<b>Total Program</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total 2023</b>	<b>Total 2022</b>
	<b>Empowering Women</b>	<b>Promoting Health</b>	<b>Nurturing Children</b>	<b>Advancing Racial Justice</b>					
<b>Personnel</b>									
Salaries and Wages	\$ 406,279	\$ 547,455	\$ 1,195,931	\$ 91,550	\$ 2,241,215	\$ 183,978	\$ 172,701	\$ 2,597,894	\$ 2,415,851
Payroll Taxes	30,528	41,136	89,862	6,879	168,405	13,824	12,977	195,206	156,842
Retirement	10,380	8,044	28,176	963	47,563	7,182	4,736	59,481	59,497
Employee Benefits	37,849	51,001	111,412	8,529	208,791	17,139	16,088	242,018	259,927
Subtotal Personnel	<u>485,036</u>	<u>647,636</u>	<u>1,425,381</u>	<u>107,921</u>	<u>2,665,974</u>	<u>222,123</u>	<u>206,502</u>	<u>3,094,599</u>	<u>2,892,117</u>
Bank Charges	-	-	-	-	-	29,658	3,154	32,812	31,711
Bad Debt Expense	-	-	-	-	-	7,182	-	7,182	3,186
Contract Labor	47,193	27,437	10,493	2,152	87,275	44,334	2,681	134,290	266,890
Equipment and Repairs	3,130	16,793	286	-	20,209	-	-	20,209	10,774
Event Expense	-	-	-	115	115	-	23,051	23,166	24,915
Food and Supplies	8,344	65	106,655	-	115,064	9,736	-	124,800	132,962
Insurance	7,636	25,986	22,705	672	56,999	4,208	1,832	63,039	53,466
Interest Expense	-	-	-	-	-	8,333	-	8,333	-
Miscellaneous Expense	41	414	1,211	88	1,754	4,353	882	6,989	4,707
Occupancy Expenses	32,189	118,667	121,092	1,552	273,500	17,608	7,310	298,418	264,705
Office Supplies	6,743	18,254	8,687	172	33,856	6,962	11,638	52,456	83,442
Program Expenses	16,521	30,359	22,077	33	68,990	-	-	68,990	84,920
Partner Grants	-	480	-	-	480	2,500	-	2,980	2,455
Printing and Postage	1,483	2,199	7,937	295	11,914	2,702	7,350	21,966	24,440
Professional Fees	-	-	-	-	-	22,790	-	22,790	19,017
Promotion and Marketing	-	-	-	-	-	357	33,476	33,833	34,491
Staff Development	1,536	1,147	4,163	3,000	9,846	8,468	719	19,033	16,651
Telephone	2,769	4,161	3,230	468	10,628	2,923	2,762	16,313	17,886
Travel	1,253	16	305	71	1,645	1,615	83	3,343	3,407
Subtotal Expenses	<u>613,874</u>	<u>893,614</u>	<u>1,734,222</u>	<u>116,539</u>	<u>3,358,249</u>	<u>395,852</u>	<u>301,440</u>	<u>4,055,541</u>	<u>3,972,142</u>
ACA Health Insurance Compliance Penalty	-	-	-	-	-	80,000	-	80,000	-
Depreciation	15,796	65,216	73,094	1,051	155,157	9,517	3,518	168,192	163,579
Grant Disbursement	-	-	-	-	-	-	-	-	267,956
In-Kind Utilized	-	-	28,150	-	28,150	17,529	-	45,679	-
<b>Total Expenses</b>	<b>\$ 629,670</b>	<b>\$ 958,830</b>	<b>\$ 1,835,466</b>	<b>\$ 117,590</b>	<b>\$ 3,541,556</b>	<b>\$ 502,898</b>	<b>\$ 304,958</b>	<b>\$ 4,349,412</b>	<b>\$ 4,403,677</b>

The accompanying disclosures are an integral part of these financial statements.



