

empowering women
ywca

**YOUNG WOMEN'S CHRISTIAN ASSOCIATION
OF METROPOLITAN DALLAS**

Financial Statements
with
Independent Auditors' Report

Year Ended June 30, 2006

empowering women
ywca

**YOUNG WOMEN'S CHRISTIAN ASSOCIATION
OF METROPOLITAN DALLAS**

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5580 LBJ Freeway
Suite 400
Dallas, TX
75240-6265

972.661.1843 tel
972.490.4120 fax
www.traviswolff.com

INDEPENDENT AUDITORS' REPORT

Board of Directors
Young Women's Christian Association of Metropolitan Dallas

We have audited the accompanying statement of financial position of Young Women's Christian Association of Metropolitan Dallas (the "Association") as of June 30, 2006 and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Young Women's Christian Association of Metropolitan Dallas as of June 30, 2006 and the changes in net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Travis Wolff Company, L.L.P.

September 1, 2006

**YOUNG WOMEN'S CHRISTIAN ASSOCIATION
OF METROPOLITAN DALLAS**

Statement of Financial Position
June 30, 2006

ASSETS

Current assets:

Cash and cash equivalents	\$ 2,451,945
Receivables	53,094
Other assets	<u>21,310</u>

Total current assets 2,526,349

Property held for sale

675,000

Property and equipment, net

1,989,692

Restricted cash (Note 4)

122,441

\$ 5,313,482

LIABILITIES AND NET ASSETS

Current liabilities:

Accounts payable	\$ 178,951
Accrued expenses	<u>251,776</u>

Total current liabilities 430,727

Commitments and contingencies (Note 9)

Net assets:

Unrestricted	4,093,850
Temporarily restricted	773,905
Permanently restricted	<u>15,000</u>

Total net assets 4,882,755

\$ 5,313,482

See accompanying notes to financial statements.

**YOUNG WOMEN'S CHRISTIAN ASSOCIATION
OF METROPOLITAN DALLAS**

Statement of Activities and Changes in Net Assets
Year Ended June 30, 2006

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenues and support:				
Contributions and gains	\$ 1,708,645	\$ 1,191,955	\$ -	\$ 2,900,600
Program service fees	1,706,439	-	-	1,706,439
Interest income	64,239	-	-	64,239
Gain on sale of assets	9,640	-	-	9,640
	<u>3,488,963</u>	<u>1,191,955</u>	<u>-</u>	<u>4,680,918</u>
Net assets released from restrictions	<u>708,148</u>	<u>(708,148)</u>	<u>-</u>	<u>-</u>
Total revenues and support	4,197,111	483,807	-	4,680,918
Expenses:				
Program services	3,453,144	-	-	3,453,144
Supporting services	888,331	-	-	888,331
Fund raising	194,751	-	-	194,751
Total expenses	4,536,226	-	-	4,536,226
Impairment charge (Note 1)	<u>278,471</u>	<u>-</u>	<u>-</u>	<u>278,471</u>
Net increase (decrease) in net assets	(617,586)	483,807	-	(133,779)
Net assets, beginning of period	<u>4,711,436</u>	<u>290,098</u>	<u>15,000</u>	<u>5,016,534</u>
Net assets, end of period	<u>\$ 4,093,850</u>	<u>\$ 773,905</u>	<u>\$ 15,000</u>	<u>\$ 4,882,755</u>

See accompanying notes to financial statements.

