

YWCA OF HIGH POINT NC, INC.

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT**

Years Ended December 31, 2022 and 2021

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COSTELLO HILL & COMPANY, L.L.P.



CERTIFIED PUBLIC
ACCOUNTANTS
GREENSBORO,
NORTH CAROLINA

LESTER F. HILL, CPA
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SUSAN S. MOYE, CPA

INDEPENDENT AUDITORS' REPORT

The Board of Directors
YWCA of High Point NC, Inc.
High Point, North Carolina

Opinion

We have audited the accompanying financial statements of Young Women's Christian Association of High Point, NC, Inc., (a nonprofit organization), which are comprised of the statement of financial position as of December 31, 2022, and the related statement of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Young Women's Christian Association of High Point, NC, Inc. as of December 31, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and with the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Young Women's Christian Association of High Point, NC, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Prior Period Financial Statements

The financial statements of Young Women's Christian Association of High Point, NC, Inc. as of December 31, 2021 were audited by other auditors whose report dated October 11, 2022 expressed an unmodified opinion on those statements.

Responsibilities of Management for the Financial Statements

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

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

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The Board of Directors
YWCA of High Point NC, Inc.
High Point, NC

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Young Women's Christian Association of High Point, NC, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Young Women's Christian Association of High Point, NC, Inc.'s ability to continue as a going concern for a reasonable period of time.

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


Castelle Hill & Company, LLP
Certified Public Accountants

Greensboro, NC
November 1, 2023

YWCA OF HIGH POINT, INC
Statements of Financial Position
December 31, 2022 and 2021

ASSETS

	2022	2021
CURRENT ASSETS		
Cash and cash equivalents	\$ 796,079	\$ 755,185
Accounts receivable	43,777	540
Refundable sales tax	13,501	5,855
Endowment investments	125,424	114,180
Promises to give	304,220	342,597
Prepaid expenses	-	65
	<u>1,283,001</u>	<u>1,218,422</u>
OTHER ASSETS		
Cash restricted for capital campaign	251,484	625,479
Unconditional promises to give for capital campaign	327,523	346,592
Right of use asset	11,204	-
	<u>590,211</u>	<u>972,071</u>
PROPERTY AND EQUIPMENT		
Building	4,440,516	4,025,572
Land	121,334	121,334
Equipment	432,473	428,860
Vehicles	157,237	157,237
	<u>5,151,560</u>	<u>4,733,003</u>
Less: Accumulated depreciation	1,928,983	1,768,939
	<u>3,222,577</u>	<u>2,964,064</u>
TOTAL ASSETS	<u>\$ 5,095,789</u>	<u>\$ 5,154,557</u>

YWCA OF HIGH POINT, INC
Statements of Financial Position
December 31, 2022 and 2021

LIABILITIES AND NET ASSETS

	<u>2022</u>	<u>2021</u>
CURRENT LIABILITIES		
Accounts payable	\$ 121,217	\$ 22,211
Accrued expenses	24,526	36,225
Current maturities of long-term debt	10,000	1,538,333
Lease obligations - current portion	6,890	-
Current portion of capital lease obligation	-	17,630
	<hr/>	<hr/>
TOTAL CURRENT LIABILITIES	162,633	1,614,399
LONG-TERM LIABILITIES		
Long-term debt, less current maturities	1,499,674	10,000
Lease obligations, net of current portion	4,314	-
	<hr/>	<hr/>
TOTAL LONG-TERM LIABILITIES	1,503,988	10,000
	<hr/>	<hr/>
TOTAL LIABILITIES	1,666,621	1,624,399
NET ASSETS		
Without donor restrictions	2,714,339	2,306,204
With donor restrictions	714,829	1,223,954
	<hr/>	<hr/>
TOTAL NET ASSETS	3,429,168	3,530,158
	<hr/>	<hr/>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 5,095,789</u>	<u>\$ 5,154,557</u>