# YWCA of Asheville and Western North Carolina, Inc.

## Statement of Cash Flows

Year Ended June 30, 2023

(With summarized comparative totals for the prior year)

	<b>2023</b>	<b>2022</b>
<b><u>Cash Flows from Operating Activities</u></b>		
Change in Net Assets	\$ (1,100,938)	\$ 264,400
Adjustments to reconcile change in net assets to net cash provided or used by operating activities:		
Depreciation	168,192	163,579
Forgiveness of PPP Loan	-	(482,765)
Endowment Activity, Net	(74,709)	188,462
(Increase)/Decrease in Operating Assets		
Accounts Receivable	8,691	1,278
Grants Receivable	29,715	(251,209)
Promises to Give, Net	72,030	(120,748)
Prepaid Expenses and Other Assets	(512)	6,577
Increase/(Decrease) in Operating Liabilities		
Accounts Payable	46,554	(55,416)
Accrued Wages and Payroll Taxes	(14,447)	12,815
Accrued Vacation	(45,920)	34,926
Interest Payable	4,487	
Deferred Income	(42,108)	(2,987)
ACA Compliance Liability	60,000	-
Net Cash Used by Operating Activities	(888,965)	(241,088)
<b><u>Cash Flows from Investing Activities</u></b>		
Transfers to Endowment Funds	-	(100,000)
Distributions to YWCA from Endowment	756,504	-
Property and Equipment Purchases	(77,521)	(202,159)
Net Cash Provided/(Used) by Investing Activities	678,983	(302,159)
<b><u>Cash Flows from Financing Activities</u></b>		
Capital Lease Payments	(10,050)	(7,243)
Net Cash Used by Financing Activities	(10,050)	(7,243)
Net Change in Cash and Cash Equivalent	(220,032)	(550,490)
Cash and Cash Equivalents, Beginning of Year	559,191	1,109,681
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 339,159</b>	<b>\$ 559,191</b>

*The accompanying disclosures are an integral part of these financial statements.*

# **YWCA of Asheville and Western North Carolina, Inc.**

## **Disclosures to the Financial Statements**

For the Year Ended June 30, 2023

### **1. Description of the Organization, Corporate and Tax-Exempt Status**

YWCA of Asheville and Western North Carolina, Inc. (YWCA) is a non-profit charitable organization. Its mission is eliminating racism, empowering women, and promoting peace, justice, freedom, and dignity for all. At the YWCA of Asheville, we combine programming and advocacy in order to generate institutional change for over 3,000 community members annually. Our services advance racial justice, empower women, promote health, and nurture children. The YWCA's programs are designed to address disparities created by institutional racism and gender inequality.

The YWCA's program areas are as follows:

#### **Advancing Racial Justice**

*Racial Justice Workshops:* YWCA's 3-part Racial Justice Community Workshop is offered to anyone looking to learn about racial justice concepts and develop a deeper understanding of racism.

*Until Justice Just Is (UJJI):* UJJI is a nationwide YWCA campaign to build community among those who work for social justice and to raise awareness about the negative impact of institutional and structural racism in our communities.

*Racial Justice Challenge:* YWCA's Racial Justice Challenge offers four weeks of racial and gender justice learning that includes activities, reflection, and action against racism.

*Advocacy:* Working to create positive social change on a broad scale through local, state, and national policy initiatives.

#### **Empowering Women**

*Empowerment Childcare:* Provides reduced cost or free, high-quality child care for women caretakers seeking jobs, education, and essential social services to improve their family's economic security.

*Getting Ahead in a Just-Gettin'-By World:* Empowers women in poverty to build their resources for a more prosperous life for themselves, their families, and their communities.

*MotherLove:* Provides casework and support for pregnant or parenting teens, helping them build skills as strong parents and successful students to have healthy birth outcomes, continue education, and prevent subsequent pregnancies.

*Go Places:* GO PLACES helps justice-involved young adults prepare for employment through placement into paid work experiences, job training, and mentorship.

#### **Promoting Health**

*YWCA Health and Wellness:* Offers strength training, cardio equipment, indoor cycling, a variety of fitness classes, small group, and personal fitness training. This includes reduced-priced income-based memberships and free community classes.

*Aquatics:* Offers swimming lessons, lap and family swims, and lifeguard training in an indoor, solar-heated pool. Additionally, the YWCA offers free swimming lessons to Early Learning Program children and a Swim Equity scholarship for community members.

*Light A Path (LAP):* LAP is driven by volunteer certified yoga/fitness instructors who offer mindful movement classes for people who are incarcerated and those in recovery at community partner locations.

### **Nurturing Children**

*Early Learning Program:* A 5-star licensed program providing safe, stimulating, and affordable care for children from 6 weeks to 5 years old.

