

eliminating racism
empowering women

ywca

north orange county

**EMPOWERING
GENERATIONS
OF WOMEN**

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT**

FOR YEARS ENDED JUNE 30, 2017 AND 2016

SM&Co
Smith Marion
& Company, LLP
Certified Public Accountants

YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF NORTH ORANGE COUNTY

Financial Statements and Independent Auditors' Report
For Years Ended June 30, 2017 and 2016

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Board of Directors
Young Women's Christian Association of North Orange County
Fullerton, CA

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of Young Women's Christian Association of North Orange County, which comprise the statements of financial position as of June 30, 2017 and June 30, 2016, and the related statements of activities, cash flows, and functional expenses for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Young Women's Christian Association of North Orange County as of June 30, 2017 and June 30, 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.


December 28, 2017

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FINANCIAL STATEMENTS

YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF NORTH ORANGE COUNTY

Statements of Financial Position
June 30, 2017 and 2016

	2017	2016
ASSETS		
Current Assets		
Cash and cash equivalents		
Unrestricted	\$ 2,767	\$ 53,187
Restricted	122,505	141,041
Subtotal	<u>125,272</u>	<u>194,228</u>
Investments	596,645	557,629
Accounts receivable	-	1,055
Prepaid expenses and deposits	11,504	16,197
Total Current Assets	<u>733,421</u>	<u>769,109</u>
Non-Current Assets		
Property and equipment (net)	1,387	3,412
Total Non-Current Assets	<u>1,387</u>	<u>3,412</u>
TOTAL ASSETS	<u><u>\$ 734,808</u></u>	<u><u>\$ 772,521</u></u>
 LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 1,058	\$ 1,058
Accrued expenses	13,354	12,471
Total Current Liabilities	<u>14,412</u>	<u>13,529</u>
Net Assets		
Unrestricted	1,246	148,987
Temporarily restricted	719,150	610,005
Total Net Assets	<u>720,396</u>	<u>758,992</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 734,808</u></u>	<u><u>\$ 772,521</u></u>

YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF NORTH ORANGE COUNTY

Statements of Activities
For Years Ended June 30, 2017 and 2016

	2017	2016
UNRESTRICTED NET ASSETS		
Unrestricted revenues and gains		
Grant revenue	\$ 205,178	\$ 221,944
Contributions	63,360	70,376
Membership fee income	7,965	7,292
Program service fee	13,044	325
Special events	36,052	31,724
Investment return	19,350	(8,002)
Other	<u>9,520</u>	<u>26,830</u>
TOTAL UNRESTRICTED REVENUES AND GAINS	354,469	350,489
Net assets released from restrictions	<u>(70,685)</u>	<u>31,028</u>
TOTAL UNRESTRICTED REVENUES, GAINS, AND OTHER SUPPORT	<u>283,784</u>	<u>381,517</u>
 Expenses		
Program services		
Scholarship	9,500	8,000
Encore Plus	236,845	241,454
Youth Services	69,801	75,699
Other	<u>26,398</u>	<u>15,667</u>
Supporting services		
Management and general	81,446	67,536
Fund-raising	<u>7,535</u>	<u>7,039</u>
TOTAL EXPENSES	<u>431,525</u>	<u>415,395</u>
CHANGE IN UNRESTRICTED NET ASSETS	<u>(147,741)</u>	<u>(33,878)</u>
 TEMPORARILY RESTRICTED NET ASSETS		
Contributions	29,804	32,852
Investment return	8,656	806
Net assets released from restrictions	<u>70,685</u>	<u>(31,028)</u>
CHANGE IN TEMPORARILY RESTRICTED NET ASSETS	<u>109,145</u>	<u>2,630</u>
CHANGE IN NET ASSETS	(38,596)	(31,248)
 NET ASSETS AT BEGINNING OF YEAR	<u>758,992</u>	<u>790,240</u>
NET ASSETS AT END OF YEAR	<u>\$ 720,396</u>	<u>\$ 758,992</u>

YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF NORTH ORANGE COUNTY

Statements of Cash Flows
For Years Ended June 30, 2017 and 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (38,596)	\$ (31,248)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation	2,025	2,325
Realized and unrealized (gain) loss on investments	(7,513)	15,017
<i>(Increase) decrease in:</i>		
Accounts receivable	1,055	(1,055)
Prepaid expenses and deposits	4,693	(6,903)
<i>Increase (decrease) in:</i>		
Accounts payable	-	236
Accrued expenses	883	(6,250)
	<u>(37,453)</u>	<u>(27,878)</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
	<u>(37,453)</u>	<u>(27,878)</u>
 CASH FLOWS FROM INVESTING ACTIVITIES		
Investment interest	11,837	7,821
Proceeds (purchases) from investments	(43,340)	60,688
	<u>(31,503)</u>	<u>68,509</u>
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES		
	<u>(31,503)</u>	<u>68,509</u>
	NET INCREASE (DECREASE) IN CASH	(68,956) 40,631
Cash at beginning of year	<u>194,228</u>	<u>153,597</u>
	CASH AT END OF YEAR	\$ <u>125,272</u> \$ <u>194,228</u>
 SUPPLEMENTAL INFORMATION:		
In-kind contributions received	<u>\$ 39,935</u>	<u>\$ 39,935</u>

YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF NORTH ORANGE COUNTY

Statements of Functional Expenses
For Year Ended June 30, 2017 with Comparative Totals for 2016

	Program Services				Support Services		Totals	
	Scholarship	Encore Plus	Youth Services	Other Services	Mgmt & General	Fund Raising	2017	2016
Compensation and related expenses								
Compensation	\$ -	\$ 153,687	\$ 18,755	\$ 10,500	\$ 26,083	\$ 7,000	\$ 216,025	\$ 217,978
Employee benefits	-	12,193	478	242	6,654	-	19,567	24,359
Payroll taxes	-	11,757	1,435	803	1,928	535	16,458	16,575
Total Compensation and related expenses	-	177,637	20,668	11,545	34,665	7,535	252,050	258,912
Administration								
Professional services	-	12,956	3,550	518	5,191	-	22,215	21,045
Supplies	-	2,581	206	16	1,541	-	4,344	3,192
Telephone and utilities	-	4,607	2,504	198	1,348	-	8,657	8,997
Insurance	-	4,892	568	568	4,566	-	10,594	9,809
Subscription and dues	-	1,069	517	13	3,046	-	4,645	5,144
Printing	-	1,636	747	2,957	928	-	6,268	4,256
Postage	-	677	139	265	267	-	1,348	1,256
Total Administration	-	28,418	8,231	4,535	16,887	-	58,071	53,699
Occupancy								
Rent	-	24,988	39,935	2,900	5,400	-	73,223	73,223
Repairs and maintenance	-	1,597	204	58	520	-	2,379	2,345
Total Occupancy	-	26,585	40,139	2,958	5,920	-	75,602	75,568
Scholarships	9,500	-	-	-	9,525	-	19,025	17,045
Mileage	-	2,138	428	194	707	-	3,467	1,795
Conference and meetings	-	565	324	6,069	3,150	-	10,108	2,190
Depreciation	-	-	-	-	2,025	-	2,025	2,325
Miscellaneous	-	1,502	11	1,097	8,567	-	11,177	3,861
Total Functional Expenses	\$ 9,500	\$ 236,845	\$ 69,801	\$ 26,398	\$ 81,446	\$ 7,535	\$ 431,525	\$ 415,395

YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF NORTH ORANGE COUNTY

Notes to Financial Statements
For Years Ended June 30, 2017 and 2016

1. INTRODUCTION

Background

The YWCA of North Orange County (the "Association"), a member Association of the Young Women's Christian Association of the U.S.A., is a women's membership movement nurtured by its roots in the Christian faith and sustained by the richness of many beliefs and values. Strengthened by diversity, the Association draws together members and strives to create an opportunity for women's growth, leadership and power in order to attain a common vision: peace, justice, freedom and dignity for all people.

The North Orange County office was incorporated in March 4, 1946, as a non-profit organization under the laws of the State of California, and was granted tax exempt status.

Principal Services

The Association offers programs such as a teen job placement program, Encore Plus, (a breast cancer early detection screening for women), scholarships for women, children, and families, and other low or no cost agendas for the entire community.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

The Association uses the accrual basis of accounting in accordance with generally accepted accounting principles.

B. Basis of Presentation

The Association is required to report information regarding its financial position and activities according to three classes of net assets:

- *Unrestricted Net Asset* – net assets that are not subject to donor-imposed stipulations
- *Temporarily Restricted Net Assets* – net assets subject to donor-imposed stipulations that may or will be met either by actions of the YWCA of North Orange County and/or the passage of time.
- *Permanently Restricted Net Assets* – net assets subject to donor-imposed stipulations that they be maintained permanently by the YWCA of North Orange County. Generally, the donors of these assets permit the organization to use all or part of the income earned on related investments for general or specific purposes.