**YOUNG WOMEN'S CHRISTIAN ASSOCIATION
OF METROPOLITAN DALLAS**

Statement of Functional Expenses
Year Ended June 30, 2006

	<u>Program</u>	<u>Supporting</u>	<u>Fund Raising</u>	<u>Total</u>
Salaries and related expenses	\$ 1,873,686	\$ 552,970	\$ 167,562	\$ 2,594,218
Depreciation and amortization	245,455	11,901	-	257,356
Maintenance and repairs	87,775	13,841	-	101,616
Professional fees	313,187	111,762	500	425,449
Utilities	114,546	17,395	-	131,941
Food	134,918	4,766	63	139,747
Supplies	75,051	4,336	532	79,919
Transportation	40,054	5,018	94	45,166
Insurance	125,656	9,060	-	134,716
Telephone	42,278	13,953	-	56,231
Marketing	98,466	16,525	11,612	126,603
Rental expenses	207,648	74,917	-	282,565
Postage and handling	33	4,385	-	4,418
Security	7,658	3,692	-	11,350
Conferences and seminars	4,868	3,558	120	8,546
Interest	-	30	-	30
Other	81,865	40,222	14,268	136,355
	<u>\$ 3,453,144</u>	<u>\$ 888,331</u>	<u>\$ 194,751</u>	<u>\$ 4,536,226</u>

See accompanying notes to financial statements.

**YOUNG WOMEN'S CHRISTIAN ASSOCIATION
OF METROPOLITAN DALLAS**

Statement of Cash Flows
Year Ended June 30, 2006

Cash flows from operating activities:	
Net decrease in net assets	\$ (133,779)
Adjustments to reconcile net decrease in net assets to net cash provided by operating activities:	
Depreciation and amortization	257,356
Impairment loss	278,471
Gain on sale of assets	(9,640)
Change in operating assets and liabilities:	
Receivables	(53,094)
Other assets	12,604
Accounts payable	86,527
Accrued expenses	<u>(83,048)</u>
Net cash provided by operating activities	355,397
Cash flows from investing activities:	
Change in restricted cash	(1,488)
Purchases of property and equipment	(187,617)
Proceeds from sale of property and equipment	<u>9,640</u>
Net cash used in investing activities	<u>(179,465)</u>
Net increase in cash and cash equivalents	175,932
Cash and cash equivalents, beginning of period	<u>2,276,013</u>
Cash and cash equivalents, end of period	\$ <u><u>2,451,945</u></u>
Supplemental disclosure of cash flow information:	
Interest paid	\$ <u><u>30</u></u>

See accompanying notes to financial statements.

**YOUNG WOMEN'S CHRISTIAN ASSOCIATION
OF METROPOLITAN DALLAS**

Notes to Financial Statements

Note 1 - Nature of Operations and Significant Accounting Policies

Nature of operations

Young Women's Christian Association of Metropolitan Dallas (the "Association"), a Texas nonprofit organization, carries out the mission of the YWCA of the United States of America ("YWCA") among six different facilities in the Dallas area. The Association strives to improve and enrich the lives of all women by providing critical services and removing barriers to success. The Association provides services such as health and wellness, child care, and social services to women, men, and children and is primarily supported by program service fees, an allocation from the United Way, and contributions from the public.

Financial statement presentation

The accompanying financial statements have been prepared on the accrual basis of accounting. Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Association. Generally, the donors of these assets permit the use of all or part of the income earned on related investments for general purposes.

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that may or will be met by actions of the Association and/or the passage of time.

Unrestricted net assets – Net assets not subject to donor-imposed stipulations.

Revenues are reported as increases in unrestricted net assets unless use of the related asset is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Expirations of temporarily restricted contributions (i.e., when the donor-stipulated purposes have been fulfilled and/or when the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

Concentration of credit risk

Financial instruments that potentially subject the Association to concentrations of credit risk consist principally of cash. At June 30, 2006, the Association had deposits with financial institutions that exceeded FDIC insured limits. The Association has not experienced any losses in such accounts, and it does not believe it is exposed to any significant risk of loss related to cash.

During the year ended June 30, 2006, the Association received approximately 22% of its contributions from the United Way of Metropolitan Dallas.

