

YWCA Richmond

FINANCIAL REPORT

JUNE 30, 2021

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	1-2
FINANCIAL STATEMENTS	
Statement of Financial Position	3-4
Statement of Activities	5
Statement of Functional Expenses	6
Statement of Cash Flows	7-8
Notes to Financial Statements	9-23
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	24
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	25
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	26
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 <i>GOVERNMENT AUDITING STANDARDS</i>	27-28
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE	29-30

**PILC &
MOSELEY, LLC**
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
YWCA Richmond
Richmond, Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of YWCA Richmond (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

4312 Grove Avenue • Richmond, VA 23221 • Phone: 804-918-8490 • Fax: 804-918-8499

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of YWCA Richmond, as of June 30, 2021, 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.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* 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 financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 18, 2022, on our consideration of YWCA Richmond'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 the effectiveness of YWCA Richmond's 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 Richmond's internal control over financial reporting and compliance.

Report on Summarized Comparative Information

We have previously audited the YWCA Richmond's June 30, 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 9, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Pike & Mouley, LLC

Richmond, Virginia
January 18, 2022

FINANCIAL STATEMENTS

YWCA RICHMOND
Statement of Financial Position
Year Ended June 30, 2021
With Comparative Totals as of June 30, 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 822,903	\$ 992,818
Contributions and grants receivable	670,536	384,586
Pledges receivable, current portion	1,078,912	451,550
Employee Retention Credit receivable	1,021,471	-
Other receivables, net	6,446	36,171
Prepaid expenses	<u>52,621</u>	<u>41,244</u>
 Total current assets	 3,652,889	 1,906,369
OTHER ASSETS		
Investments	1,986,044	1,648,408
Pledges receivable, net - long-term	150,715	106,883
Property and equipment, net	4,715,604	1,846,711
Other assets	<u>23,190</u>	<u>17,010</u>
 Total assets	 <u>\$ 10,528,442</u>	 <u>\$ 5,525,381</u>

See accompanying notes.

YWCA RICHMOND
Statement of Financial Position, Continued
Year Ended June 30, 2021
With Comparative Totals as of June 30, 2020

	<u>2021</u>	<u>2020</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 59,670	\$ 116,429
Accrued expenses	138,019	129,851
Construction payables	664,681	-
Line of credit, current	176,000	176,000
Payroll Protection Program loan	<u>-</u>	<u>567,200</u>
Total current liabilities	1,038,370	989,480
LINE OF CREDIT, LONG-TERM	<u>707,811</u>	<u>-</u>
Total liabilities	<u>1,746,181</u>	<u>989,480</u>
NET ASSETS		
Without donor restrictions		
Operating	2,560,134	1,689,162
Property and equipment	<u>1,897,821</u>	<u>1,560,761</u>
Total net assets without donor restrictions	4,457,955	3,249,923
With donor restrictions	<u>4,324,306</u>	<u>1,285,978</u>
Total net assets	<u>8,782,261</u>	<u>4,535,901</u>
Total liabilities and net assets	<u>\$ 10,528,442</u>	<u>\$ 5,525,381</u>

See accompanying notes.

YWCA RICHMOND
Statement of Activities
Year Ended June 30, 2021
With Comparative Totals as of June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total 2021	2020
SUPPORT AND OTHER REVENUE				
Support				
Contributions and grants				
Capital campaign	\$ -	\$ 2,988,025	2,988,025	\$ 978,325
Grants and contributions	443,221	907,585	1,350,806	1,058,984
Governmental				
Department of Criminal Justice	801,425	-	801,425	844,334
Other federal agencies	315,461	-	315,461	267,975
Municipality grants	602,756	-	602,756	165,494
Paycheck Protection Program grant	567,200	-	567,200	-
United Way services	-	155,000	155,000	155,000
In-kind contributions	45,240	-	45,240	83,732
Trust fund distributions	83,422	-	83,422	77,095
Total support	<u>2,858,725</u>	<u>4,050,610</u>	<u>6,909,335</u>	<u>3,630,939</u>
Other revenue				
Employee Retention Credit income	1,021,471	-	1,021,471	-
Investment income	425,399	-	425,399	60,446
Program service fees	594,687	-	594,687	654,586
Special events, OWA luncheon	3,900	76,090	79,990	125,501
Miscellaneous income	48,005	-	48,005	10,555
Total revenue	<u>2,093,462</u>	<u>76,090</u>	<u>2,169,552</u>	<u>851,088</u>
NET ASSETS RELEASED FROM RESTRICTIONS	<u>1,088,372</u>	<u>(1,088,372)</u>	<u>-</u>	<u>-</u>
Total support and other revenue	<u>6,040,559</u>	<u>3,038,328</u>	<u>9,078,887</u>	<u>4,482,027</u>
EXPENSES				
Program services				
Child care	2,150,976	-	2,150,976	1,798,803
Women's Advocacy Program	1,873,545	-	1,873,545	1,798,654
Total program services	<u>4,024,521</u>	<u>-</u>	<u>4,024,521</u>	<u>3,597,457</u>
Supporting Services				
Management and general	593,263	-	593,263	564,188
Fundraising	214,743	-	214,743	171,177
Total expenses	<u>4,832,527</u>	<u>-</u>	<u>4,832,527</u>	<u>4,332,822</u>
CHANGE IN NET ASSETS	<u>1,208,032</u>	<u>3,038,328</u>	<u>4,246,360</u>	<u>149,205</u>
NET ASSETS, BEGINNING OF YEAR	<u>3,249,923</u>	<u>1,285,978</u>	<u>4,535,901</u>	<u>4,386,696</u>
NET ASSETS, END OF YEAR	<u>\$ 4,457,955</u>	<u>\$ 4,324,306</u>	<u>\$ 8,782,261</u>	<u>\$ 4,535,901</u>

