

YWCA of Greater Cincinnati, Inc. and YWCA Development Corporation

**Combined Financial Statements with
Supplementary Information
December 31, 2018 and 2017 and
Independent Auditors' Report**

YWCA OF GREATER CINCINNATI, INC. AND YWCA DEVELOPMENT CORPORATION

December 31, 2018 and 2017

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Independent Auditors' Report

The Board of Trustees
YWCA of Greater Cincinnati, Inc. and YWCA Development Corporation

Report on the Financial Statements

We have audited the accompanying combined financial statements of YWCA of Greater Cincinnati, Inc. and YWCA Development Corporation (collectively, the Organization), which comprise the combined statements of financial position as of December 31, 2018 and 2017, and the related combined statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the combined financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these combined 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 combined 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 combined 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 combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the combined 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 Organization'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 combined 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 combined financial statements referred to above present fairly, in all material respects, the financial position of YWCA of Greater Cincinnati, Inc. and YWCA Development Corporation as of December 31, 2018 and 2017, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Independent Auditors' Report
(Continued)**

Effect of Adopting New Accounting Standard

As discussed in Note 1, YWCA of Greater Cincinnati, Inc. and YWCA Development Corporation have adopted Financial Accounting Standards Board Accounting Standards Update 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, which primarily addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, the lack of consistency in the type of information provided about expenses and investment return, and other financial statement presentation items and enhanced disclosures. Our opinion is not modified with respect to that matter.

Other Information

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the combined 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 combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined 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 combined 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 August 23, 2019, on our consideration YWCA of Greater Cincinnati, Inc. and YWCA Development Corporation'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* in considering YWCA of Greater Cincinnati, Inc. and YWCA Development Corporation's internal control over financial reporting and compliance.



August 23, 2019
Cincinnati, Ohio

YWCA OF GREATER CINCINNATI, INC. AND YWCA DEVELOPMENT CORPORATION

**Combined Statements of Financial Position
December 31, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
Assets		
Cash and cash equivalents	\$ 93,348	\$ 665,852
Accounts receivable, net	714,221	570,964
Contributions receivable, net	982,592	1,560,775
Investments	7,627,050	7,903,711
Property and equipment, net	3,067,771	3,340,933
Other assets	117,658	110,438
Note receivable, net of allowance of \$399,400 and \$354,534 in 2018 and 2017, respectively	1,588,600	1,633,466
Beneficial interest in perpetual trusts	1,265,929	1,401,890
	<u>\$ 15,457,169</u>	<u>\$ 17,188,029</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 242,826	\$ 331,791
Accrued payroll	227,724	206,260
Line of credit	592,500	350,000
Other liabilities	46,165	25,109
Obligations under capital lease	1,588,600	1,633,466
	<u>2,697,815</u>	<u>2,546,626</u>
Net Assets		
Without donor restrictions:		
Net investment in property and equipment	3,067,771	3,340,933
Quasi-endowment	2,366,807	1,988,526
Operating	<u>(253,703)</u>	<u>1,064,189</u>
Total net assets without donor restrictions	5,180,875	6,393,648
With donor restrictions	<u>7,578,479</u>	<u>8,247,755</u>
Total net assets	<u>12,759,354</u>	<u>14,641,403</u>
Total liabilities and net assets	<u>\$ 15,457,169</u>	<u>\$ 17,188,029</u>

See accompanying notes to combined financial statements

YWCA OF GREATER CINCINNATI, INC. AND YWCA DEVELOPMENT CORPORATION

**Combined Statement of Activities
Year Ended December 31, 2018**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Operating revenues and other support			
United Way	\$ 52,091	\$ 625,606	\$ 677,697
Government and other grants	2,944,422	1,095,622	4,040,044
Contributions	384,467	109,159	493,626
Special events	694,213	87,850	782,063
Program service fees and membership dues	320,103	36,500	356,603
Other	35,404	-	35,404
Net assets released from purpose and time restrictions	<u>2,241,818</u>	<u>(2,241,818)</u>	<u>-</u>
Total operating revenues and other support	<u>6,672,518</u>	<u>(287,081)</u>	<u>6,385,437</u>
Expenses			
Program services:			
Health and safety	4,733,650	-	4,733,650
Economic empowerment	1,412,206	-	1,412,206
Recognition and inclusion	<u>789,450</u>	<u>-</u>	<u>789,450</u>
Total program services	6,935,306	-	6,935,306
Management and general	571,822	-	571,822
Fundraising	<u>294,481</u>	<u>-</u>	<u>294,481</u>
Total operating expenses	<u>7,801,609</u>	<u>-</u>	<u>7,801,609</u>
Change in net assets before nonoperating revenues	<u>(1,129,091)</u>	<u>(287,081)</u>	<u>(1,416,172)</u>
Nonoperating revenues			
Investment return, net	(83,682)	(246,234)	(329,916)
Change in beneficial interest in trust	<u>-</u>	<u>(135,961)</u>	<u>(135,961)</u>
Total nonoperating revenues	<u>(83,682)</u>	<u>(382,195)</u>	<u>(465,877)</u>
Change in net assets	(1,212,773)	(669,276)	(1,882,049)
Net assets, beginning of year	<u>6,393,648</u>	<u>8,247,755</u>	<u>14,641,403</u>
Net assets, end of year	<u>\$ 5,180,875</u>	<u>\$ 7,578,479</u>	<u>\$ 12,759,354</u>

