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Young Women's Christian Association of Yakima

Financial Statements and
Independent Auditors' Report
June 30, 2010 and 2009



Young Women's Christian Association of Yakima

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Board of Directors

Young Women's Christian Association of Yakima
Yakima, Washington

We have audited the accompanying statements of financial position of the Young Women's Christian Association of Yakima (the YWCA) as of June 30, 2010 and 2009, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the YWCA's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of YWCA as of June 30, 2010 and 2009, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated October 22, 2010, on our consideration of Young Women's Christian Association of Yakima's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Petersen CPAs and Advisors, PLLC

October 22, 2010

Young Women's Christian Association of Yakima

Statements of Financial Position

Assets	June 30,	
	2010	2009
Current Assets:		
Cash and cash equivalents	\$ 84,575	\$ 18,226
Grants receivable	62,048	61,488
Current portion of restricted pledges receivable, net of allowance	157,448	354,044
Total current assets	<u>304,071</u>	<u>433,758</u>
Land, Buildings and Equipment:		
Buildings	2,259,997	2,450,862
Equipment	46,018	232,312
	<u>2,306,015</u>	<u>2,683,174</u>
Less accumulated depreciation	(170,176)	(319,538)
	<u>2,135,839</u>	<u>2,363,636</u>
Construction in process	777,051	-
Land	350,000	377,650
Total land, buildings and equipment	<u>3,262,890</u>	<u>2,741,286</u>
Other Assets:		
Restricted pledges receivable, net of allowance and discount	29,025	136,660
Restricted and designated cash and cash equivalents	101,910	63,864
Restricted and designated investments	62,928	54,954
Total other assets	<u>193,863</u>	<u>255,478</u>
	<u>\$ 3,760,824</u>	<u>\$ 3,430,522</u>
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable	\$ 218,135	\$ 103,256
Accrued liabilities	23,353	38,921
Current portion of long-term capital lease	481	2,639
Current portion of notes payable	15,504	23,777
Total current liabilities	<u>257,473</u>	<u>168,593</u>
Long-term liabilities:		
Long-term capital lease	-	481
Notes payable	445,865	658,126
	<u>445,865</u>	<u>658,607</u>
Total liabilities	<u>703,338</u>	<u>827,200</u>
Net Assets:		
Unrestricted, undesignated	2,706,180	1,938,552
Board designated operating reserves	32,672	55,248
Total unrestricted	<u>2,738,852</u>	<u>1,993,800</u>
Temporarily restricted	318,634	609,522
Total net assets	<u>3,057,486</u>	<u>2,603,322</u>
	<u>\$ 3,760,824</u>	<u>\$ 3,430,522</u>

See accompanying notes to the financial statements.

Young Women's Christian Association of Yakima
Statement of Activities and Changes in Net Assets
June 30, 2010

	Unrestricted	Temporarily Restricted	Total
<i>Support:</i>			
Grants	\$ 1,032,472	\$ -	\$ 1,032,472
United Way	66,083	-	66,083
Contributions	251,982	-	251,982
Total support	<u>1,350,537</u>	<u>-</u>	<u>1,350,537</u>
<i>Net Assets Released from Restrictions</i>	<u>290,888</u>	<u>(290,888)</u>	<u>-</u>
Total support and revenue	<u>1,641,425</u>	<u>(290,888)</u>	<u>1,350,537</u>
<i>Expenses:</i>			
Program services	540,146	-	540,146
Management and general	311,977	-	311,977
Fundraising	59,432	-	59,432
Payments to affiliated organizations	12,595	-	12,595
Total expenses	<u>924,150</u>	<u>-</u>	<u>924,150</u>
<i>Other Revenue and Expenses:</i>			
Loss on disposal of assets	(14,748)	-	(14,748)
Interest and dividend income	1,351	-	1,351
Net unrealized loss on investments	(6,069)	-	(6,069)
Other income	47,243	-	47,243
Total other revenue and expenses	<u>27,777</u>	<u>-</u>	<u>27,777</u>
<i>Changes in Net Assets</i>	745,052	(290,888)	454,164
<i>Net Assets, Beginning of Year</i>	<u>1,993,800</u>	<u>609,522</u>	<u>2,603,322</u>
<i>Net Assets, End of Year</i>	<u>\$ 2,738,852</u>	<u>\$ 318,634</u>	<u>\$ 3,057,486</u>

See accompanying notes to the financial statements.