**YOUNG WOMEN'S CHRISTIAN ASSOCIATION
OF METROPOLITAN DALLAS**

Notes to Financial Statements

Note 1 - Nature of Operations and Significant Accounting Policies - (Continued)

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 the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues, support and expenses during the reporting period. The Association has made significant estimates in assessing the fair value and estimated lives of its buildings and improvements, including property held for sale. Actual results could differ from those estimates.

Unconditional promises to give and revenue recognition

Contributions are recognized as revenues in the period that pledges or unconditional promises to give are received. These contributions are reduced by any allowance for uncollectible amounts and then discounted to their net present value if the collection period extends beyond the next fiscal year. The Association recognizes restricted contributions given for ongoing programs spent in the current year, including newly developed programs, as temporarily restricted giving. Contributions of assets or services other than cash are recorded at their estimated fair value.

Accounts receivable/allowance for doubtful accounts

The Association maintains receivables due from state and other agencies for services performed and considers all accounts receivable balances which are over six months past due as uncollectible. As of June 30, 2006, an allowance for doubtful accounts was not considered necessary to properly reflect the realizable value of accounts receivable.

Property and equipment

Property and equipment are stated at cost if purchased, or at fair value if donated, less accumulated depreciation and amortization. Major expenditures and those which substantially increase useful lives are capitalized. Maintenance, repairs, and replacements that do not improve or extend the lives of the respective assets are charged to operations when incurred. When property and equipment are sold or otherwise disposed of, the asset and related accumulated depreciation or amortization are removed, and any gain or loss is recognized and included in operations.

Depreciation is provided for over the estimated useful lives of the assets using the straight-line method as follows:

Buildings and improvements	30 years
Fences	10 years
Computers and related equipment	3-10 years
Furniture and other equipment	10 years
Vehicles	5 years

**YOUNG WOMEN'S CHRISTIAN ASSOCIATION
OF METROPOLITAN DALLAS**

Notes to Financial Statements

Note 1 - Nature of Operations and Significant Accounting Policies - (Continued)

Property held for sale

The Association has classified certain property as held for sale at June 30, 2006 in accordance with FASB Statement No. 144 *Accounting for the Impairment or Disposal of Long-Lived Assets*. Subsequent to June 30, 2006, the Association had a potential buyer for the sale of the remaining property held for sale.

Impairment of long-lived assets

The Association reviews long-lived tangible and intangible assets for impairment annually and recognizes a loss if expected future undiscounted cash flows are lower than the carrying amount of the assets. Such losses are measured as the difference between the carrying value and the estimated fair value of the assets. The estimated fair value is based on undiscounted future cash flows. The Association incurred \$278,471 of impairment expense for the year ended June 30, 2006, based on the potential buyer's offer price as discussed in the paragraph above.

Income taxes

The Association is a nonprofit corporation that is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code for activities related to its exempt purpose. For the year ended June 30, 2006, the Association did not conduct any unrelated business activities that would be subject to federal income taxes.

Cash and cash equivalents

The Association considers investments with original maturities of three months or fewer when purchased to be cash equivalents. The carrying amount of cash and cash equivalents reported on the statement of financial position approximates fair value.

Note 2 - Property and Equipment

Property and equipment consisted of the following at June 30, 2006:

Land	\$ 167,223
Buildings and improvements	3,068,718
Fences	222,933
Computers and related equipment	606,855
Furniture and other equipment	517,550
Vehicles	<u>537,658</u>
	5,120,937
Less accumulated depreciation and amortization	<u>3,131,245</u>
	\$ <u>1,989,692</u>

Total depreciation and amortization expense for the year ended June 30, 2006 was \$257,356.