C. Cash and Cash Equivalents. For purposes of the statements of cash flows, the Association considers cash and all highly liquid investments available for current use with an initial maturity of three months or less to be cash or cash equivalents.

D. Accounts Receivable. Accounts receivable consists of all amounts earned at year end and not yet received. Allowances for uncollectible accounts are based upon historical trends and periodic aging of accounts receivable.

E. Property and Equipment. The Association follows the practice of capitalizing all expenses for equipment in excess of \$500; the fair market value of donated fixed assets is similarly capitalized. Depreciation is provided on equipment over the estimated useful lives of the assets using the straight-line method of depreciation. Maintenance costs are expensed in the period incurred. Furniture and equipment has been assigned useful lives from 5-7 years.

G. Fair Value of Financial Instruments. The carrying value of cash, cash equivalents, accounts receivable and other assets approximate fair values due to the short-term nature of these asset (level I on fair value hierarchy).

H. Contributions. Contributions received are recorded in the period received at their fair values as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

I. Functional Expense Allocations. Allocations of functional expenditures (including depreciation) are allocated on the basis of the employees' time sheets, departmental allocations, and building usage.

J. Estimates. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

K. Income Taxes. The YWCA of North Orange County, California is a nonprofit corporation, exempt from federal income tax under the Internal Revenue Code, Section 501(c)(3) and from state income tax under Section 23701d of the California Revenue and Taxation Code. The IRS considers the Association "other than a private foundation".

In accordance with accounting standards, which provides accounting and disclosure guidance about uncertain tax positions taken by an organization, management believes that all of the positions taken by the Association in its federal and state income tax returns are more likely than not to be sustained upon examination. The Association files returns in the U.S. Federal jurisdiction and the State of California. YWCA of North Orange County's federal income tax returns for the prior three tax years remain subject to examination by the Internal Revenue Service. The Association's California income tax returns for the prior four tax years remain subject to examination by the Franchise Tax Board.

L. Noncash Contributions. YWCA of North Orange County receives in-kind rent from the City of Anaheim for office space. The Association received \$39,935 of donated office space for both years ended June 30, 2017 and 2016.

M. Pension Plan. The YWCA of North Orange County participates in the YWCA Retirement Fund, which is a cash balance defined benefit pension plan. Contributions are based on 5% of each eligible employee's gross compensation. The Association contributed to the plan a total of \$8,749 and \$9,004 for the years ended June 30, 2017 and 2016, respectively.

N. Concentration. The YWCA of North Orange County received 42% and 35% of its support and revenue from two major grantors in the years ended June 30, 2017 and 2016, respectively.

O. Compensated absences. Unpaid employee vacation benefits are liabilities of the Association. Sick leave benefits are accumulated for each employee but are not vested. Accordingly, accumulated employee sick leave benefits are not recognized as a liability of the Association.

P. Subsequent Events. Management evaluated the activity of the Association through December 28, 2017 (the date the financial statements were available to be issued) and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

3. CASH, CASH EQUIVALENTS, AND INVESTMENTS

Cash and cash equivalents were comprised of the following as of the years ended June 30:

	2017	2016	
Cash and Cash Equivalents:			
<i>Unrestricted</i>			
Petty cash	\$ 3	\$ 90	
Checking and money markets	2,764	53,097	
Subtotal	2,767	53,187	
 <i>Restricted</i>			
Bill McGarvey Scholarship	-	22,558	
Shirley Bloom Scholarship	122,505	118,483	
Subtotal	122,505	141,041	
Total Cash and Cash Equivalents	\$ 125,272	\$ 194,228	

Concentrations of Credit Risk

Financial instruments that potentially subject the Association to concentrations of credit risk consist principally of cash deposits. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to certain limits. At June 30, 2017, the Association had the following cash insurance coverages:

Institution	Insured	Uninsured	Deposits
Farmers & Merchant Bank	\$ 4,404	\$ -	\$ 4,404
Pacific Community Credit Union	260	-	260
Credit Union of Southern California	124,367	-	124,367
Total	\$ 129,031	\$ -	\$ 129,031

Investments were comprised of the following as of the years ended June 30:

	2017	2016	
Investments:			
<i>Restricted</i>			
Bill McGarvey Scholarship	21,280	-	
Thurmond Scholarship	284,321	267,334	
Duncan Family trust	291,044	290,295	
Subtotal	596,645	557,629	
Total Investments	\$ 596,645	\$ 557,629	