See accompanying notes.

YWCA RICHMOND
Statement of Functional Expenses
Year Ended June 30, 2021
With Comparative Totals as of June 30, 2020

	Program Services			Supporting Services			2021 Total	2020 Total
	Child Care	Women's Advocacy	Total	Management & General	Fundraising	Total		
Salaries	\$ 1,178,466	\$ 1,088,398	\$ 2,266,864	\$ 369,359	\$ 97,683	\$ 467,042	\$ 2,733,906	\$ 2,519,471
Employee benefits	194,078	135,141	329,219	22,769	16,088	38,857	368,076	341,328
Payroll taxes	86,279	79,671	165,950	27,037	7,150	34,187	200,137	187,314
Assistance to individuals	-	105,905	105,905	-	-	-	105,905	117,364
Bad debt expense	33,158	-	33,158	24,598	-	24,598	57,756	18,891
Bank fees	5,596	5,169	10,765	1,754	463	2,217	12,982	33,458
Conferences and meetings	9,247	6,314	15,561	2,109	1,619	3,728	19,289	18,640
Donated services	-	45,240	45,240	-	-	-	45,240	83,732
Insurance	15,118	13,963	29,081	4,738	1,251	5,989	35,070	31,660
Interest	-	-	-	-	-	-	-	-
Miscellaneous	5,308	4,902	10,210	1,664	441	2,105	12,315	17,201
National Organization dues	13,982	12,915	26,897	4,382	1,158	5,540	32,437	21,473
Occupancy	252,088	146,330	398,418	49,659	13,133	62,792	461,210	252,863
Outside services	2,284	6,250	8,534	7,046	31,302	38,348	46,882	33,172
Postage	1,910	1,610	3,520	1,562	2,895	4,457	7,977	6,598
Printing	138	2,996	3,134	-	21,145	21,145	24,279	17,005
Professional fees and contract services	119,976	110,806	230,782	37,603	9,945	47,548	278,330	253,783
Rental and maintenance of equipment	10,304	9,516	19,820	3,229	855	4,084	23,904	40,292
Scholarship expense	-	-	-	-	-	-	-	-
Supplies	142,911	24,413	167,324	10,638	2,971	13,609	180,933	157,904
Telephone	14,323	13,228	27,551	4,489	1,187	5,676	33,227	29,182
Travel and transportation	4,367	4,032	8,399	1,369	363	1,732	10,131	29,276
Interest	1,815	1,676	3,491	569	151	720	4,211	-
Depreciation	59,628	55,070	114,698	18,689	4,943	23,632	138,330	122,215
Total functional expenses	\$ 2,150,976	\$ 1,873,545	\$ 4,024,521	\$ 593,263	\$ 214,743	\$ 808,006	\$ 4,832,527	\$ 4,332,822

See accompanying notes.

YWCA RICHMOND
Statement of Cash Flows
Year Ended June 30, 2021
With Comparative Amounts as of June 30, 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 4,246,360	\$ 149,205
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	138,330	122,215
Bad debt expense	57,756	18,891
Unrealized gains on investments	(333,705)	(53,499)
Realized (gains) losses on investments	(79,543)	34,752
Recognition of Paycheck Protection Program grant	(567,200)	-
Recognition of Employer Retention Credit	(1,021,471)	-
Loss on disposal on property and equipment	9,532	-
Changes in assets and liabilities:		
Contributions and grants receivable	(310,548)	379,816
Pledges receivable	(671,194)	(449,805)
Other receivables	(3,433)	10,645
Prepaid expenses and other assets	(17,557)	(5,789)
Accounts payable	(56,759)	76,457
Accrued expenses	<u>8,168</u>	<u>15,360</u>
Net cash provided by operating activities	<u>1,398,736</u>	<u>298,248</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(2,352,074)	(299,245)
Purchase of investments	(323,116)	(302,702)
Proceeds from sale of investments	<u>398,728</u>	<u>369,048</u>
Net cash used in investing activities	<u>(2,276,462)</u>	<u>(232,899)</u>

See accompanying notes.