Young Women's Christian Association of Yakima
Statement of Activities and Changes in Net Assets
June 30, 2009

	Unrestricted	Temporarily Restricted	Total
<i>Support:</i>			
Grants	\$ 412,514	\$ -	\$ 412,514
United Way	66,289	-	66,289
Contributions	276,574	-	276,574
Total support	<u>755,377</u>	<u>-</u>	<u>755,377</u>
<i>Program Revenue</i>	7,166	-	7,166
<i>Net Assets Released from Restrictions</i>	<u>568,801</u>	<u>(568,801)</u>	<u>-</u>
Total support and revenue	<u>1,331,344</u>	<u>(568,801)</u>	<u>762,543</u>
<i>Expenses:</i>			
Program services	561,599	-	561,599
Management and general	329,818	-	329,818
Fundraising	151,381	-	151,381
Payments to affiliated organizations	7,915	-	7,915
Total expenses	<u>1,050,713</u>	<u>-</u>	<u>1,050,713</u>
<i>Other Revenue and Expenses:</i>			
Investment income	5,297	-	5,297
Other expenses	(15,629)	-	(15,629)
Total other revenue and expenses	<u>(10,332)</u>	<u>-</u>	<u>(10,332)</u>
<i>Changes in Net Assets</i>	270,299	(568,801)	(298,502)
<i>Net Assets, Beginning of Year</i>	<u>1,723,501</u>	<u>1,178,323</u>	<u>2,901,824</u>
<i>Net Assets, End of Year</i>	<u>\$ 1,993,800</u>	<u>\$ 609,522</u>	<u>\$ 2,603,322</u>

See accompanying notes and accountants' report.

Young Women's Christian Association of Yakima
Statement of Functional Expenses
June 30, 2010

<i>Expenses:</i>	Program Services	Management and General	Fundraising	Total
Bad debt expense	\$ -	\$ 187,611	\$ -	\$ 187,611
Bank fees and charges	-	678	-	678
Business taxes and licenses	290	193	-	483
Depreciation expense	36,182	18,185	-	54,367
Dues and subscriptions	-	4,086	-	4,086
Employee benefits	49,638	2,128	3,336	55,102
Insurance	17,470	3,437	-	20,907
Interest	-	17,063	-	17,063
Meals	2,000	320	12,874	15,194
Miscellaneous expenses	1,043	9,260	1,654	11,957
Payroll taxes	55,990	7,402	3,336	66,728
Postage	1,807	599	368	2,774
Printing and advertising	1,429	2,069	3,184	6,682
Professional fees and licenses	51,215	7,928	17,340	76,483
Rent and repairs	2,381	2,606	-	4,987
Rental assistance	3,773	119	-	3,892
Salaries	281,498	37,210	16,774	335,482
Supplies	8,813	1,059	566	10,438
Telephone and internet	7,251	5,445	-	12,696
Travel and conferences	5,139	4,000	-	9,139
Utilities	14,227	579	-	14,806
Total expenses	<u>\$ 540,146</u>	<u>\$ 311,977</u>	<u>\$ 59,432</u>	<u>\$ 911,555</u>

See accompanying notes and accountants' report.