YWCA was established in 1907 as a nonprofit corporation under the laws of the State of North Carolina. It qualifies for exemption from federal income taxes under Section 501(c)(3) of the Internal Revenue code. The Organization has also elected to have 501(h) status, which establishes clear guidelines for lobbying expenditures by defining what percentage of an organization's budget may be spent on lobbying without incurring excise taxes. The YWCA is funded primarily by program revenue and grants.

## **2. Summary of Significant Accounting Policies**

### **Basis of Accounting**

The financial statements have been prepared on an accrual basis of accounting and conform to accounting principles generally accepted in the United States of America (U.S. GAAP), as applicable to not-for-profit organizations.

### **Financial Statement Presentation**

The classification of the organization's net assets, and its support, revenue and expenses is based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of two classes of net assets – without donor restrictions and with donor restrictions – be displayed in a statement of financial position and that the amounts of change in each of those classes of net assets be displayed in a statement of activities.

The classes of net assets are defined as follows:

*Net Assets Without Donor Restrictions* – Includes net assets that are not subject to donor-imposed restrictions and that may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the organization's management and board of directors.

*Net Assets With Donor Restrictions* - Includes net assets that are subject to restrictions imposed by donors or grantors. Some donor and grantor restrictions are temporary in nature, such as those with a specified purpose or a timeframe for expenditure established by the donor or grantor. Other donor-imposed restrictions are perpetual in nature, where the donor has stipulated the funds be maintained in perpetuity.

### **Cash and Cash Equivalents**

The organization's cash consists of cash on deposit with banks. Cash equivalents represent money market funds or short-term investments with original maturities of three months or less from the date of purchase.

### **Concentration of Credit Risk**

Financial instruments that potentially subject the organization to concentrations of credit risk consist principally of cash and cash equivalents. The organization maintains its cash and cash equivalents in various bank accounts that, at times, may exceed FDIC federally insured limits. The organization's cash and cash equivalent accounts have been placed with high credit quality financial institutions. The organization has not experienced, nor does it anticipate, any losses with respect to such accounts.

### Endowments and Board Designated Funds

Consistent with the Uniform Prudent Management of Institutional Funds Act (UPMIFA), enacted in North Carolina in 2009, the organization's policy continues to require the preservation of the original value of gifts donated to perpetual endowments. Consistent with current U.S. GAAP, the portion of a donor-restricted endowment that is classified as restricted is not reduced by losses on the investments of the fund, and accumulated investment income is restricted until appropriated for use.

The organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the organization, and (7) the organization's investment policies.

### Board Designated Endowment

YWCA maintain a board designated endowment to support its mission. The fund is held and managed by a community foundation in accord with investment guidelines established by the organization and investing policies established by the community foundation. The asset is reported at fair value in accordance with U.S. GAAP. The Board of Directors determines the amounts of draws, if any, based on the needs of its operating budget.

### Accounts Receivable

Accounts receivable represent uncollected amounts for program services carried out on a fee-for-service basis. An allowance for doubtful accounts is established for amounts deemed uncollectible, if needed.

### Contributions and Grants Receivable

Contributions and grants receivable, without conditions, and expected to be collected within one year are recorded at net realizable value; those expected to be collected in more than one year are recorded at the present value of their future cash flows, using a risk adjusted interest rate. Any provision for uncollectible receivables is estimated by management based on historical collection experience.

### Property and Equipment

Property and equipment purchases are recorded at cost. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method. The organization has adopted a capitalization threshold of \$2,500 per item. Expenses for repairs and maintenance that do not improve or extend the life of an asset are expensed as incurred.

### Program Service Revenue

In accordance with U.S. GAAP, the organization follows principles for recognizing revenue from contracts with customers (*ASU*) 2014-09, *Revenue from Contracts with Customers* (Topic 606). The guidance requires an entity to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services.

The organization adopted the new standard in 2020, using the modified retrospective approach, with no effect on revenue recognized. The Organization's major sources of revenue are the Early Learning Program and the Fitness and Aquatics Program. Revenue is recognized during the year as performance obligations are met, with revenue received in advance of being earned recorded as deferred revenue.