See accompanying notes to combined financial statements

YWCA OF GREATER CINCINNATI, INC. AND YWCA DEVELOPMENT CORPORATION

**Combined Statement of Activities
Year Ended December 31, 2017**

	Without Donor Restrictions	With Donor Restrictions	Total
Operating revenues and other support			
United Way	\$ 86,256	\$ 787,000	\$ 873,256
Government and other grants	2,836,219	323,700	3,159,919
Contributions	334,302	758,634	1,092,936
Special events	678,662	-	678,662
Program service fees and membership dues	399,662	-	399,662
Other	69,963	-	69,963
Net assets released from purpose and time restrictions	<u>1,926,840</u>	<u>(1,926,840)</u>	<u>-</u>
Total operating revenues and other support	<u>6,331,904</u>	<u>(57,506)</u>	<u>6,274,398</u>
Expenses			
Program services:			
Health and safety	4,739,430	-	4,739,430
Economic empowerment	1,423,697	-	1,423,697
Recognition and inclusion	<u>780,808</u>	<u>-</u>	<u>780,808</u>
Total program services	6,943,935	-	6,943,935
Management and general	383,573	-	383,573
Fundraising	<u>269,879</u>	<u>-</u>	<u>269,879</u>
Total expenses	<u>7,597,387</u>	<u>-</u>	<u>7,597,387</u>
Change in net assets before nonoperating revenues	<u>(1,265,483)</u>	<u>(57,506)</u>	<u>(1,322,989)</u>
Nonoperating revenues			
Investment return, net	339,640	815,694	1,155,334
Change in beneficial interest in trust	<u>-</u>	<u>103,627</u>	<u>103,627</u>
Total nonoperating revenues	<u>339,640</u>	<u>919,321</u>	<u>1,258,961</u>
Change in net assets	(925,843)	861,815	(64,028)
Net assets, beginning of year	<u>7,319,491</u>	<u>7,385,940</u>	<u>14,705,431</u>
Net assets, end of year	<u><u>\$ 6,393,648</u></u>	<u><u>\$ 8,247,755</u></u>	<u><u>\$ 14,641,403</u></u>

See accompanying notes to combined financial statements

YWCA OF GREATER CINCINNATI, INC. AND YWCA DEVELOPMENT CORPORATION

**Combined Statement of Functional Expenses
Year Ended December 31, 2018**

	Program Services				Management and General	Fundraising	Total
	Health & Safety	Economic Empowerment	Recognition & Inclusion	Total Program Services			
Salaries	\$ 2,597,010	\$ 770,060	\$ 344,098	\$ 3,711,168	\$ 251,626	\$ 157,160	\$ 4,119,954
Employee benefits	421,239	144,226	52,383	617,848	27,029	12,782	657,659
Payroll taxes	170,833	47,981	21,766	240,580	6,889	12,283	259,752
Professional fees and contract services	493,977	123,366	219,612	836,955	66,731	50,313	953,999
Depreciation	260,599	104,462	10,959	376,020	70,005	202	446,227
Supplies	140,155	63,569	84,389	288,113	6,550	13,593	308,256
Occupancy	173,970	49,391	7,378	230,739	42,607	83	273,429
Assistance to individuals	214,485	14,548	-	229,033	462	-	229,495
Miscellaneous	31,371	11,080	25,209	67,660	55,620	29,193	152,473
Transportation	64,716	49,332	1,517	115,565	1,500	439	117,504
Maintenance	71,443	18,001	2,026	91,470	-	69	91,539
Telephone	36,787	10,840	2,927	50,554	1,968	1,048	53,570
Conferences and conventions	39,935	3,631	1,699	45,265	1,611	1,917	48,793
Printing and postage	17,130	1,719	15,487	34,336	729	15,399	50,464
Regional dues	-	-	-	-	38,495	-	38,495
Total expenses	\$ 4,733,650	\$ 1,412,206	\$ 789,450	\$ 6,935,306	\$ 571,822	\$ 294,481	\$ 7,801,609

See accompanying notes to combined financial statements

YWCA OF GREATER CINCINNATI, INC. AND YWCA DEVELOPMENT CORPORATION

**Combined Statement of Functional Expenses
Year Ended December 31, 2017**

	Program Services				Management and General	Fundraising	Total
	Health & Safety	Economic Empowerment	Recognition & Inclusion	Total Program Services			
Salaries	\$ 2,558,993	\$ 799,840	\$ 333,714	\$ 3,692,547	\$ 70,675	\$ 151,372	\$ 3,914,594
Employee benefits	406,735	130,279	45,986	583,000	1,542	17,380	601,922
Payroll taxes	175,021	49,528	22,788	247,337	61	8,370	255,768
Professional fees and contract services	503,068	114,967	229,666	847,701	106,052	30,825	984,578
Depreciation	279,358	113,035	12,633	405,026	73,964	26	479,016
Supplies	151,069	54,938	81,489	287,496	11,372	11,840	310,708
Occupancy	136,836	53,894	5,877	196,607	28,429	72	225,108
Assistance to individuals	247,350	15,295	-	262,645	207	-	262,852
Miscellaneous	29,714	10,870	17,660	58,244	29,917	25,726	113,887
Transportation	71,273	51,199	893	123,365	1,622	775	125,762
Maintenance	69,248	11,314	1,378	81,940	23,348	1,491	106,779
Telephone	36,420	11,825	3,341	51,586	1,174	838	53,598
Conferences and conventions	44,696	5,273	4,422	54,391	-	2,959	57,350
Printing and postage	29,649	1,440	20,961	52,050	42	18,205	70,297
Regional dues	-	-	-	-	35,168	-	35,168
Total expenses	\$ 4,739,430	\$ 1,423,697	\$ 780,808	\$ 6,943,935	\$ 383,573	\$ 269,879	\$ 7,597,387