YWCA OF HIGH POINT, INC
Statements of Activities
For the Years Ended December 31, 2022 and 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE						
Contributions	\$ 109,374	\$ 304,334	\$ 413,708	\$ 533,780	\$ 222,666	\$ 756,446
United Way allocation	211,249	-	211,249	109,163	107,219	216,382
Grants from governmental agencies	536,526	-	536,526	-	274,923	274,923
Capital campaign	-	204,712	204,712	-	89,327	89,327
In-Kind contributions	26,188	-	26,188	33,870	-	33,870
Special events, net of direct expenses of \$18,438 in 2022 and \$8,220 in 2021	32,654	-	32,654	39,232	-	39,232
Membership dues	12,419	-	12,419	11,624	-	11,624
Program service fees	264,976	-	264,976	303,021	-	303,021
Building usage	3,940	-	3,940	100	-	100
Sales of materials, Net	70	-	70	(1,184)	-	(1,184)
Investment income	4,236	(24,317)	(20,081)	9,548	2,825	12,373
PPP loan and other covid support	-	-	-	117,392	-	117,392
Other income	6,915	-	6,915	(4)	-	(4)
	1,208,547	484,729	1,693,276	1,156,542	696,960	1,853,502
	993,854	(993,854)	-	819,534	(819,534)	-
Net assets released from restrictions						
	2,202,401	(509,125)	1,693,276	1,976,076	(122,574)	1,853,502
TOTAL SUPPORT AND REVENUE						
	1,620,250	-	1,620,250	1,364,880	-	1,364,880
FUNCTIONAL EXPENSES						
Program services	92,917	-	92,917	52,734	-	52,734
Supporting services	74,485	-	74,485	74,170	-	74,170
Fundraising expenses	6,614	-	6,614	6,411	-	6,411
Payments to affiliates						
	1,794,266	-	1,794,266	1,498,195	-	1,498,195
TOTAL FUNCTIONAL EXPENSES						
	408,135	(509,125)	(100,990)	477,881	(122,574)	355,307
CHANGES IN NET ASSETS						
	2,306,204	1,223,954	3,530,158	1,828,323	1,346,528	3,174,851
NET ASSETS - BEGINNING OF YEAR						
	\$ 2,714,339	\$ 714,829	\$ 3,429,168	\$ 2,306,204	\$ 1,223,954	\$ 3,530,158
NET ASSETS - END OF YEAR						

See accompanying Notes to Financial Statements.

YWCA OF HIGH POINT, INC.
Statements of Functional Expenses
For the Years Ended December 31, 2022 and 2021

Year Ended December 31, 2022	Aquatics	Child Care	Family Life	Women's Services	Racial Justice	Latino Family Center	Teaching Kitchen	Healthy Beginnings	Maternal Health	Vax Connect	Total Program Services	Supporting Services	Fundraising	Total
Compensation	\$ 150,608	\$ 187,661	\$ 79,668	\$ 60,199	\$ 9,285	\$ 92,373	\$ 16,539	\$ 105,702	\$ 153,543	\$ 88,475	\$ 944,052	\$ 15,901	\$ 7,703	\$ 967,656
Employee benefits	6,374	12,891	7,639	2,420	-	6,595	1,536	4,348	2,408	1,474	45,395	1,897	769	48,151
Payroll taxes	17,693	14,151	6,092	4,296	859	6,913	37	6,117	9,424	5,166	70,758	(97)	(27)	70,674
Professional fees	4,488	3,770	1,436	2,789	3,231	3,231	369	716	888	180	17,869	180	180	18,229
Supplies	17,750	12,028	8,750	12,997	2,477	27,375	742	4,864	16,071	90,797	153,881	7,358	18,230	173,479
Telephone	2,292	4,314	1,855	1,267	-	1,929	181	953	1,642	161	14,264	1,350	91	15,705
Postage & shipping	88	160	42	48	-	87	7	14	72	127	646	41	345	1,032
Occupancy	38,622	35,607	12,771	20,224	-	25,089	5,021	7,604	8,895	3,761	158,495	15,805	2,531	176,831
Equipment repair and rental	11,278	3,689	1,558	2,366	7	3,024	334	847	847	163	23,712	920	175	24,907
Travel & vehicle	(145)	8,093	940	-	-	145	-	419	723	1,247	11,557	15	-	11,872
Conferences & meetings	175	169	375	108	90	96	-	1,628	7,594	-	16,558	702	-	17,260
Advertising	3,383	5,138	1,165	1,874	25	55	8	12	15	3	16,853	1,714	145	18,722
Miscellaneous	-	-	-	-	-	-	-	767	1,852	230	16,244	25,128	87	41,457
Interest	-	-	-	-	-	-	-	-	-	-	-	-	42,768	42,768
Depreciation	37,272	31,308	11,928	20,880	-	28,932	2,978	5,964	7,452	1,364	145,976	21,855	1,488	169,319
TOTALS	\$ 329,856	\$ 303,289	\$ 136,564	\$ 129,612	\$ 12,744	\$ 135,845	\$ 27,936	\$ 138,808	\$ 211,437	\$ 133,148	\$ 1,620,250	\$ 92,917	\$ 74,485	\$ 1,787,652