### Contributions and Grants

Contributions and grants are recognized in support: (1) when the organization receives cash, securities or other assets from a donor or grantor, (2) when a donor conveys a promise to make a donation in the future, on an unconditional basis, and (3) when a grantor awards a grant to be paid in the future, on an unconditional basis. Contributions and grants with conditions, such as performance requirements, are not recognized until the conditions on which they depend have been substantially met.

### Leases

The organization has adopted Accounting Standards Update (ASU) *No. 2016-02 Leases* (Topic 842) as management believes the standard improves the usefulness and understandability of the organization's financial reporting. The core principle of Topic 842 is that a lessee should recognize the assets and liabilities that arise from leases, except for short-term leases less than 12 months. The new standard represents an improvement over the previous GAAP, which did not require lease assets and lease liabilities to be recognized for most leases. The standard was effective for annual reporting periods beginning after December 15, 2021. During the transition period, implementation is presented retrospectively at the beginning of the period of adoption through a cumulative-effective adjustment and no adjustment to the prior year financial statements presented. The Organization adopted (ASU) *No. 2016-02 Leases* (Topic 842) effective July 1, 2022, and utilized all of the available practical expedients. The adoption can have a material impact on the Organization's statement of financial position but does not have a material impact on the statement of activities and cash flows.

### In-Kind Contributions

The organization recognizes contributed goods and the use of facilities at estimated fair value on the date of receipt. Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased. When recognized, contributed services are reported at fair value.

### Fair Value Measurements

Fair value is the price that would be received to sell an asset or the price that would be paid to transfer a liability in an orderly transaction between market participants at the measurement date. Certain valuation techniques are used to measure fair value. There are three broad levels as follows:

*Level 1* – (the highest level) inputs are based on quoted prices in active markets for identical assets or liabilities that the organization has the ability to access at the measurement date. For example, securities traded in an active market are valued using Level 1 inputs.

*Level 2* – inputs are observable inputs other than quoted prices, either directly or indirectly through corroboration with observable market data. If the asset or liability has a specified term, the Level 2 input must be observable for substantially the full term.

*Level 3* – inputs are unobservable inputs for the asset or liability, meaning the inputs reflect the Organization's own assumptions about the assumptions market participants would use in pricing the asset or liability, including inputs related to risk, which have been developed based on the best information available in the circumstances.

### 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 revenues and expenses during the period. Actual results could differ from those estimates.

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. Certain categories of expenses that are attributable to more than one program or supporting function require management's allocation on a reasonable basis that is consistently applied. The primary allocation basis used by management for personnel expenses and applicable overhead expenses is estimated based on employee time and effort.

Income Taxes/Uncertain Tax Positions

YWCA is exempt from federal income taxes under 501(c)(3) of the Internal Revenue Code. Under the Code, however, income from certain activities not related to the organization's tax-exempt purpose may be subject to taxation as unrelated business income. The organization had no income from unrelated business activities in 2023 and was, therefore, not required to file Federal Form 990-T (Exempt Organization Business Income Tax Return). The organization believes that it has appropriate support for all tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

Summarized Comparative Data

The financial statements include certain prior year summarized comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with US GAAP. Accordingly, such information should be read in conjunction with the organization's audited financial statements for the year ended June 30, 2022, from which the summarized information was derived. Certain amounts in the prior-year financial statements have been reclassified to conform to the current year presentation.

**3. Liquidity and Availability**

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, are comprised of the following:

<u>As of June 30:</u>	<u>2023</u>	<u>2022</u>
Financial Assets at year end:		
Cash and Cash Equivalents	\$ 339,159	\$ 559,191
Accounts Receivable	48,645	57,336
Grants Receivable- Short Term	596,749	626,464
Promises to Give, Net- Short Term	141,857	134,186
Endowment Funds and Board-Designated Funds	574,391	1,256,186
Total Financial Assets Available	<u>1,700,801</u>	<u>2,633,363</u>
Less amounts not available to be used in one year:		
Board Designated Assets - Endowment	52,740	697,893
Restricted Endowments	521,651	558,293
Total not available to be used in one year	<u>574,391</u>	<u>1,256,186</u>
Financial assets available to meet general expenditures over the following year	<u>\$ 1,126,410</u>	<u>\$ 1,377,177</u>

**4. Cash and Cash Equivalents**

Cash and cash equivalent amounts are shown in the list below.