See accompanying notes to combined financial statements

YWCA OF GREATER CINCINNATI, INC. AND YWCA DEVELOPMENT CORPORATION

**Combined Statements of Cash Flows
Years Ended December 31, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities		
Change in net assets	\$ (1,882,049)	\$ (64,028)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	446,227	479,016
Net realized and unrealized (gains) losses on investments	598,437	(940,339)
Change in value of beneficial interest in trusts	135,961	(103,627)
Changes in:		
Accounts receivable, net	(143,257)	(9,408)
Contributions receivable, net	578,183	(470,373)
Other assets	(7,220)	49,787
Accounts payable	(88,965)	140,108
Accrued payroll	21,464	(181,910)
Other liabilities	21,056	9,180
	<u>(320,163)</u>	<u>(1,091,594)</u>
Net cash used by operating activities		
Cash flows from investing activities		
Purchase of investments	(9,992,036)	(2,293,399)
Proceeds from sale of investments	9,670,260	2,425,100
Purchase of property and equipment	<u>(173,065)</u>	<u>(97,176)</u>
	<u>(494,841)</u>	<u>34,525</u>
Net cash provided (used) by investing activities		
Cash flows from financing activities		
Proceeds from line of credit	682,500	400,000
Payments on line of credit	<u>(440,000)</u>	<u>(50,000)</u>
	<u>242,500</u>	<u>350,000</u>
Net cash provided by financing activities		
Net change in cash and cash equivalents	(572,504)	(707,069)
Cash and cash equivalents, beginning of year	<u>665,852</u>	<u>1,372,921</u>
Cash and cash equivalents, end of year	<u>\$ 93,348</u>	<u>\$ 665,852</u>
Supplemental cash flows information		
Cash paid for interest	<u>\$ 26,768</u>	<u>\$ 5,415</u>

See accompanying notes to combined financial statements

YWCA OF GREATER CINCINNATI, INC. AND YWCA DEVELOPMENT CORPORATION

Notes to Combined Financial Statements

NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The YWCA of Greater Cincinnati, Inc. (YWCA or Organization) is incorporated in the State of Ohio as a 501(c)(3) charitable organization. The mission of the YWCA is to eliminate racism, empower women, and promote peace, justice, freedom and dignity for all people. The YWCA operates with three signature platforms; Empowerment and Economic Advancement of Women and Girls, Health and Safety of Women and Girls, and Racial Justice and Civil Rights. The signature platforms are focus areas of the YWCA's collective mission work which includes programs and services, awareness, and public policy and advocacy. The YWCA Development Corporation is affiliated with the YWCA through common management. The primary purpose of the YWCA Development Corporation is to own and maintain the facilities used by the YWCA for the Protection from Abuse program services.

Financial Statement Presentation

The accompanying financial statements include the assets, liabilities and financial activities of the YWCA and YWCA Development Corporation. All significant inter-organizational balances and transactions have been eliminated for purposes of this presentation.

The financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles (GAAP). The Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions, which are available for use in general operations and not subject to donor restrictions; and net assets with donor restrictions, which are either temporary in nature, such as those that will be met by the passage of time or other events specified by the donor, or are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The YWCA considers all liquid investments with original maturities of three months or less to be cash equivalents. At December 31, 2018 and 2017, cash equivalents consisted primarily of money market accounts. The Organization maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts and management believes it is not exposed to any significant credit risk.

YWCA OF GREATER CINCINNATI, INC. AND YWCA DEVELOPMENT CORPORATION

Notes to Combined Financial Statements (Continued)

NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments and Investment Return

Equity securities and debt securities are carried at fair value. Investment return includes dividends, interest (net of investment management fees) and realized and unrealized gains and losses on investments carried at fair value.

Investment return is reflected in the statements of activities as without donor restrictions or with donor restrictions upon the existence and nature of any donor or legally imposed restrictions.

Accounts Receivable

Accounts receivable are stated at the amount billed to the funding agencies. If necessary, the Organization provides an allowance for doubtful accounts, which is based upon a review of outstanding receivables and existing economic conditions. Delinquent receivables are written off based on specific circumstances of the funding Organization. As of December 31, 2018 and 2017, the Organization considered all balances collectible; therefore, no allowance was necessary.

Property and Equipment

Property and equipment are recorded at cost and depreciated on a straight-line basis over the estimated useful life of each asset. Assets under capital lease obligations and leasehold improvements are depreciated over the shorter of the lease term or their respective estimated useful lives.

Contributions

Gifts of cash and other assets received without donor designations are reported as revenue without donor restrictions and net assets. Gifts received with a donor designation that limits their use are reported as revenue with donor restrictions and net assets. When a donor designated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Gifts and investment income that are originally restricted by the donor and for which the restriction is met in the same time period are recorded as with donor restrictions and then released from restriction.