Investments were deposited in the following as of year ended June 30, 2017:

	<i>Morgan Stanley</i>	<i>Morgan Stanley</i>	<i>Credit Union of Southern California</i>	
	Thurmond Scholarship	Duncan Trust	McGarvey Scholarship	Total
Cash	\$ 813	\$ 4,276	\$ 21,280	\$ 26,369
Equities	7,310	7,164	-	14,474
Fixed Income & Preferreds	227,345	230,752	-	458,097
Alternatives	48,853	48,852	-	97,705
Total	\$ 284,321	\$ 291,044	\$ 21,280	\$ 596,645

	2017	2016
Investment return consists of the following:		
Interest and dividends	\$ 20,493	\$ 7,821
Net unrealized gain (loss) on investments	7,513	(15,017)
	<u>\$ 28,006</u>	<u>\$ (7,196)</u>

4. PREPAID EXPENSES AND DEPOSITS

Prepaid expenses and deposits were comprised of the following at June 30:

	2017	2016
Prepaid expenses	\$ 9,300	\$ 13,993
Deposits	2,204	2,204
Total	\$ 11,504	\$ 16,197

Deposits represent reserve funds of the Organization's Unemployment Services Trust account (UST). The organization's reserve funds are used to pay unemployment claims that are billed from the state and are expensed when incurred. The funds remain as an asset of the organization and would be returned should the organization withdraw from UST. The organization's contributions to the reserve fund is based on the unemployment claims history and the size of the payroll.

5. FURNITURE & EQUIPMENT

At June 30, 2017 and 2016, the beginning balances, depreciation and ending balances of these assets were:

	06/30/16	Additions	Disposals	06/30/17
Non-depreciable:				
Land	\$ -	\$ -	\$ -	\$ -
Subtotal	-	-	-	-
Depreciable:				
Buildings & improvements	-	-	-	-
Furniture & equipment	62,321	-	-	62,321
Subtotal	62,321	-	-	62,321
Accumulated depreciation	(58,909)	(2,025)	-	(60,934)
Property & Equipment (net)	<u>\$ 3,412</u>	<u>\$ (2,025)</u>	<u>\$ -</u>	<u>\$ 1,387</u>

Depreciation expense for the years ended June 30, 2017 and 2016 was \$2,025 and \$2,325, respectively.

6. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at June 30, 2017 and June 30, 2016, consisted of the following three funds:

	06/30/16	Additions	Released	Adjustments	06/30/17
Thurmond Scholarship	\$ 186,200	\$ 458	\$ -	\$ 97,663	\$ 284,321
Duncan Estate	290,295	17,925	(17,176)	-	291,044
McGarvey Scholarship	22,558	20	(1,298)	-	21,280
Shirley Bloom	110,952	20,057	(8,504)	-	122,505
Total	<u>\$ 610,005</u>	<u>\$ 38,460</u>	<u>\$ (26,978)</u>	<u>\$ 97,663</u>	<u>\$ 719,150</u>

Thurmond Scholarship – Funds are used to give women the opportunity to go back to school by awarding scholarships. The board and members of the Thurmond Estate select the candidates.

Duncan Trust – Funds are to be used for Battered Women and the Youth Homelessness programs. The funds have been placed in a separate temporarily restricted account at Morgan Stanley.

McGarvey Scholarship – Funds are used to give both men and women the opportunity to return to college and further their educational goals.

Late Bloomers Scholarships and the Joan and Burnie Cohen Scholarships - Funds are used for Women's Scholarships of re-entry women, 24-27 years or older attending Fullerton College and/or California State University Fullerton.

7. FUNDRAISING REVENUES AND EXPENSES

The YWCA of North Orange County conducts various special events and fundraisers during the course of the year. The following is a summary of the fundraising activities for the years ended June 30:

	Chocolate Fantasy	Holiday Appeal	2017
Revenue	\$ 54,740	\$ 3,900	\$ 58,640
Less: Direct expenses	(21,475)	(1,113)	(22,588)
Net Fundraising	<u>\$ 33,265</u>	<u>\$ 2,787</u>	<u>\$ 36,052</u>

	Chocolate Fantasy	Holiday Appeal	2016
Revenue	50,589	8,841	\$ 59,430
Less: Direct expenses	(24,743)	(2,963)	(27,706)
Net Fundraising	<u>\$ 25,846</u>	<u>\$ 5,878</u>	<u>\$ 31,724</u>