Year Ended December 31, 2021	Aquatics	Child Care	Family Life	Women's Services	Pottery Studio and Art	Latino Family Center	Teaching Kitchen	Healthy Beginnings	Maternal Health	Vax Connect	Total Program Services	Supporting Services	Fundraising	Total
Compensation	\$ 171,845	\$ 122,053	\$ 111,709	\$ 29,238	\$ -	\$ 93,812	\$ 14,031	\$ 48,669	\$ 84,487	\$ 44,522	\$ 708,396	\$ 13,460	\$ 6,730	\$ 728,596
Employee benefits	4,017	7,832	3,846	1,098	219	4,870	1,013	2,570	4,551	836	30,332	961	507	31,820
Payroll taxes	12,962	8,937	7,747	2,158	-	5,570	1,013	3,382	5,409	3,316	50,520	834	485	51,839
Professional fees	3,575	3,575	1,525	1,300	1,138	1,300	975	1,625	1,604	-	16,041	2,960	2,738	21,739
Supplies	14,389	10,026	15,142	7,058	315	75,745	866	4,188	4,278	6,271	138,259	4,848	2,434	145,541
Telephone	2,147	2,147	1,211	781	627	781	586	1,211	583	-	10,174	390	295	10,868
Postage & shipping	61	108	28	22	19	26	17	28	-	-	40	40	894	1,243
Occupancy	38,794	29,183	12,727	11,228	7,810	11,853	7,472	12,735	2,662	126	132,670	8,493	3,367	144,530
Equipment repair and rental	23,745	5,877	2,220	1,955	1,262	2,075	1,489	2,924	513	20	41,426	3,607	607	44,957
Travel & vehicle	-	11,619	920	-	-	327	-	1,032	384	394	14,876	3,445	-	18,121
Conferences & meetings	390	-	7,550	17,760	-	1,020	-	650	7,265	-	34,555	40	-	34,975
Advertising	-	-	-	747	653	747	561	-	-	-	20,381	2,464	-	24,684
Miscellaneous	2,414	3,275	5,280	747	-	-	-	3,490	3,214	-	11,881	11,881	-	23,762
Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation	34,287	33,870	15,143	12,763	9,570	13,002	9,059	15,143	24,174	60	167,071	80	4,536	171,667
TOTALS	\$ 306,929	\$ 238,002	\$ 185,148	\$ 86,248	\$ 21,614	\$ 201,108	\$ 37,172	\$ 84,963	\$ 138,544	\$ 55,545	\$ 1,364,890	\$ 52,734	\$ 74,170	\$ 1,491,784

See accompanying Notes to Financial Statements.

YWCA OF HIGH POINT, INC
Statements of Cash Flows
For the Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ (100,990)	\$ 355,307
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation and amortization	169,319	171,667
In-kind support for property and equipment	(12,039)	(8,731)
Unrealized (gain) loss on investments	27,859	(27,625)
Changes in operating assets and liabilities:		
Accounts receivable and refundable sales tax	(50,883)	6,191
Promises to give	38,377	(89,458)
Prepaid expenses	65	-
Capital campaign unconditional promises to give	19,069	52,925
Accounts payable	99,006	(104,906)
Accrued expenses	(11,699)	12,326
	<u>178,084</u>	<u>367,696</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	22,427	38,713
Purchases of investments	(31,861)	(23,298)
Additions to construction	(349,082)	-
Purchases of property and equipment	(76,789)	(25,268)
	<u>(435,305)</u>	<u>(9,853)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long-term debt	1,509,481	-
Payments on long-term debt	(1,555,963)	(113,334)
Payment of loan fee	(11,768)	-
Payments on capital lease	(17,630)	(23,754)
	<u>(75,880)</u>	<u>(137,088)</u>
NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	(333,101)	220,755
CASH, CASH EQUIVALENTS AND RESTRICTED CASH AT BEGINNING OF YEAR	<u>1,380,664</u>	<u>1,159,909</u>
CASH, CASH EQUIVALENTS AND RESTRICTED CASH AT END OF YEAR	<u><u>\$ 1,047,563</u></u>	<u><u>\$ 1,380,664</u></u>