<u>As of June 30:</u>	<u>2023</u>	<u>2022</u>
Checking Accounts	\$ 338,756	\$ 308,754
Money Market Account	403	250,437
Total Cash and Cash Equivalents	<u>\$ 339,159</u>	<u>\$ 559,191</u>

**5. Promises to Give**

The net value of long and short-term promises to give was \$330,488 and \$402,518 as of June 30, 2023, and 2022, respectively. Promises are presented net of the allowance for doubtful promises and are discounted to the present value of future cash flows. The expected collections by year are as follows:

<u>Year Ending June 30:</u>	
2024	\$ 141,857
2025	103,635
2026	79,130
2027	35,634
2028	6,503
Thereafter	6,955
Total Promises to Give	<u>373,714</u>
Less Allowance for Doubtful Pledges	<u>(24,646)</u>
Promises to Give, Net of Allowance	349,068
Less Present Value Discount	<u>(18,580)</u>
Promises to Give, Net of Allowance and Present Value Discount	<u>\$ 330,488</u>

**6. Grants Receivable**

Grants receivable totaled consists of the employment retention credit, grant awards, and grant reimbursements for YWCA programs. Management has evaluated the balances and considers them to be fully collectible and expected to be received in the following year.

<u>Year Ending June 30:</u>	<u>2023</u>	<u>2022</u>
2023	\$ 596,749	\$ 626,464
2024	-	-
Total Grants Receivable	<u>\$ 596,749</u>	<u>\$ 626,464</u>

**7. Property and Equipment**

Property and equipment consists of the following:

<u>As of June 30:</u>	<u>2023</u>	<u>2022</u>
Land	\$ 83,000	\$ 83,000
Buildings and Improvements	5,260,047	5,215,485
Furniture and Equipment	413,291	426,705
Vehicles	105,547	162,095
Less: Accumulated Depreciation	<u>(3,129,180)</u>	<u>(3,063,909)</u>
Total Property and Equipment, Net	<u>\$ 2,732,705</u>	<u>\$ 2,823,376</u>

Depreciation expenses are \$168,192 and \$163,579 for the years ended June 30, 2023, and 2022, respectively.

#### **8. Endowment Funds and Board-Designated Funds**

The YWCA has established three perpetual endowment funds at the Community Foundation of Western North Carolina (CFWNC). These funds are dedicated to providing investment income that can help supplement the YWCA's operating income for specific purposes described below.

**YWCA Endowment Fund (YWCA Holly Home Fund)** – This fund was created with donor funds to help support the employee home buyer assistance program to provide matching grants to YWCA employees who meet the required criteria and desire to own their own home. In 2019, the Board voted to expand the use of this program to include rental deposits and rental assistance. As of year end, \$40,617 is held as perpetually restricted for the program.

**Janirve Endowment for the YWCA of Asheville (YWJE Fund)** – The corpus of the fund is \$300,746 and is restricted in perpetuity. Investment income and gains are available for operations with the approval of the finance committee.

The YWCA also maintained four board-designated funds at the Community Foundation of Western North Carolina. The funds are held without donor restrictions and are described below. In accordance with the agreements with the Community Foundation, YWCA can withdraw from the funds at its discretion. The funds are invested according to the YWCA guidelines in pools approved by the Community Foundation investment committee using asset allocation techniques to produce a diversified portfolio that will grow but not expose the fund to unacceptable levels of risk.

**YWCA of Asheville Janirve Reserve Fund (YWJR Fund)** – This fund was held without donor restrictions and was intended to support extraordinary opportunities or needs of the organization. During the year, the funds were withdrawn and used for general operating purposes. As of June 30, 2023, the fund balance was zero.

**YWCA of Asheville Reserve Fund (YWRF Fund)** – This fund balance of \$52,740 is held without donor restrictions and intended to support purposes determined by the board.

**YWCA of Asheville Operating Funds** – In June 2021, YWCA established two board-designated operating funds. The fund balances were held without donor restrictions and are intended to support purposes determined by the board. During the year, the funds were withdrawn to support general operating purposes. As there is a stipulation that a \$25,000 minimum balance be maintained, these funds were closed during the year.