YWCA RICHMOND
Statement of Cash Flows, Continued
Year Ended June 30, 2021
With Comparative Amounts as of June 30, 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Payroll Protection Program loan	-	567,200
Proceeds from line of credit	<u>707,811</u>	<u>176,000</u>
Net cash provided by financing activities	<u>707,811</u>	<u>743,200</u>
Net increase (decrease) in cash and cash equivalents	(169,915)	808,549
CASH AND CASH EQUIVALENTS		
Beginning of year	<u>992,818</u>	<u>184,269</u>
End of year	<u>\$ 822,903</u>	<u>\$ 992,818</u>
SUPPLEMENTAL CASH FLOW DISCLOSURES		
Cash paid for interest	<u>\$ 4,211</u>	<u>\$ 2,955</u>

See accompanying notes.

YWCA RICHMOND
Notes to Financial Statements
June 30, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Association

YWCA Richmond (“the Organization”) is an organization for women united by a passion for social change, equality and economic empowerment. The Organization offers women of all ages leadership opportunities, shelter for safety, programs focused on racial justice, financial and emotional self-sufficiency, and high quality, affordable preschool education for all families in the Greater Richmond Region. The Organization’s mission is to eliminate racism, empower women, and promote peace, justice, freedom and dignity for all. The Organization is principally funded from individual contributions, private foundations, government grants, the United Way, and program service fees.

The Organization’s vision is to transform individual lives and the community by creating access to opportunities, strengthening resilience, and advancing equitable systems for lifelong success. As a solution-focused, trauma-informed agency, the Organization strives to increase community access to domestic and sexual violence prevention and intervention programs, champion causes that advance racial equity, increase women’s ability to achieve self-efficacy, and expand services in early childhood programming that enhance family sustainability and stability.

In November 2018, the Organization incorporated YWCA Richmond Tenant LLC (“Tenant”). Tenant was created to develop, finance, acquire and own a leasehold interest in subleasing and operating real property, either directly or through one or more entities. There has been no activity in Tenant from its date of inception through June 30, 2021. Upon commencement, the result of any future activity will be consolidated and presented along with the Organization’s consolidated financial statements.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with U.S. generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual events and circumstances could alter those estimates.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“US GAAP”). Accordingly, revenues are recognized when earned, and expenses are recognized when incurred.

(Continued)

YWCA RICHMOND
Notes to Financial Statements
June 30, 2021

NOTE 1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Basis of Presentation, Continued

Information regarding the Organization's financial position and activities are reported according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

Net assets with donor restrictions: Net assets that are subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions.

Cash and Cash Equivalents

For cash flows reporting purposes, the Organization's definition of cash and cash equivalents includes temporary investments of short-term, highly liquid investments with maturities of three months or less at the date of purchase. Cash and cash equivalents for purposes of the statement of cash flows exclude temporarily restricted cash and cash equivalents.

Promises to Give

Unconditional promises to give, including pledges, contributions and grants receivable, are recognized as revenues or gains in the period received and as assets, decreases in liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met.

The Organization uses the allowance method to determine uncollectible promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made. Amounts due more than one year later are recorded at the present value of the estimated future cash flows, discounted at risk-free rates applicable to the years in which the promises were received. At this time, no allowance is considered necessary.

(Continued)

YWCA RICHMOND
Notes to Financial Statements
June 30, 2021

NOTE 1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Investments

Investments are composed of debt and equity securities and carried at fair value, which is determined based on quoted market prices. Realized and unrealized gains and losses are reflected in the statement of activities. Gain and losses on sale transactions are recorded when realized based on the original cost (amortized in the case of bonds) of the investments sold based on the specific identification method. Earnings from investments are recorded as interest and dividends and are reflected in the statement of activities.

Property and Depreciation

The Organization's policy is to capitalize all expenditures greater than \$1,000 for buildings and equipment. All capital assets are recorded at cost; all donated property and equipment are recorded at fair market value at date of gift. Depreciation is computed on the straight-line method over the estimated useful lives of the assets. The estimated useful lives are seven to thirty-nine years for buildings and leasehold improvements, and five to ten years for equipment and vehicles. The costs of major improvements are capitalized, while the costs of maintenance and repairs, which do not improve or extend the life of the respective assets, are expensed currently. The cost and accumulated depreciation on property are eliminated from the accounts upon disposal; any resulting gain or loss is included in income. During 2021, a loss of \$9,532 was recognized for the disposal of one asset.