SUPPLEMENTAL CASH FLOW INFORMATION

Cash Payments for Interest	<u><u>\$ 42,768</u></u>	<u><u>\$ 39,696</u></u>
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YWCA OF HIGH POINT NC, INC.
Notes to Financial Statements
December 31, 2022 and 2021

NOTE A. OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Young Women's Christian Association of High Point, NC, Inc. (the Organization) is a nonprofit organization in High Point, North Carolina established for the purpose of promotion of growth in Christian character and service through physical, social, mental, and spiritual training. The Organization is supported primarily through grants and contracts, donor contributions, and membership dues for its facilities. The current programs include:

Aquatics – Provides swimming instruction for infants to senior adults including adaptive aquatics for physically and mentally challenged individuals, competitive swim, water exercise, and lifeguard training.

Child Care – Provides safe and affordable care for school age children, ages 5-12, including programs before and after school and full day care during holidays and summer vacation.

Family Life – Programs to strengthen individuals and families through parent education for teen mothers, providing necessities for infants from low income families, and offering supportive education groups for female teens to delay sexual activity and adolescent pregnancy.

Women's Services – Programs designed to increase awareness of women's health issues.

Racial Justice – Programs to advocate for racial justice from voting rights to civil rights, from affordable housing to pay equity and from violence prevention to health care reform.

Latino Family Center – The Center is dedicated to improving the quality of life and to promoting community participation of Latinos living in the community.

Teaching Kitchen – Classes to teach adults, teens, and youth to cook healthy meals to fight chronic diseases.

Healthy Beginnings – Provides a personalized program for healthy pregnancies, healthy children, and to maintain a healthy lifestyle between pregnancies to minority women between 20 – 30 years old and their children.

Maternal Health – Provides equal access to timely, quality maternal health care services, including family planning.

Vax Connect – Provides assistance in increasing COVID-19 vaccination rates among Guilford County residents.

Basis of Accounting and Presentation

The financial statements have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

The Organization reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

YWCA OF HIGH POINT NC, INC.
Notes to Financial Statements
December 31, 2022 and 2021

NOTE A. OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting and Presentation (Concluded)

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions.

Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity.

The Organization's unspent contributions are reported in net assets with donor restrictions if the donor limited their use. When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

Cash, Cash Equivalents and Restricted Cash

For purposes of the statement of cash flows, the Organization considers all bank accounts and short-term investments with a maturity of three months or less to be cash equivalents. This does not include accounts which are subject to withdrawal restrictions.

Promises to Give

The Organization recognizes unconditional promises to give as support in the period the promise is received. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Management considers all promises to give to be collectible, therefore, no allowance for doubtful accounts has been provided.

Receivables

Accounts receivable consist of amounts due for program services provided. As of December 31, 2022 and 2021, management has determined that all amounts are fully collectible and no allowance for doubtful accounts is necessary.

Property and Equipment

Property and equipment items are stated at original cost to the Organization when purchased, or if donated, at their estimated fair market value at the date of the donation. Depreciation is computed using the straight-line method over estimated useful lives of 3 - 39 years. It is the Organization's policy to capitalize property and equipment expenditures over \$500 with a depreciable life over three years or more. Expenditures for repairs, maintenance, and other minor amounts are charged to operations as incurred. Depreciation expense was \$167,358 and \$171,667 for the years ended December 31, 2022 and 2021, respectively.

YWCA OF HIGH POINT NC, INC.
Notes to Financial Statements
December 31, 2022 and 2021

NOTE A. OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values. Changes in unrealized gains and losses are recognized each year and are included in the Statements of Activities.

Concentration of Credit Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents. The Organization maintains its cash balances in bank deposit accounts that, at times, may exceed federally insured limits. These accounts are insured by the FDIC up to \$250,000 per institution. The bank balances exceeded the federally insured limit by approximately \$750,000 and \$1,130,000 at December 31, 2022 and 2021, respectively.

Revenue and Support

The Organization has multiple revenue streams that are accounted for as reciprocal exchange transactions including membership and program fees. Because the Organization's performance obligations relate to contracts with a duration of less than one year, the Organization has elected to apply the optional exemption provided in the revenue recognition guidance, and therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the year. There are no incremental costs of obtaining a contract and no significant financing components.