During the fiscal year, a combined \$756,504 was withdrawn from these funds, which were used to offset impacts on our finances caused by rising operational costs, significant changes in funding sources that decreased our revenue, and unexpected repairs on our aging building. A breakdown of activity in the funds during the audit year is as follows:



	Restricted YWCA Holy Home Fund	Restricted YWJE Janirve Endowment Fund	Designated Operating Funds
Balance as of June 30, 2022	\$ 86,042	\$ 472,251	\$ 173,694
Current Year Activity:			
Investment Income	1,848	10,534	671
Investment Gains	5,015	27,135	5,521
Administration Fees	(602)	(3,282)	(306)
Distributions to YWCA	(20,160)	(57,130)	(179,580)
Balance as of June 30, 2023	<u>\$ 72,143</u>	<u>\$ 449,508</u>	<u>\$ -</u>
	Designated YWJR Janirve Reserve Fund	Designated YWRF Reserve Fund	Total
Balance as of June 30, 2022	\$ 331,284	\$ 192,915	\$ 1,256,186
Current Year Activity:			
Investment Income	5,659	3,287	21,999
Investment Gains	14,812	7,419	59,902
Administration Fees	(2,121)	(881)	(7,192)
Distributions to YWCA	(349,634)	(150,000)	(756,504)
Balance as of June 30, 2023	<u>\$ -</u>	<u>\$ 52,740</u>	<u>\$ 574,391</u>

#### 9. External Funds Benefiting YWCA

YWCA is the income beneficiary of the Connie De Land Fund for Racial Justice (YWCD Fund) held, and owned by, the Community Foundation of WNC. The Fund is not an asset of YWCA and is, therefore, not reflected in the accompanying statement of financial position of the organization. The Fund was established in 2019 by Gerald De Land at the CFWNC to benefit YWCA's racial justice and eliminating racism program. YWCA received \$4,960 and \$4,720 from the fund in the years ended June 30, 2023, and 2022, respectively.

#### 10. Notes Payable

Notes payable consist of the following as of June 30, 2023:

On June 16, 2020, a loan was obtained from the SBA through the EIDL program in light of the impact of COVID -19 pandemic on the organization. The principal amount of the EIDL loan is \$150,000. The loan has an interest rate of 2.75% per annum, and installment payments, including principal and interest, are due monthly beginning twelve(12) months from the date of the note in the amount of \$641. The balance of principal and accrued interest is due thirty(30) years from the date of the note. No principal payments were made during the year. The SBA has a security interest in the organization's assets.

Balance as of June 30, 2023	\$ 149,900
Summary of Notes Payable:	
Total Notes Payable	149,900
Less: Current Maturities	(3,615)
Notes Payable, Net of Current Maturities	<u>\$ 146,285</u>

The following is a summary of maturities for the years ending June 30:

2024	\$	3,615
2025		3,716
2026		3,819
2027		3,926
2028		4,035
Thereafter		130,789
Total Notes Payable	\$	<u>149,900</u>

### 11. **Lease Commitments**

In fiscal year 2023, YWCA implemented the new lease standard ASU 2016-02 and recorded applicable leases as assets and liabilities on the financial statements. The lease agreement for their gym equipment, laptops, and copy machine is now reflected as right-of-use asset and financing lease liability on its statement of financial position. The company used a 3% risk-free discount rate to determine the present value of the asset and liability. Lease liability maturities for the remainder of the lease term are as follows:

<u>For the Years Ended June 30:</u>	<u>Finance</u>
2024	\$ 9,942
2025	2,483
2026	96
Total Undiscounted Cash Flows	12,521
Less: Present Value Discount	(185)
Total Lease Liabilities	<u>\$ 12,336</u>

### 12. **Net Assets Without Donor Restrictions**

Net assets without donor restrictions totaled \$3,414,227 and \$4,338,110 as of June 30, 2023, and 30, 2022, respectively. Net assets without donor restrictions include Board-designated reserve funds totaling \$52,740 and \$697,893, respectively (see Disclosure 8).