Young Women's Christian Association of Yakima
Statement of Functional Expenses
June 30, 2009

	Program Services	Management and General	Fundraising	Total
<i>Expenses:</i>				
Bad debt expense	\$ -	\$ 20,156	\$ -	\$ 20,156
Bank fees and charges	-	2,490	-	2,490
Business taxes and licenses	-	6,816	-	6,816
Depreciation expense	40,769	21,138	815	62,722
Employee benefits	39,844	12,079	3,152	55,075
Insurance	26,381	5,077	5,992	37,450
Interest	-	28,908	-	28,908
Meals	80	7,151	10,749	17,980
Miscellaneous expenses	-	35,928	-	35,928
Payroll taxes	40,687	48,039	2,753	91,479
Postage	1,032	1,601	195	2,828
Printing and advertising	1,753	940	1,127	3,820
Professional fees and licenses	8,112	34,396	73,745	116,253
Rent and repairs	404	35,812	3,589	39,805
Rental assistance	12,471	-	-	12,471
Salaries	334,750	42,566	32,048	409,364
Supplies	6,812	11,372	13,168	31,352
Telephone	10,363	4,275	4,048	18,686
Travel and conferences	7,686	9,143	-	16,829
Utilities	30,455	1,931	-	32,386
Total expenses	<u>\$ 561,599</u>	<u>\$ 329,818</u>	<u>\$ 151,381</u>	<u>\$ 1,042,798</u>

See accompanying notes and accountants' report.

Young Women's Christian Association of Yakima
Statements of Cash Flows

	June 30,	
	2010	2009
<i>Increase (Decrease) in Cash and Cash Equivalents</i>		
<i>Cash Flows from Operating Activities:</i>		
Cash received from contributions, grants and services	\$ 839,987	\$ 782,636
Cash paid to suppliers and employees	(782,677)	(1,047,579)
Interest received	1,351	5,297
Interest paid	(17,063)	(28,908)
Net cash provided by (used by) operating activities	41,598	(288,554)
<i>Cash Flows from Investing Activities:</i>		
Purchase of property and equipment	(578,576)	(519,506)
Proceeds from sale of assets	-	139,585
Change in restricted cash and equivalents	(52,089)	383,089
Net cash (used by) provided by investing activities	(630,665)	3,168
<i>Cash Flows from Financing Activities:</i>		
Payments on long-term debt	(18,437)	(24,530)
Collection of contributions restricted for long-term purposes:		
Bringing it home campaign - collection of pledges	116,620	324,914
Receipt of grants and contracts - restricted for property and equipment	557,233	-
Net cash provided by financing activities	655,416	300,384
<i>Net Increase in Cash and Cash Equivalents</i>	66,349	14,998
<i>Cash and Cash Equivalents, Beginning of Year</i>	18,226	3,228
<i>Cash and Cash Equivalents, End of year</i>	\$ 84,575	\$ 18,226

See accompanying notes and accountants' report.

Young Women's Christian Association of Yakima

Statements of Cash Flows

	June 30,	
	2010	2009
<i>Reconciliation of Change in Net Assets to Net Cash</i>		
<i>Provided by (Used by) Operating Activities:</i>		
Changes in net assets	\$ 454,164	\$ (298,502)
Adjustments to reconcile change in net assets to net cash provided by (used by) operating activities:		
Depreciation	54,367	62,722
Bad debt expense	187,611	20,156
Loss on disposal of assets	14,748	15,629
Unrealized loss on assets	6,069	-
Contributions restricted for long-term purposes	(673,853)	(324,914)
(Increase) decrease in operating assets:		
Grants receivable	(560)	20,093
Prepaid expenses	-	14,462
Pledges receivable	116,620	324,914
Increase (decrease) in operating liabilities:		
Accounts payable	(102,000)	(119,795)
Accrued expenses	(15,568)	(3,319)
Total adjustments	(412,566)	9,948
Net cash provided by (used in) operating activities	\$ 41,598	\$ (288,554)

Noncash Investing and Financing Activities:

During the year ended June 30, 2010 the YWCA discontinued the contract with the Department of Commerce, resulting in a reduction of \$204,736 of long-term debt and a related reduction of land and building with a net book value of \$210,358. The YWCA recognized a loss of \$5,622 related to this transaction.

The YWCA wrote off equipment with a net book value of \$9,126, and recognized the related loss during the year ended June 30, 2010.