Membership dues and program fees consist of amounts that families and individuals pay to participate in health, fitness, education and recreation activities and programs. Members join for varying lengths of time and may cancel with notice. Members generally pay a one-time joining fee plus monthly dues in advance. Memberships provide use of the recreation facilities, access to free classes, programs and activities, and discounts to fee-based programs. The Organization offers a variety of programs including family, child care, day camp, fitness, aquatics, and other services. Fee-based programs are available to the public. Program fees for longer duration programs, such as fee-based child care, are usually paid monthly in advance. Cancellation provisions vary by program, but most transactions are cancelable with written notice. Refunds may be available for services not provided. Financial assistance is available to members and program participants. Such financial assistance is reflected as a reduction of gross membership dues and program fees. Membership dues and program fees are recognized at a point in time when payments for services are received and the Organization is reasonably expected to fulfill the performance obligations of the contract.

Contributions and grants received are recorded as with donor restrictions or without donor restrictions, depending on the existence or nature of any donor restrictions.

Donated Services, Materials, and Facilities

The Organization receives donated contributions of food and other supplies from various donors. Donations of materials are recorded as contributions with the corresponding expense at fair value at the date of donation.

YWCA OF HIGH POINT, INC.
Notes to Financial Statements
December 31, 2022 and 2021

NOTE A. OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated Services, Materials, and Facilities (Concluded)

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific assistance programs that are not recognized as contributions in the financial statements since the recognition criteria were not met.

In-Kind contributions consisted of the following:

	2022	2021
Equipment	\$ 6,750	\$ 30,945
Program supplies	989	2,925
Stock donation	14,149	-
Heart of the Community – event expenses	4,300	-
Total	\$ 26,188	\$ 33,870

Functional Expenses

The costs of providing programs, supporting services, and fundraising have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification of expenses by function. Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of square footage or estimates of time and effort.

Advertising

All costs of advertising are expensed as they are incurred.

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, and the reported revenues and expenses. On an ongoing basis, management evaluates the estimates and assumptions based on new information. Management believes that the estimates and assumptions are reasonable in the circumstances; however, actual results could differ from those estimates.

Income Taxes

The Organization is a not-for-profit Organization that is exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code. It is the Organization's policy to evaluate all tax positions to identify any that may be considered uncertain. All identified material tax positions are assessed and measured by a "more-likely-than-not" threshold to determine if the tax position is uncertain and what, if any, the effect of the uncertain tax position may be on the financial statements. No material uncertain tax positions were identified for years 2022 and 2021. Currently, the statute of limitations remains open subsequent to and including tax year 2019; however, no examinations are in process or anticipated.

YWCA OF HIGH POINT NC, INC.
Notes to Financial Statements
December 31, 2022 and 2021

NOTE A. OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)

Recent Accounting Pronouncement

The Organization adopted ASC 842, *Leases*, effective December 31, 2022. This standard requires lessees to recognize leases on the statement of financial position as right-of-use (ROU) assets and lease liabilities based on the value of the discounted future lease payments. In adopting ASC 842, the Organization elected to use practical expedients, included but not limited to, not reassessing past lease accounting.

The Organization determines if an arrangement is a lease at inception. All leases are recorded in the statements of financial position except for leases with an initial term of less than twelve months.

Operating lease right-of-use (ROU) assets and lease liabilities are recognized at the lease commencement date based on the present value of the lease payments over the lease term discounted at the Organization's incremental borrowing rate. ROU assets also include any adjustments related to lease payments made and lease incentives received at or before the commencement date. The ROU assets resulting from operating leases are included in Other Assets and the related liabilities are included in Accrued Expenses in the statements of financial position. Upon adoption, the Organization recognized operating ROU assets and lease liabilities of \$11,204.

The Organization does not have capital leases or leases for which it is the lessor resulting in no impact from the adoption of ASC 842.

Operating lease cost is recognized as the actual cost of the lease, or cash cost, in the accounting period it is incurred, as rent expense within the Statement of Functional Expenses. Lease and non-lease components of lease agreements are accounted for separately. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option.

Refer to Note G for further discussion of the impact of adoption.