### 13. **Net Assets With Donor Restrictions**

At year-end restricted net assets with donor restrictions were available for the following purposes:

<u>As of June 30:</u>	<u>2023</u>	<u>2022</u>
Early Learning Program	\$ 41,128	\$ -
Empowerment Child Care Program	30,000	320,126
Getting Ahead Program	-	20,000
HVAC/ Facilities Update	61,295	-
Gender-Neutral Locker Room	-	10,000
Employee Homebuyer Assistance	51,686	45,425
Reserve Funds	205,892	171,505
Restricted in Perpetuity	341,363	341,363
Total Net Assets With Donor Restrictions	<u>\$ 731,364</u>	<u>\$ 908,419</u>

**14. In Kind Contributions**

The organization received contributions of goods and services as a part of its annual fundraising activity. These were valued at \$17,529 as year end June 30, 2023. The YWCA also received a contribution of WiFi hotspot equipment with two-year service from US Cellular. The value of the contribution was calculated as \$56,300. The total amount reported on the statement of activity as of year-end June 30, 2023 is as follows:

Fundraising Goods and Services	\$	17,529
US Cellular WiFi Hotspot Service		28,150
Total In Kind Contributions	\$	<u>45,679</u>

**15. Grant Disbursements**

During the prior year, a grantor approved a modification of terms of the Collaborative Problem-Solving grant in support of Racial Justice Coalition. The grant amounts received during the prior year were disbursed and the remaining receivable amounts were redirected to the approved organization totaling \$267,956 during the year ended June 30, 2022. No grants were disbursed as of year end June 30, 2023.

**16. Promotion and Marketing Costs**

Promotion and marketing costs are expensed in the year incurred. Organizational promotion and marketing costs were \$33,833 and \$34,491 for the years ended June 30, 2023, and 2022, respectively.

**17. Program Income**

YWCA offers programming for health and wellness fitness and aquatic programs, early childhood development and various workshops to empower women. Program revenue consists of the following:

<u>As of June 30:</u>	<u>2023</u>	<u>2022</u>
Early Learning Program:		
Governmental Contract Revenue	\$ 527,819	\$ 821,642
Private Pay Childcare Fees	615,131	790,837
NC Pre-K Fees	169,916	133,550
Health and Wellness	283,922	242,870
Aquatics	93,088	50,504
Empowerment Childcare	-	1,000
Total Program Revenue	<u>\$ 1,689,876</u>	<u>\$ 2,040,403</u>

**18. Retirement Plan**

YWCA is a participant in a defined contribution plan retirement plan. Employees are eligible to participate after two years of service and YWCA contributed 5% of salaries to eligible employees for the year ended June 30, 2023. YWCA retirement cost was \$59,481 and \$59,497 for the years ended June 30, 2023, and 2022, respectively.

**19. Fair Value Measurements**

The organization held investments at one brokerage firm at fair value on a recurring basis during the year. Fair values of assets measured on a recurring basis at June 30, 2023 are as follows:

	Fair Value	Fair Value Measurements at Reporting Date Using		
		Level 1	Level 2	Level 3
Endowments	\$ 574,391	\$ -	\$ -	\$ 574,391
Promises to Give	330,488	-	-	330,488
Total	\$ 904,879	\$ -	\$ -	\$ 904,879

The fair value of multi-year promises to give is subject to management's determination of the allowance for collectability. The fair values of Endowments, which are held at the Community Foundation, are provided by the Foundation and the applicable unobservable estimates are developed by the Foundation. Assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3):

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)	
	Endowments	Promises To Give
June 30, 2022	\$ 1,256,186	\$ 402,518
Withdrawal to Endowments	(756,504)	-
Change in Value, Net (Disclosure 8)	74,709	-
New Promises to Give	-	101,750
Collections	-	(125,530)
Write Offs	-	(56,696)
Allowance Adjustments	-	8,446
June 30, 2023	\$ 574,391	\$ 330,488

**20. ACA Health Insurance Compliance Penalty**

The YWCA received a notice from the IRS stating that they have been penalized for not filing reports 1049C and 1095C, as required under IRC Section 6056 of the Affordable Care Act, for the tax year 2018. However, these forms have now been filed, and the organization has requested an abatement of the penalties. Pending feedback on our abatement request the organization has accrued the full liability amount and had \$20,000 of ERC refunds applied toward the penalty. The total remaining liability as of June 30, 2023 was \$60,000.

**21. Concentrations in Operating Area**

YWCA of Asheville and Western North Carolina, Inc.'s business activity is with members located within Western North Carolina.

**22. Subsequent Events**

The YWCA took out a line of credit of up to \$1,000,000 on June 13, 2023 that was secured against the YWCA property. The balance drawn as of March 28, 2024 is \$249,533.