During the year ended June 30, 2010, the YWCA had \$216,879 of accounts payable for construction in progress.

Young Women's Christian Association of Yakima

Notes to Financial Statements

Note 1 – Organization:

The Young Women's Christian Association of Yakima (the YWCA) is a nonprofit corporation exempt from federal income tax under Section 5-1(a) of the Internal Revenue Code as an organization described in Section 501(c)(3), public charity and is not considered a private foundation. The YWCA is a publicly supported organization organized for charitable and educational purposes and is operated to receive, hold, invest, and properly administer assets; and to make expenditures to or for the benefit of the YWCA programs.

The YWCA has a rich history of community service. The mission of the YWCA reflects a loyal commitment to helping women and families improve the quality of their lives. Unduplicated and unique social service programs are developed to assist the low-income and homeless populations by providing services at no cost to the clients. Program emphasis includes development of positive, supportive relationships within the family framework, as well as the development of basic survival skills. A key element of all programs and services at the YWCA is an ongoing commitment to the elimination of racism.

Core Program Areas:

- The *Alternatives to Domestic Violence Program* provides confidential safe shelter, counseling, referral, and legal advocacy to women and children struggling to break the cycle of abuse.
- The *GEMS (Girls Empowered in Math & Science) program* is a program for middle school girls who are empowered by math and science. The program encourages girls to become involved in their communities and to reach out to their peers.
- The *Working Women's Wardrobe* is a free clothing bank to help women returning to the workforce with interview appropriate clothing.

Note 2 – Summary of Significant Accounting Policies:

Basis of presentation – Financial statement presentation follows the U.S. generally accepted accounting principles promulgated by the Financial Accounting Standards Board. Under those principles, the YWCA is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Basis of accounting – The YWCA's financial statements have been prepared on the accrual basis of accounting. Under this method of accounting revenues are recognized when earned and expenses are recognized when incurred.

Use of estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Cash and cash equivalents – For purposes of the statement of cash flows, the YWCA considers all highly liquid investments with original maturity dates of three months or less to be cash equivalents.

Investments – Investments consist of stocks and mutual funds. All investments are valued using readily determinable market prices.

Accounts Receivable – Receivables are recorded net of bad debts and doubtful accounts written off. Management periodically assesses the collectability of receivables. This assessment is the basis for the write-off of doubtful accounts and the related bad debt expense. Management has estimated there are no doubtful collections of grants receivable, and the allowance for pledges receivable is \$84,418 and \$53,745 at June 30, 2010 and 2009, respectively.

Property and equipment – It is the YWCA's policy to capitalize property and equipment over \$1,000. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose.

Young Women's Christian Association of Yakima

Notes to Financial Statements

Note 2 – Summary of Significant Accounting Policies (continued):

Property and equipment (continued)

Property and equipment are depreciated using the straight-line method over the estimated useful life of the asset. Management reviews and analyzes fixed assets for potential impairment on an annual basis and no impairment was determined by management at June 30, 2010 and 2009.

Vacation policy – The YWCA recognizes vacation expense when earned. Full-time and part-time employees begin accruing vacation immediately, but are not vested until six months following the date of employment. Accrued vacation is payable upon termination.

Federal income taxes – The YWCA is exempt from federal income taxes under Internal Revenue Service Code Section 501(c)(3), except on net income from unrelated business activities.

For the year ended June 30, 2009, the entity adopted guidance in FASB ASC 740-10, regarding the reporting of uncertainty in income taxes. The implementation of FASB ASC 740-10 had no impact on the entity's statement of financial position or statement of activities. The entity does not believe its financial statements include (or reflect) any uncertain tax positions.

The Company's accounting policy requires recording a liability for uncertain tax positions when it is probable that a loss has been incurred and the amount can be reasonably estimated. The company continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law, and new authoritative rulings in determining transactions to be recognized in the financial statements.

Functional expenses – The costs of providing various program and supporting services have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefitted.