NOTE B. CASH, CASH EQUIVALENTS, AND RESTRICTED CASH

Cash, cash equivalents, and restricted cash as of December 31, 2022 and 2021 consist of the following:

	2022	2021
Cash and cash equivalents	\$ 796,079	\$ 755,185
Restricted cash	251,484	625,479
Cash, Cash Equivalents, and Restricted Cash Shown in the Statement of Cash Flows	\$ 1,047,563	\$ 1,380,664

Restricted cash includes cash received with donor-imposed restrictions that limits the use of that cash for building improvements as part of the Capital Campaign.

YWCA OF HIGH POINT NC, INC.
Notes to Financial Statements
December 31, 2022 and 2021

NOTE C. PROMISES TO GIVE

Promises to give at December 31, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
United Way Services	\$ 104,030	\$ 107,219
Adolescent Parenting Program	22,295	63,318
Community Development Block Grant	10,286	19,402
Z Smith Reynolds	30,000	60,000
YMCA Triangle	-	13,905
North Carolina Department of Health and Human Services	101,214	24,240
Guilford County	36,395	17,674
Other	-	36,839
	<u>304,220</u>	<u>342,597</u>
Capital Campaign	331,347	348,376
Less: Unamortized discount	<u>3,824</u>	<u>1,784</u>
Net Capital Campaign	<u>327,523</u>	<u>346,592</u>
Total Promises to Give	<u>\$ 631,743</u>	<u>\$ 689,189</u>

The discount associated with the Capital Campaign pledges is calculated using a variable rate based on the present value of the scheduled payments.

Promises to give not related to the Capital Campaign are expected to be received in 2023. Promises to give related to the Capital Campaign are expected to be collected between 2023 and 2027.

NOTE D. INVESTMENTS

Endowment investments are comprised of mutual funds. The funds represent donor designated amounts set aside to provide for capital expenditures (from principal) and income for annual operations (from dividends and interest). The endowment funds are managed by a third party investment advisor and evaluated periodically by management and the advisor. The mutual funds and stock are summarized as follows:

	<u>2022</u>	<u>2021</u>
Cost	\$ 138,058	\$ 98,955
Market value	<u>125,424</u>	<u>114,180</u>
Unrealized gain (loss)	<u>\$ (12,634)</u>	<u>\$ 15,225</u>

Details of investments are as follows:

Mutual funds	\$ 111,275	\$ 114,180
Donated stock	<u>14,149</u>	<u>-</u>
	<u>\$ 125,424</u>	<u>\$ 114,180</u>

YWCA OF HIGH POINT NC, INC.
Notes to Financial Statements
December 31, 2022 and 2021

NOTE E. CAPITAL CAMPAIGN

The Organization's Growing Our Future Campaign ("The Campaign") is an ongoing initiative to raise support for construction, renovation, and furnishing of the existing operating facilities. To fund the renovation, the Organization has raised support and has a loan commitment for a note payable of up to a maximum of \$3,500,000 subject to fundraising levels (see Note F). The Campaign project is carried out in phases. Phase 1 totaled approximately \$1,500,000 and was completed in November 2015. Phase 2 totaled approximately \$1,100,000 and was completed in September 2017. The Organization started fundraising for Phase 3 in 2018. Cash and promises to give related to The Campaign are restricted to the payment of the cost of the renovations and construction.

NOTE F. NOTES PAYABLE

Notes payable consist of the following:

	2022	2021
Construction note payable to a bank, payable in 19 quarterly principal payments of \$25,000 plus interest at LIBOR plus 2.4 percentage points (2.50863% at December 31, 2021) and one final payment of the principal balance in March 2022, secured by the assignment of all related construction contracts and real property.	\$ -	\$ 1,525,000
Note payable to the YWCA USA, payable in 35 equal Interest free monthly installments of \$1,111 maturing in September 2023.	10,000	23,333
Construction note payable to a bank for a loan commitment up to \$3,500,000 with a five year term and a fixed interest rate of 3.5%; payments interest only during life of the loan with principal payments commencing in 2025; secured by the assignment of all related construction contracts and real property. The loan has maximum principal balances of \$2,500,000 in 2025, \$2,000,000 in 2026, and \$1,500,000 in 2027.	1,509,481	-
Total Debt	1,519,481	1,548,333
Less loan cost (net of amortization of \$1,961)	9,807	-
	1,509,674	1,548,333
Less Current Maturities	10,000	1,538,333
Total Long-term Debt	\$ 1,499,674	\$ 10,000

Interest expense was \$44,729 and \$39,696 in 2022 and 2021, respectively. Interest expense includes loan cost amortization of \$1,961 in 2022.