Subsequent events have been evaluated through March 28, 2024, which is the date the financial statements were available to be issued.

## **COMPLIANCE SECTION**



CORLISS &  
SOLOMON  
PLLC

**INDEPENDENT AUDITORS' REPORT 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 and Executive Director  
YWCA of Asheville and Western North Carolina, Inc.  
Asheville, North Carolina

We have audited, in accordance with the 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 of Asheville and Western North Carolina, Inc., which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related financial statement disclosures, and have issued our report thereon dated March 28, 2024.

***Report on Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered YWCA's internal control over financial reporting (internal control) as a basis for designing 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's internal control. Accordingly, we do not express an opinion on the effectiveness of YWCA'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.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether YWCA's financial statements are free from 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 financial statements. 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 organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Carliss & Solomon, PLLC*

Asheville, North Carolina  
March 28, 2024

## **SUPPLEMENTARY SCHEDULE**



**YWCA of Asheville and Western North Carolina, Inc.**  
**Schedule of Receipts and Expenditures of State Funds**  
Year Ended June 30, 2023

<b>Grantor/Program Title</b>	<b>Assistance Listings Number</b>	<b>Grantor's Number</b>	<b>Receipts</b>	<b>Expenditures</b>
<b><u>FEDERAL AWARDS PASSED THROUGH N.C. STATE AGENCIES</u></b>				
<b>U.S. Department of Health and Human Services</b>				
Passed Through:				
<b>N.C. Department of Health and Human Services</b>				
Temporary Assistance for Needy Families (TANF)				
Teen Pregnancy Prevention Initiatives	93.558	2101NCTA NF	\$ 38,810	\$ 38,810
N.C. Pre-K Program	93.558	YELP.2023. 2024	58,240	58,240
American Rescue Plan- CARES Act Early Childhood Stabilization Grant	93.044	11000405	213,877	197,749
Total N.C. Department of Health and Human Services			<u>310,927</u>	<u>294,799</u>
<b>Total U.S. Department of Health and Human Services</b>			<u>310,927</u>	<u>294,799</u>
<b>U.S. Department of Agriculture</b>				
Passed Through:				
<b>N.C. Department of Health and Human Services</b>				
Child and Adult Care Food Program (CACFP)	10.558	7719	58,765	58,765
<b>Corporation for National and Community Service</b>				
Passed Through:				
<b>Office of the Governor - N.C. Commission on Volunteerism and Community Service</b>				
AmeriCorps Program - Project Conserve	94.006	21AFHNC0 010010	28,000	28,000
<b>Total Federal Funds Passed Through N.C. State Agencies</b>			<u>\$ 397,692</u>	<u>\$ 381,564</u>
<b><u>STATE AWARDS</u></b>				
<b>N.C. Governor's Crime Commission</b>				
Family Justice Center		FJC GCC 21/23	\$ 33,454	\$ 33,454
<b>N.C. Department of Health and Human Services</b>				
Division of Child Development and Early Education				
2022 Subsidized Child Care Assistance Program (SCCA)		5675428	155,304	155,304
2023 Subsidized Child Care Assistance Program (SCCA)		5675428	158,638	158,638
N.C. Pre-K Expansion Grant		YELP.2023. 2023	42,717	42,717
N.C. Pre-K Program		YELP.2023. 2024	68,959	68,959
Total N.C. Department of Health and Human Services			<u>425,618</u>	<u>425,618</u>
<b>TOTAL EXPENDITURES OF STATE AWARDS</b>			<u>\$ 459,072</u>	<u>\$ 459,072</u>
<b>TOTAL EXPENDITURES OF FEDERAL AND STATE AWARDS</b>			<u>\$ 856,764</u>	<u>\$ 840,636</u>

See accompanying Disclosures to Schedule of Receipts and Expenditures of State Funds.

**YWCA of Asheville and  
Western North Carolina, Inc.**

Disclosures to Schedule of Receipt and Expenditures of State Funds  
Year Ended June 30, 2023

**1. Basis of Presentation**

The accompanying Schedule of Receipt and Expenditures of State Funds includes State of North Carolina grant activity reported by YWCA of Asheville and Western North Carolina, Inc. for the year ended June 30, 2023.

**2. Summary of Significant Accounting Policies**

Receipts and Expenditures reported on the schedule are reported on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.