Government Fees and Grants

Support funded by grants is recognized as the Organization performs the contracted services or incurs outlays eligible for reimbursement under the grant agreements. Grant activities and outlays are subject to audit and acceptance by the granting Organization and, as a result of such audit, adjustments could be required.

YWCA OF GREATER CINCINNATI, INC. AND YWCA DEVELOPMENT CORPORATION

Notes to Combined Financial Statements (Continued)

NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The YWCA of Greater Cincinnati, Inc. and the YWCA Development Corporation are exempt from income taxes under Section 501(c)(3) and Section 501(c)(2), respectively, of the Internal Revenue Code and a similar provision of Ohio law. However, the Organization is subject to federal income tax on any unrelated business taxable income.

The Organization's IRS Forms 990 are subject to review and examination by federal and state authorities. The Organization believes it has appropriate support for any tax positions taken, and therefore, does not have any uncertain income tax positions that are material to the financial statements.

Functional Allocation of Expenses

The costs of supporting the various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the program and supporting services. Such allocations are determined by management on an equitable basis. The most significant allocations were salaries and related expenses, which were allocated based on time and effort, and occupancy, which was allocated based on space occupied.

Effect of Adopting New Accounting Standard

In 2018, the Organization adopted Financial Accounting Services Board (FASB) Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. The update primarily addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, the lack of consistency in the type of information provided about expenses and investment return, and other financial statement presentation items and enhanced disclosures. Net asset classifications have been reduced from three classes (unrestricted, temporarily restricted and permanently restricted) to two classes (net assets without donor restrictions and net assets with donor restrictions). In addition, updated disclosure requirements are presented regarding risk exposure and availability of cash for short-term use and expenses are reported by both natural and functional classification. The Organization adopted ASU 2016-14 as of January 1, 2018 and has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented except for disclosing information about liquidity and availability of resources, which is permitted to be omitted for any periods presented before the period of adoption.

Reclassifications

Certain 2017 figures have been reclassified to conform to the 2018 presentation.

YWCA OF GREATER CINCINNATI, INC. AND YWCA DEVELOPMENT CORPORATION

Notes to Combined Financial Statements (Continued)

NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers*. The standard's core principle is that an organization will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the organization expects to be entitled in exchange for those goods or services. This standard also includes expanded disclosure requirements that result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contract with customers. This standard will be effective for the Organization's year ending December 31, 2019.

In February 2016, the FASB issued ASU No. 2016-02, *Leases*. The standard requires all leases with lease terms over 12 months to be capitalized as a right-of-use asset and lease liability on the statement of financial position at the date of lease commencement. Leases will be classified as either finance or operating. This distinction will be relevant for the pattern of expense recognition in the statement of activities. This standard will be effective for Organization's year ending December 31, 2020.

In June 2018, the FASB issued ASU No. 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The standard clarifies and improves current guidance about whether a transfer of assets is a contribution or an exchange transaction. The standard clarifies how an entity determines whether a resource provider is participating in an exchange transaction by evaluating whether the resource provider is receiving commensurate value in return for the resources transferred. The standard also requires that an entity determine whether a contribution is conditional on the basis of whether an agreement includes a barrier that must be overcome and either a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets. This standard will be effective for the Organization's calendar year ending December 31, 2019.

The Organization is currently in the process of evaluating the impact of adoption of these ASUs on the combined financial statements.

Subsequent Event Evaluation

In preparing its financial statements, the Organization has evaluated events subsequent to the statement of financial position date through August 23, 2019, which is the date the financial statements were available to be issued.

YWCA OF GREATER CINCINNATI, INC. AND YWCA DEVELOPMENT CORPORATION

Notes to Combined Financial Statements (Continued)

NOTE 2 LIQUIDITY AND AVAILABILITY

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

Cash and cash equivalents	\$	93,348
Accounts receivable, net		714,221
Contributions receivable, net		982,592
Operating investments		427,133
Board-designated endowment funds spending policy appropriations		85,805
Donor restricted-endowment funds spending policy appropriations		181,202
Distributions from beneficial interests in perpetual trusts		56,000
		<u>\$ 2,540,301</u>

YWCA's endowment funds consist of board-designated (quasi-endowment) and donor-restricted endowments subject to a 3.75% spending policy available for general expenditure. Additional amounts from the board-designated endowment can be made available through board approval, if necessary.

As part of the YWCA's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the YWCA invests cash in excess of daily requirements in short-term investments. To help manage unanticipated liquidity needs, the YWCA has a \$1 million line of credit, which can be drawn upon.

NOTE 3 CONTRIBUTIONS RECEIVABLE

Contributions receivable as of December 31, 2018 and 2017 are with donor restrictions and consisted of \$982,592 and \$1,560,775 of unconditional promises to give, respectively. The YWCA expects contributions receivable to be collected within one year and considers all contributions receivable collectible; therefore, no allowance was necessary.