**YOUNG WOMEN'S CHRISTIAN ASSOCIATION
OF METROPOLITAN DALLAS**

Notes to Financial Statements

Note 3 - Property Held for Sale

Property held for sale consisted of the following at June 30, 2006:

Land	\$ 32,460
Buildings and improvements	<u>921,011</u>
	953,471
Less impairment allowance	<u>278,471</u>
	\$ <u>675,000</u>

Note 4 - Designated Cash

In January 2005, the Association entered into a lease agreement that requires a security deposit of \$120,000. The Association satisfied this requirement by furnishing the landlord with an irrevocable standby letter of credit in the amount of \$120,000, as allowed in the lease agreement. The Association has the right to reduce the amount of the security deposit to \$70,000 effective July 2006 and to \$9,158 effective July 2007. The letter of credit expires in January 2007, and it contains an automatic extension clause for a one-year extension period. The Association has designated certain cash amounts held in a separate bank account in the amount of \$122,441 to cover the Association's exposure under the letter of credit at June 30, 2006.

Note 5 - Employee Benefit Plan

The Association participates in the national YWCA Retirement Fund (the "Fund"), a cash balance defined benefit plan qualified under Section 401(a) of the Internal Revenue Code. Employees who have two years of service with a minimum of 1,000 hours per year are eligible to participate in the Fund. The Association contributes an amount equal to 5% of eligible employees' annual compensation to the Fund, and YWCA of the USA Retirement Fund contributes an additional amount equal to 2% of eligible employees' annual compensation to the Fund. Participants are immediately 100% vested in the Association's contributions and are allowed to make additional contributions to the Fund up to 10% of annual compensation. The Association contributed \$43,678 to the Fund during the year ended June 30, 2006.

**YOUNG WOMEN'S CHRISTIAN ASSOCIATION
OF METROPOLITAN DALLAS**

Notes to Financial Statements

Note 6 - Temporarily Restricted Net Assets

At June 30, 2006, the balance of temporarily restricted net assets consisted of the following:

Financial Empowerment	\$ 280,636
Nurse Family Partnership	319,109
Childcare operations and equipment	114,256
Youth services	17,119
Women's health services	<u>42,785</u>
	<u>\$ 773,905</u>

Note 7 - Permanently Restricted Net Assets

At June 30, 2006, the balance of permanently restricted net assets consisted of \$15,000 for scholarship endowments.

Note 8 - Contributed Assets and Services

For the year ended June 30, 2006, the Association received and recognized contributed assets and services as follows:

Program supplies	\$ 3,000
Marketable equity securities	21,595
Professional services	<u>3,375</u>
	<u>\$ 27,970</u>

**YOUNG WOMEN'S CHRISTIAN ASSOCIATION
OF METROPOLITAN DALLAS**

Notes to Financial Statements

Note 9 - Commitments and Contingencies

Leases

The Association leases office equipment and real estate under noncancelable operating leases. Future minimum lease payments under these leases are as follows:

<u>Years Ending June 30,</u>	<u>Amount</u>
2007	\$ 290,992
2008	270,894
2009	248,681
2010	141,607
2011	<u>30,270</u>
	<u>\$ 982,444</u>

Total rental expense for the year ended June 30, 2006 was approximately \$283,000.

Affiliation dues

The Association was required to pay quarterly or annual dues to the YWCA Southwest/Delta Regional Council, Inc. ("Southwest Region"). The dues were based on the total expenditures for each fiscal year. During 2006, the Association made a \$25,000 payment for dues to the Southwest Region. On June 29, 2006, the Association entered into a settlement agreement to disaffiliate with the Southwest Region by paying \$70,000. The remaining dues payable of \$23,000 to the Southwest Region were forgiven.

Contingencies

The Association receives funding or reimbursements from governmental agencies that are subject to specific compliance requirements and review and audit by the grantors or their representatives. Such audits could result in requests for reimbursement by the grantor agency for expenses disallowed under the terms and conditions specified in the grant agreements. The net effect of any disallowances or adjustments resulting from these activities could have a material effect on the Association's financial position.

The Association is subject to certain claims and contingencies that arise in the normal course of performing its services. None of these, in the opinion of management, is expected to have a material adverse affect on the financial position, activities or cash flows of the Association.