YWCA OF HIGH POINT NC, INC.
Notes to Financial Statements
December 31, 2022 and 2021

NOTE F. NOTES PAYABLE (Concluded)

The new bank loan requires a minimum debt service coverage ratio of not less than 1.0 to 1.0 measured annually, commencing with 2022. As of December 31, 2022, the Organization was in compliance with the covenant.

NOTE G. CAPITAL LEASES

As a lessee, the Organization leases office space to conduct normal business under an operating lease that expires in June 2023. Lease payments will be \$4,800 in 2023. The organization also leases a copier with lease payments of \$230 monthly that expires in December 2025. As provided in FASB ASC 842, these future lease payments are discounted to present value using the Organization's incremental borrowing rate of 5%.

Components of the lease liability discounted to present value are as follows:

Office space lease	\$ 4,731
Copier lease	<u>6,473</u>
TOTAL LEASE LIABILITY	<u>\$ 11,204</u>

Operating Lease expense under FASB ASC 840 (pre-adoption of the new standards) totaled \$3,589 for the year ended December 31, 2021.

NOTE H. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes:

	<u>2022</u>	<u>2021</u>
United Way allocation	\$ 104,030	\$ 109,163
Adolescent Parenting Program	-	63,318
Capital Campaign pledges and cash	580,799	972,071
Z Smith Reynolds	30,000	60,000
Community Development Block grant	<u>-</u>	<u>19,402</u>
TOTALS	<u>\$ 714,829</u>	<u>\$ 1,223,954</u>

NOTE I. EMPLOYEE BENEFIT PLAN

Employees who meet eligibility requirements participate in the National YWCA Retirement Plan. The Organization's contributions were \$6,611 and \$3,717 for 2022 and 2021, respectively.

NOTE J. RELATED PARTY TRANSACTIONS

The Organization pays due to the YWCA USA. Dues paid for 2022 and 2021 were \$6,614 and \$6,411, respectively. The YWCA USA also made contributions to the Organization in 2022 of \$14,000.

Included in notes payable is a loan from the YWCA USA for \$ 10,000 and \$23,333 as of December 31, 2022 and 2021, respectively.

The Organization agreed to merge Parents As Teachers of Guilford County into its Maternal Health program in 2022.

YWCA OF HIGH POINT NC, INC.
Notes to Financial Statements
December 31, 2022 and 2021

NOTE K. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Organization's financial assets as of the balance sheet date, reduced by amounts not available for general use within one year of the balance sheet date because of contractual or donor-imposed restrictions. Amounts not available include funds designated by regulatory agencies.

Cash and cash equivalents	\$	796,079
Cash restricted for capital campaign		251,484
Receivables		57,278
Promises to give		<u>304,220</u>
Total Financial Assets		1,409,061
Less those unavailable for general expenditure within one year due to:		
Donor restricted for the capital campaign		<u>(251,484)</u>
Financial Assets Available for General Expenditure Within One Year		<u>\$ 1,157,577</u>

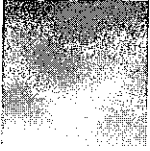
NOTE L. CONCENTRATIONS

A significant portion of the Organization's support consists of government grants. Thus, its funding is vulnerable to changes in the legislative priorities of federal, state, and local governments. Grants and contracts from governmental agencies accounted for 32% and 16% of total income as of December 31, 2022 and 2021, respectively.

NOTE M. SUBSEQUENT EVENTS

The Organization has evaluated events and transactions for potential recognition or disclosure through November 1, 2023, which is the date the financial statements were available to be issued.

COSTELLO HILL & COMPANY, L.L.P.



CERTIFIED PUBLIC
ACCOUNTANTS
GREENSBORO,
NORTH CAROLINA

LESTER F. HILL, CPA
W. GREGORY ASHLEY, CPA
SUSAN S. MOYE, CPA

INDEPENDENT AUDITOR'S 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 Directors
YWCA of High Point NC, Inc.
High Point, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Young Women's Christian Association of High Point, NC, Inc. (a nonprofit organization), which are comprised of the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Young Women's Christian Association of High Point, NC, Inc.'s internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Young Women's Christian Association of High Point, NC, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Young Women's Christian Association of High Point, NC, Inc.'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 Organization'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.

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The Board of Directors
YWCA of High Point NC, Inc.
High Point, North Carolina

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Certified Public Accountants

Greensboro, NC
November 1, 2023