NOTE 4 INVESTMENTS

Investments at December 31 consisted of the following:

	2018	2017
Money market funds	\$ 473,972	\$ 295,906
U.S. government and Federal agency securities	344,504	575,312
Corporate debt securities	325,935	1,212,845
Fixed income mutual funds	1,926,649	97,294
Equity mutual funds	1,785,743	2,274,946
Common stocks	2,770,247	3,447,408
	<u>\$ 7,627,050</u>	<u>\$ 7,903,711</u>

YWCA OF GREATER CINCINNATI, INC. AND YWCA DEVELOPMENT CORPORATION

Notes to Combined Financial Statements (Continued)

NOTE 5 NOTE RECEIVABLE AND CAPITAL LEASE OBLIGATION

In January 1983, the YWCA sold part of its real property for \$450,000. In connection with the sale, the YWCA loaned the buyer \$2,100,000 to make improvements to the space occupied by the YWCA and the YWCA received a note receivable for \$2,100,000 that bore interest at 7%. The note receivable provided for monthly installments of \$12,439, including interest, through June 2043. The note receivable is secured by a mortgage on the portion of the building occupied by the YWCA at the downtown center and by the assignment of the lease payments referred to above. As part of the sales agreement, the YWCA leased back a portion of the space. The deed contains a reversion provision that the entire building will revert back to the YWCA in 2043 at no cost.

In February 1984, the lease agreement was amended. As part of the amendment, the YWCA was required to make monthly lease payments of \$11,855, for the first fourteen-year lease term. The net effect of the transaction was the payments on the lease and the payments due on the note were offset against each other with a minor amount being paid to the YWCA for shared building costs.

In August 2005, the note and lease were amended to no longer require current payments of interest and principal and to reduce the annual rent to \$1 a year plus the shared building expense of approximately \$584 per month. Additionally, the note was subordinated to other debt of the buyer/lessor and the outstanding principal and interest of the note is due to the YWCA in full in January 2043.

NOTE 6 PROPERTY AND EQUIPMENT

Property and equipment at December 31 consisted of the following:

	<u>2018</u>	<u>2017</u>
Land	\$ 138,215	\$ 138,215
Buildings and improvements	11,345,040	11,224,829
Furniture and equipment	1,041,720	1,170,094
Construction in process	-	16,023
Less accumulated depreciation	<u>(9,457,204)</u>	<u>(9,208,228)</u>
	<u>\$ 3,067,771</u>	<u>\$ 3,340,933</u>

NOTE 7 BENEFICIAL INTEREST IN PERPETUAL TRUSTS

The YWCA is the beneficiary under various perpetual trusts administered by outside parties. Under the terms of the trusts, the YWCA has the irrevocable right to receive income earned on the trust assets in perpetuity, but never receives the assets held in trust. The estimated value of the expected future cash flows is \$1,265,929 and \$1,401,890, which represents the fair value of the YWCA's portion of the trust assets at December 31, 2018 and 2017, respectively. The YWCA's portion of the income from these trusts for 2018 and 2017 was \$64,865 and \$64,914, respectively.

YWCA OF GREATER CINCINNATI, INC. AND YWCA DEVELOPMENT CORPORATION

Notes to Combined Financial Statements (Continued)

NOTE 8 LINE OF CREDIT

The YWCA entered into a \$1,000,000 line of credit agreement at PNC Bank. As of December 31, 2018 and 2017, \$592,500 and \$350,000 was drawn against the line of credit, respectively. The line of credit expires in September 2019 and can be renewed on an annual basis. Interest accrues at PNC Bank's daily LIBOR rate plus 2.0%. In connection with this agreement, the YWCA is required to maintain minimum unrestricted net assets of \$6,000,000 and minimum liquid assets of \$4,000,000. At December 31, 2018, the YWCA was not in compliance with the covenants. Subsequently, letters were received on August 12, 2019 from PNC Bank waiving the covenants that were not in compliance and extending the line of credit through September 29, 2020.

NOTE 9 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of December 31 are available for the following purposes or periods:

	2018	2017
Restricted for use in subsequent years:		
United Way	\$ 625,606	\$ 787,000
Other pledges	356,986	773,775
	982,592	1,560,775
Restricted as to purpose:		
Chief executive's salary	310,000	-
Health and safety	301,054	176,126
Economic empowerment	74,807	10,000
Recognition and inclusion	40,000	40,000
	725,861	226,126
Restricted for endowments:		
Endowment funds to be maintained in perpetuity	2,048,918	2,048,918
Accumulated net appreciation of donor-restricted endowment funds subject to spending policy	2,555,179	3,010,046
	4,604,097	5,058,964
Beneficial interest in perpetual trusts	1,265,929	1,401,890
	\$ 7,578,479	\$ 8,247,755

YWCA OF GREATER CINCINNATI, INC. AND YWCA DEVELOPMENT CORPORATION

Notes to Combined Financial Statements (Continued)

NOTE 10 NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors, noted as follows:

	2018	2017
Time restrictions expired:		
United Way allocation for current year	\$ 787,000	\$ 740,310
Other pledges	646,103	265,200
Purpose restriction accomplished:		
Chief executive's salary	195,000	-
Health and safety	366,029	519,807
Economic empowerment	26,259	201,768
Recognition and inclusion	8,500	15,518
Other	-	10,000
Endowment earnings appropriated for expenditure	212,927	174,237
	\$ 2,241,818	\$ 1,926,840

NOTE 11 ENDOWMENT

The Organization's endowment consists of six individual funds established for a variety of purposes. The endowment includes both donor-restricted endowment funds and funds designated by the governing body to function as endowments (board-designated endowment funds). Income from the Organization's donor-restricted endowment funds may be used for general operations. Income from the Organization's board-designated endowment funds are to be used for building maintenance, capital improvements and general operations. As required by accounting principles generally accepted in the United States of America (GAAP), net assets associated with endowment funds, including board-designated endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Organization's governing body follows the Uniform Prudent Management of Institutional Funds Act (UPMIFA). The governing board has interpreted UPMIFA as requiring preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets with donor restrictions (a time restriction in perpetuity) (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of donor-restricted endowment funds is classified as net assets with donor restriction (a purpose restriction) as required by the donor until those amounts are appropriate for expenditure.