Donated materials and services – Donated materials and services are recorded as contributions at their fair values in the period received when the donated services create or enhance non-financial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. A number of volunteers and community organizations have donated significant amounts of their time and materials to the YWCA. These materials and services are not recorded because of the lack of objective basis to determine the value of the services and materials.

Concentration of credit risk – Financial instruments that potentially subject the YWCA to concentrations of credit risk consist principally of cash investments. The YWCA places its cash investments with financial institutions and limits the amounts of credit exposure to any one financial institution.

Net assets – The YWCA reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The classes of net assets are based on the existence or absence of donor-imposed restrictions. The YWCA has no permanently restricted net assets.

Revenue recognition – All contributions are considered available for the YWCA's general programs unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor are reported as temporarily or permanently restricted support and increase the respective class of net assets. Contributions received with temporary restrictions that are met in the same reporting period are reported as unrestricted support and increase unrestricted net assets. Investment income that is limited to specific uses by donor restrictions is reported as an increase in unrestricted net assets if the restriction is met in the same reporting period as the income is recognized.

Pledges receivable in the accompanying statement of financial position consist of unconditional promises to give, which are recorded at their net realizable value at the time the promises are received. These promises to give are reflected as either current or long-term receivables on the statement of financial position. All long-term receivables are expected to be collected within five years.

Young Women's Christian Association of Yakima

Notes to Financial Statements

Note 2 – Summary of Significant Accounting Policies (continued):

Advertising – Advertising costs are expensed as incurred. Advertising costs were \$6,682 and \$3,820 for the years ended June 30, 2010 and 2009, respectively.

Reclassifications – Certain 2009 items have been reclassified in order to conform with the 2010 financial statement presentation.

Subsequent events – Subsequent events were evaluated through October 22, 2010, which is the date the financial statements were available to be issued.

Note 3 – Investments:

The YWCA adopted the Financial Accounting Standards Board (FASB) Accounting Standard Codification (ASC) 820, *Fair Value Measurements and Disclosures*, which 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 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy defined by FASB ASC 820 are 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 valuation methodology include:

- A. Quoted prices for similar assets or liabilities in active markets.
- B. Quoted prices for identical or similar assets or liabilities in inactive markets.
- C. Inputs other than quoted prices that are observable for the asset or liability.
- D. Inputs that are principally from, or corroborated by, observable market data by correlation or other means.

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

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

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2010 and 2009.

Investments: All investments are valued at the quoted market prices for identical assets that are traded in an active market (Level 1).

Young Women's Christian Association of Yakima

Notes to Financial Statements

Note 4 – Capital Campaign “Bringing it Home”:

During the year ended June 30, 2007, the YWCA initiated a capital campaign for the purchase of new facilities. Details related to this campaign are as follows:

	June 30, 2010		
	Due in 1 Year	Due in 1 - 5 Years	Total
	Capital campaign pledges receivable	\$ 224,926	\$ 56,467
Less:			
Discount to net present value	-	(10,502)	(10,502)
Allowance for uncollectible pledges	(67,478)	(16,940)	(84,418)
Net pledges receivable	\$ 157,448	\$ 29,025	\$ 186,473
	June 30, 2009		
	Due in 1 Year	Due in 1 - 5 Years	Total
	Capital campaign pledges receivable	\$ 391,911	\$ 164,325
Less:			
Discount to net present value	-	(11,787)	(11,787)
Allowance for uncollectible pledges	(37,867)	(15,878)	(53,745)
Net pledges receivable	\$ 354,044	\$ 136,660	\$ 490,704

Pledges have been discounted at an 8% annual rate of interest. The capital campaign pledges receivable are restricted in use for costs and expenses of a new facility and of the campaign itself.