YWCA OF GREATER CINCINNATI, INC. AND YWCA DEVELOPMENT CORPORATION

**Notes to Combined Financial Statements
(Continued)**

NOTE 11 ENDOWMENT (CONTINUED)

The composition of net assets by type of endowment fund at December 31 was:

	2018		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$ 2,366,807	\$ -	\$ 2,366,807
Donor-restricted endowment funds, at original value, required to be maintained in perpetuity	-	2,048,918	2,048,918
Accumulated net appreciation of donor-restricted endowment funds	-	2,555,179	2,555,179
	<u>\$ 2,366,807</u>	<u>\$ 4,604,097</u>	<u>\$ 6,970,904</u>
	2017		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$ 1,988,526	\$ -	\$ 1,988,526
Donor-restricted endowment funds, at original value, required to be maintained in perpetuity	-	2,048,918	2,048,918
Accumulated net appreciation of donor-restricted endowment funds	-	3,010,046	3,010,046
Total endowment funds	<u>\$ 1,988,526</u>	<u>\$ 5,058,964</u>	<u>\$ 7,047,490</u>

YWCA OF GREATER CINCINNATI, INC. AND YWCA DEVELOPMENT CORPORATION

**Notes to Combined Financial Statements
(Continued)**

NOTE 11 ENDOWMENT (CONTINUED)

Changes in endowment net assets for the years ended December 31 were:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, December 31, 2016	\$ 1,849,926	\$ 4,417,507	\$ 6,267,433
Investment return:			
Investment income	27,802	103,293	131,095
Net appreciation	<u>236,344</u>	<u>712,401</u>	<u>948,745</u>
Total investment return	264,146	815,694	1,079,840
Appropriation of endowment assets for expenditure	<u>(125,546)</u>	<u>(174,237)</u>	<u>(299,783)</u>
Endowment net assets, December 31, 2017	1,988,526	5,058,964	7,047,490
Transfer to endowment	605,584	-	605,584
Investment return:			
Investment income	58,234	133,046	191,280
Net depreciation	<u>(166,843)</u>	<u>(374,986)</u>	<u>(541,829)</u>
Total investment return	(108,609)	(241,940)	(350,549)
Appropriation of endowment assets for expenditure	<u>(118,694)</u>	<u>(212,927)</u>	<u>(331,621)</u>
Endowment net assets, December 31, 2018	<u>\$ 2,366,807</u>	<u>\$ 4,604,097</u>	<u>\$ 6,970,904</u>

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level the Organization is required to retain as a fund of perpetual duration pursuant to donor stipulation. In accordance with GAAP, deficiencies of this nature are reported in net assets with donor restrictions. As of December 31, 2018 and 2017, there were no such deficiencies in endowment funds.

The Organization has both an investment policy and investment guidelines as well as a spending policy for endowment assets that attempt to provide a predictable stream of funding to programs and other items supported by its endowment while seeking to maintain the purchasing power of the endowment and provide additional real growth through new gifts and investment return. Endowment assets include those assets of donor-restricted endowment funds the Organization must hold in perpetuity as well as those of board-designated endowment funds. Following the Organization's investment policy, endowment assets are invested in a manner intended to increase the size of the endowment fund using a conservative asset allocation approach. Currently, the targeted range for equities is 50-70% with the remaining 30-50% to be invested in fixed income securities. Included in the investment policy are the guidelines for acceptable investment instrument quality.

YWCA OF GREATER CINCINNATI, INC. AND YWCA DEVELOPMENT CORPORATION

Notes to Combined Financial Statements (Continued)

NOTE 11 ENDOWMENT (CONTINUED)

The Organization's spending policy (policy of appropriating for expenditure each year) is 3.75% of its endowment fund's three year trailing average fair value balance. In establishing this policy, the Organization considered the long-term expected return on its endowment funds and considers this spending policy to be conservative.

The Investment Committee of the Board reviews the investment manager performance and the endowment fund account performance with each investment manager at least once per year. The Investment Committee reviews the endowment fund portfolio summary monthly and the investment account performance quarterly, including a comparison to industry benchmarks.

NOTE 12 RETIREMENT PLANS

The YWCA of Greater Cincinnati, Inc. provides retirement benefits for eligible employees as a participating employer-sponsor of the National YWCA Retirement Fund, Inc. (Plan), a cash balance defined benefit pension plan. The Plan operates as a multiple-employer pension plan whereby plan benefits are based on individual employee account balances. The actuarial present value of accumulated plan benefits and net assets available for benefits relating to the Organization's employees is not available for each participating organization. As such, the YWCA does not recognize the funded status of the Plan. The YWCA pays a portion of the retirement cost for each employee with two years of 1,000 hours of service. Contributions to the Plan amounted to \$229,955 in 2018 and \$206,841 in 2017.