Note 5 – Long-Term Debt:

Long-term debt consisted of the following:

	June 30,	
	2010	2009
Note payable to Yakima Federal Savings and Loan Association, payable in monthly installments of \$3,957, at an interest rate of 7%, secured by real estate	\$ 461,369	\$ 477,167
Note payable to Yakima Federal Savings and Loan Association, payable in monthly installments of \$1,073, at an interest rate of 7%, secured by real estate	-	54,736
Note payable to the Washington State Department of Commerce, Trade, and Economic Development (CTED), with no payments or interest, and forgiven in July 2047, if contractual obligations have been met	-	150,000
	461,369	681,903
Less current maturities	15,504	23,777
	\$ 445,865	\$ 658,126

Young Women's Christian Association of Yakima

Notes to Financial Statements

Note 5 – Long-Term Debt (continued):

Future maturities of long-term debt are as follows:

Years Ending June 30,	
2011	\$ 15,504
2012	16,625
2013	17,827
2014	19,116
2015	20,497
Thereafter	<u>371,800</u>
	<u><u>\$ 461,369</u></u>

Note 6 – Lease Commitments:

Long-term capital lease obligations consisted of the following:

	June 30,	
	2010	2009
Lease payable to NEC Aspires payable in monthly installments of \$245 at an implied interest rate of 15%	\$ 481	\$ 3,120
Less current maturities	<u>481</u>	<u>2,639</u>
	<u><u>\$ -</u></u>	<u><u>\$ 481</u></u>

Note 7 – Board Restrictions on Net Assets:

The Board of Directors has designated a portion of the unrestricted net assets for operating reserves. These amounts may only be accessed by Board approval.

Note 8 – Restricted Net Assets:

A component of temporarily restricted net assets consists of mutual funds and money funds held at a financial institution, with a current fair market value of \$132,161 and \$118,818 at June 30, 2010 and 2009, respectively. In addition, there are pledges receivable of \$186,473 and \$490,704, at June 30, 2010 and 2009, respectively. All temporarily restricted net assets are restricted for the capital campaign.

Note 9 – Retirement Plan:

The YWCA is subject to a mandatory participation requirement in the National Young Women's Christian Association Retirement Fund (the Fund). The Fund is a contributory retirement plan, which covers all employees who meet the specific age, length of employment, and hours worked requirements.

The bylaws require that the eligible employees make monthly contributions of 5% of compensation. The YWCA must contribute an additional 5% of compensation for each employee, plus 1% for administration costs of the Fund. The total contribution expense was \$21,296 and \$18,485 for the years ended June 30, 2010 and 2009, respectively.

Young Women's Christian Association of Yakima

Notes to Financial Statements

Note 10 – Discontinued Contract:

During the year ended June 30, 2010, the YWCA discontinued the contract with the Department of Commerce to operate a family shelter in Yakima. This contract had awarded the YWCA a "recoverable grant" in the amount of \$150,000 (recorded as long-term debt), and land and a building with a net book value of \$210,358. The contract has been transferred via the Department of Commerce to a new service provider. As terms of this transfer, the land and building will be transferred, as well as the recoverable grant. A loss of \$5,622 was recognized in the Statement of Activities as a result of this transaction.

Note 11 – Concentration of Revenue Sources:

Approximately 33% of the YWCA's revenue in the current year was derived from a grant from an individual grant from the Federal government. In addition, the YWCA relies on contributions and other federal, state, and local funding sources. The current level of the Organization's operations and program services may be impacted by fluctuations in these funding sources.

Note 12 – Construction in Progress:

During the year ended June 30, 2007, the YWCA initiated a capital campaign for purchase of new facilities. The facility was purchased during fiscal year 2007. Renovations occurred during fiscal years 2007 and 2008, which were sufficient to allow the YWCA to relocate their administrative offices and the emergency shelter to the facilities in fiscal year 2009.

Construction work on Phase II, the housing units, commenced during the current fiscal year. At June 30, 2010, the YWCA had made total payments of \$2,220,512 for construction completed to date, on contracts totaling \$6,950,396 related to this construction. A total of 31 transitional housing units are included in the project. The YWCA received funds from the Department of Housing and Urban Development and the Washington State Housing Trust Fund for completion of these units. Sixteen of the units, which are partially funded from the Washington State Housing Trust, are restricted to tenants that meet certain income limitations. This restriction is in place on these units for forty years following completion of the construction.