NOTE 13 FAIR VALUE MEASUREMENTS

The fair value of an asset is considered to be the price at which the asset could be sold in an orderly transaction between unrelated knowledgeable and willing parties. A liability's fair value is defined as the amount that would be paid to transfer the liability to a new obligor, not the amount that would be paid to settle the liability with the creditor. Assets and liabilities recorded at fair value are measured using a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. These tiers include:

- Level 1 - Inputs are unadjusted quoted prices for identical assets in active markets.
- Level 2 - Inputs are observable quoted prices for similar assets in active markets.
- Level 3 - Inputs are unobservable and reflect management's best estimate of what market participants would use as fair value.

Following is a description of the valuation methodologies used for assets and liabilities measured at fair value on a recurring basis and recognized in the accompanying statement of financial position, as well as the general classification of such assets and liabilities pursuant to the valuation hierarchy.

Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities include equity securities and mutual funds (including equity and bond funds). If quoted market prices are not available, then fair values are estimated by using pricing models or quoted prices of securities with similar characteristics. Level 2 securities include corporate debt securities and money market funds.

Beneficial Interest in Perpetual Trust

Fair value is estimated at the present value of the future distributions expected to be received over the term of the agreement. Due to the nature of the valuation inputs, the interest is classified within Level 3 of the hierarchy.

YWCA OF GREATER CINCINNATI, INC. AND YWCA DEVELOPMENT CORPORATION

**Notes to Combined Financial Statements
(Continued)**

NOTE 13 FAIR VALUE MEASUREMENTS (CONTINUED)

The following table summarizes assets measured at fair value on a recurring basis at:

December 31, 2018	Total	Level 1	Level 2	Level 3
Investments:				
Money market funds	\$ 473,972	\$ -	\$ 473,972	\$ -
U.S. government and Federal agency securities	344,504	-	344,504	-
Corporate debt securities	325,935	-	325,935	-
Fixed income mutual funds	1,926,649	1,926,649	-	-
Equity mutual funds	1,785,743	1,785,743	-	-
Common stocks	2,770,247	2,770,247	-	-
Total investments	<u>\$ 7,627,050</u>	<u>\$ 6,482,639</u>	<u>\$ 1,144,411</u>	<u>\$ -</u>
Beneficial interest in perpetual trust	<u>\$ 1,265,929</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,265,929</u>
December 31, 2017	Total	Level 1	Level 2	Level 3
Investments:				
Money market funds	\$ 295,906	\$ -	\$ 295,906	\$ -
U.S. government and Federal agency securities	575,312	-	575,312	-
Corporate debt securities	1,212,845	-	1,212,845	-
Fixed income mutual funds	97,294	97,294	-	-
Equity mutual funds	2,274,946	2,274,946	-	-
Common stocks	3,447,408	3,447,408	-	-
Total investments	<u>\$ 7,903,711</u>	<u>\$ 5,819,648</u>	<u>\$ 2,084,063</u>	<u>\$ -</u>
Beneficial interest in perpetual trust	<u>\$ 1,401,890</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,401,890</u>

See statement of activities for the change in beneficial interest in perpetual trust.

NOTE 14 SIGNIFICANT CONCENTRATIONS

Accounting principles generally accepted in the United States of America require disclosure of current vulnerabilities due to certain concentrations. Those matters include the following:

Approximately 64% and 50% of contributions receivable was due from the United Way of Greater Cincinnati at December 31, 2018 and 2017, respectively.

Approximately 46% of contributions was received from one bequest in 2017.

SUPPLEMENTARY INFORMATION

YWCA OF GREATER CINCINNATI, INC. AND YWCA DEVELOPMENT CORPORATION

**Schedule of Expenditures of Federal Awards
Year Ended December 31, 2018**

Federal Grantor/Pass-through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of Agriculture				
<i>Passed through the Ohio Department of Education:</i>				
Child and Adult Care Food Program	10.558	None	\$ -	\$ 31,987
U.S. Department of Health and Human Services				
<i>Passed through the State of Ohio Office of Criminal Justice Services:</i>				
Family Violence Prevention & Services/Grants for Battered Women's Shelters - Grants to States and Indian Tribes	93.671	2017-JG-D01-6282 2017-VP-001-4049 2017-VP-001-4050 2018-DV-FVP-255 2018-DV-FVP-255a 2018-VP-001-4049 2018-VP-001-4050 2019-DV-FVP-255	-	171,315
<i>Passed through the Ohio Department of Health:</i>				
Injury Prevention and Control Research and State and Community Based Programs	93.136	03160104VW1017 03160104VW1118	-	53,528
Preventive Health and Health Services Block Grant funded solely with Prevention and Public Health Funds (PPHF)	93.758	03160104VW1118	-	7,000
Total U.S. Department of Health and Human Services			-	231,843
U.S. Department of Homeland Security				
Emergency Food & Shelter National Board Program	97.024	33-6756-00	-	14,101
U.S. Department of Housing and Urban Development				
<i>Passed through Strategies to End Homelessness, Inc:</i>				
Emergency Shelter Grants Program	14.231	201807	-	56,421
<i>Passed through Strategies to End Homelessness, Inc:</i>				
Continuum of Care Program	14.267	201766 201767 201857 201858 201864	-	241,155
Total U.S. Department of Housing and Urban Development			-	297,576
U.S. Department of Justice				
<i>Passed through the State of Ohio Office of Criminal Justice Services:</i>				
Violence Against Women Formula Grants	16.588	2016-WF-VA5-8588A 2017-WF-VA5-8588	-	23,353