SINGLE AUDIT SECTION

AUDITORS' SECTION



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

Board of Directors
Young Women's Christian Association of Yakima
Yakima, Washington

We have audited the financial statements of the Young Women's Christian Association of Yakima (the YWCA) as of and for the year ended June 30, 2010, and have issued our report thereon dated October 22, 2010. 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.

Internal Control over Financial Reporting

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

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

We noted certain other matters that we reported to management of the YWCA in a separate letter dated October 22, 2010.

This report is intended solely for the information and use of management, Board of Directors, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Petersen CPAs and Advisors, PLLC

October 22, 2010



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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Directors
Young Women's Christian Association of Yakima
Yakima, Washington

Compliance

We have audited the Young Women's Christian Association of Yakima (the YWCA)'s compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the YWCA's major federal programs for the year ended June 30, 2010. The YWCA's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of The YWCA's management. Our responsibility is to express an opinion on the YWCA's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about The YWCA's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the YWCA's compliance with those requirements.

In our opinion, the YWCA complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010.

Internal Control over Compliance

Management of the YWCA is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the YWCA's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the YWCA's internal control over compliance.

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

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

This report is intended solely for the information and use of management, the Board of Directors, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Petersen CPAs and Advisors, PLLC

October 22, 2010

Young Women's Christian Association of Yakima
Schedule of Audit Findings
Year Ended June 30, 2010

Section I – Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified that are not considered to be material weaknesses Yes None reported

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified that are not considered to be material weaknesses Yes None reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? Yes No

Identification of Major Program:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.000	Economic Development Initiative Special Project

Dollar threshold used to distinguish between Type A

and Type B programs: \$300,000

Auditee qualified as low-risk auditee? Yes No

Section II – Financial Statement Findings

No matters were reported.

Section III – Federal Award Findings and Questioned Costs

No matters were reported.

AUDITEE'S SECTION

Young Women's Christian Association of Yakima
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2010

	Federal CFDA Number	Grant Identification Number	Total Federal Expenditures
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Economic Development Initiative Special Project	14.000	B-09-SP-WA-0509	\$ 503,233
DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<i>Passed through the State of Washington Department of Social and Health Services:</i>			
Family Violence Prevention and Services	16.575	1701	193,092
<i>Passed through the State of Washington Department of Commerce:</i>			
STOP - Victim Services	16.588	F09-31103-046	30,475
STOP - Victim Services	16.588	F08-31103-050	6,693
		Total Federal Awards	<u>\$ 733,493</u>

Basis of Presentation:

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Young Women's Christian Association of Yakima (the YWCA) and is presented on the accrual basis of accounting, which is the method the YWCA maintains its financial records. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

Significant Accounting Policies:

The schedule of expenditures of federal awards is prepared on the same basis of accounting as the basic financial statements.

Expenditures:

This column reports grant expenditures incurred.

Young Women's Christian Association of Yakima
Corrective Action Plan
Year Ended June 30, 2010

The current year Schedule of Audit Findings reported no matters in Section II-Financial Statement Findings nor in Section III-Federal Award Findings and Questioned Costs. Therefore, no corrective action plan is necessary, nor has one been prepared.

See accompanying independent auditors' report.

Young Women's Christian Association of Yakima
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2010

Finding 2009-01 – Internal Controls over Financial Reporting

Condition: During the year under audit, it was noted that the YWCA did not maintain a schedule of pledges receivable that reconciled to the general ledger, or the prior year financial statement. This matter was caused by the fact that pledges receivable received during 2008 were not maintained within an accounting system, and were not regularly updated for payments received.

Recommendation: We recommend the YWCA maintain a complete subsidiary ledger within the accounting system for all pledges received.

Current Status: This finding is considered resolved. The YWCA maintains a subsidiary listing of pledges receivable outside the accounting system, and pledges are billed monthly from the accounting system.