YWCA OF GREATER CINCINNATI, INC. AND YWCA DEVELOPMENT CORPORATION

**Schedule of Expenditures of Federal Awards
Year Ended December 31, 2018 (Continued)**

Federal Grantor/Pass-through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of Justice (Continued)				
<i>Passed through the State of Ohio Office of Crime Victims Assistance:</i>				
Crime Victim Assistance	16.575	2017-VOCA-43558266 2018-VOCA-128424395 2018-VOCA-109310003 2018-VOCA-130346119 2019-SVAA-132136958 2019-VOCA-132136954 2018-VOCA-130349740	-	226,006
Direct programs:				
Transitional Housing Assistance for Victims of Domestic Violence, Dating Violence, Stalking or Sexual Assault	16.736	2014-WH-AX-0010 2017-WH-AX-0048	903	141,464
Edward Byne Memorial Justice Assistance Grant Program	16.738	2014-JG-D01-6304A 2015-JG-D01-6304A 2017-JG-D01-6263	-	70,730
Improving Criminal Justice Responses Grant Program	16.590	2016-WE-AX-0026	79,410	187,669
Rural Domestic Violence, Dating Violence, Sexual Assault, and Stalking Assistance Program	16.589	2016-WR-AX-0031	41,116	228,097
Grants for Outreach and Service to Underserved Populations	16.889	2017-UD-AX-0005	900	118,372
Total U.S. Department of Justice			<u>122,329</u>	<u>995,691</u>
			<u>\$ 122,329</u>	<u>\$ 1,571,198</u>

YWCA OF GREATER CINCINNATI, INC. AND YWCA DEVELOPMENT CORPORATION

**Schedule of Expenditures of Federal Awards
Year Ended December 31, 2018 (Continued)**

NOTE 1 BASIS OF PRESENTATION

The schedule of expenditures of federal awards includes the federal grant activity of the Organization for the year ended December 31, 2018. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented on this schedule may differ from those amounts presented, or used in, the preparation of the basic combined financial statements.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures on the schedule are reported on the accrual basis of accounting in accordance with generally accepted accounting principles. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 INDIRECT COST RATE

The Organization has elected not to use the 10% de minimis indirect cost rate allowed under Uniform Guidance.

**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**

The Board of Trustees
YWCA of Greater Cincinnati, Inc. and YWCA Development Corporation

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 combined financial statements of YWCA of Greater Cincinnati, Inc. and YWCA Development Corporation (a nonprofit organization), which comprise the combined statement of financial position as of December 31, 2018, and the related combined statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the combined financial statements, and have issued our report thereon dated August 23, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the combined financial statements, we considered YWCA of Greater Cincinnati, Inc. and YWCA Development Corporation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of YWCA of Greater Cincinnati, Inc. and YWCA Development Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of YWCA of Greater Cincinnati, Inc. and YWCA Development Corporation's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether YWCA of Greater Cincinnati, Inc. and YWCA Development Corporation's combined 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 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*.

**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*
(CONTINUED)**

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 YWCA of Greater Cincinnati, Inc. and YWCA Development Corporation'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



August 23, 2019
Cincinnati, Ohio

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

The Board of Trustees
YWCA of Greater Cincinnati, Inc. and YWCA Development Corporation

Report on Compliance for Each Major Federal Program

We have audited YWCA of Greater Cincinnati, Inc. and YWCA Development Corporation's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of YWCA of Greater Cincinnati, Inc. and YWCA Development Corporation's major federal programs for the year ended December 31, 2018. YWCA of Greater Cincinnati, Inc. and YWCA Development Corporation's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of YWCA of Greater Cincinnati, Inc. and YWCA Development Corporation's compliance.

Opinion on Each Major Federal Program

In our opinion, YWCA of Greater Cincinnati, Inc. and YWCA Development Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2018.

Report on Internal Control over Compliance

Management of YWCA of Greater Cincinnati, Inc. and YWCA Development Corporation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE
(CONTINUED)**

Report on Internal Control over Compliance (Continued)

In planning and performing our audit of compliance, we considered YWCA of Greater Cincinnati, Inc. and YWCA Development Corporation's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of YWCA of Greater Cincinnati, Inc. and YWCA Development Corporation's internal control over compliance.

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

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

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

Barnes, Dennig & Co., Ltd.

August 23, 2019
Cincinnati, Ohio

YWCA OF GREATER CINCINNATI, INC. AND YWCA DEVELOPMENT CORPORATION

**Schedule of Findings and Questioned Costs
Year Ended December 31, 2018**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ Yes X None noted
- Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major programs

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

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

Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR Section 200.516(a)? _____ Yes X No

Identification of major programs

<u>CFDA #</u>	<u>Name of Federal Programs or Clusters</u>
14.267	Continuum of Care Program
16.590	Improving Criminal Justice Responses Grant Program

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? _____ X Yes _____ No

Section II - Financial Statement Findings

No matters are reportable.

Section III - Federal Award Findings and Questioned Costs

No matters are reportable.

YWCA OF GREATER CINCINNATI, INC. AND YWCA DEVELOPMENT CORPORATION

**Summary Schedule of Prior Audit Findings
Year Ended December 31, 2018**

Reference Number	Summary of Finding	Status
	No matters are reportable	