Paycheck Protection Program Loan

The Organization was granted a loan under the Paycheck Protection Program ("PPP") administered by the Small Business Administration ("SBA"). The loan of \$567,200 was granted in April 2020. The Organization was eligible for loan forgiveness of up to 100% of the loan upon meeting certain requirements.

Management believes that accounting treatment under Accounting Standards Codification ("ASC") 958-605, Revenue Recognition, is the most appropriate treatment of the PPP loan. Under ASC 958-605, an entity can recognize the PPP loan as income in the period that it determines the conditions for recognition have been substantially met. The Organization initially recorded the loan as a refundable advance and subsequently recognized grant revenue during 2021 once the measurable performance or other barriers and right of return of the PPP loan no longer existed. The Organization was formally approved for loan forgiveness as of July 2021.

(Continued)

YWCA RICHMOND
Notes to Financial Statements
June 30, 2021

NOTE 1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Employee Retention Credit (“ERC”)

As part of the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”), employers who had a partial or full suspension of operations related to COVID-19 were eligible for a refundable tax credit against certain employment taxes equal to 50% of the qualified wages (up to \$10,000) an employer paid between March 12, 2020 and December 31, 2020. As part of the Taxpayer Certainty and Disaster Tax Relief Act of 2020, enacted in December 2020, employers were eligible for a refundable tax credit against certain employment taxes equal to 70% of the qualified wages (up to \$10,000) an employer paid between December 31, 2020 and June 30, 2021.

Management believes that accounting treatment under ASC 958-605, Revenue Recognition, is the most appropriate treatment of the ERC. Under ASC 958-605, an entity can recognize the ERC income in the period that it determines the conditions for recognition have been substantially met. Management believes the Organization has substantially met the conditions required to recognize the ERC; specifically, the entity’s operations were affected by COVID-19, experiencing a partial suspension of its operations because of governmental orders limiting activity. The ERC amount is recorded as a receivable and revenue in the accompanying financial statements.

Income Taxes

The Internal Revenue Service has determined that the Organization is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code. Contributions to the Organization are tax deductible as defined by Section 170 of the Code. In addition, the Internal Revenue Service has determined that the Organization is not a “private foundation” within the meaning of Section 509(a) of the Code.

The Organization follows Financial Accounting Standards Board (“FASB”) guidance for how uncertain tax positions should be recognized, measured, disclosed and presented in the financial statements. Management evaluated the Organization’s tax position and concluded that the Organization had taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance. The Organization is no longer subject to examination by tax authorities for periods before 2018. The Organization is not currently under audit by any tax jurisdiction.

Advertising

The Organization expenses advertising costs as incurred. Advertising costs were approximately \$10,236 for the year ended June 30, 2021.

(Continued)

YWCA RICHMOND
Notes to Financial Statements
June 30, 2021

NOTE 1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Contributed Goods and Services

Contributed goods are reflected as contributions in the accompanying financial statements at their estimated fair values at the date of receipt. Contributions of services are recorded at estimated fair value if the services received create or enhance nonfinancial assets or require specialized skills and would typically need to be purchased if not provided by donation.

Program Services

The Organization provides both direct and indirect services. Direct services include:

The Sprout School - The Sprout School is an early childhood program providing preschool education for children ages 18 months to 5 years. Financial support for The Sprout School includes Head Start, Department of Social Services, private grants, and fee-for-service revenue from parents. The Sprout School provides full-day, year-round preschool programming at three locations: Sprout at Downtown YWCA, Sprout at the Children's Museum of Richmond (CMoR) and Sprout at Bainbridge.

Sexual and domestic violence – A continuum of services that addresses the needs of survivors of sexual and/or domestic violence. The sexual and domestic division is also a partner in a regional collaborative of sister organizations. In that collaborative, the Organization oversees the day to day operations for the regional crisis line (Greater Richmond Regional Hotline), Regional Hospital Accompaniment (RHART), Lethality Assessment Protocols (LAP), and workforce navigation. In addition, the YWCA provides shelter, counseling, case management, rapid rehousing, some financial assistance, and other supportive services for individuals and families who have experienced violence.

Prevention programming – Prevention programs target youth and young adults to develop leadership, peer facilitation, and healthy relationship skills.

Indirect services include:

Advocacy – Ongoing advocacy, outreach, and public education initiatives related to general public education, direct service provision and programming, as well as, racial and social justice.

Young Women's Leadership Alliance (YWLA) – YWLA serves as a leadership development program for young professionals.

(Continued)

YWCA RICHMOND
Notes to Financial Statements
June 30, 2021

NOTE 1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Revenue Recognition

Contributions and grants received are recorded as with or without donor restrictions, depending on the existence and/or nature of any donor restrictions. All donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated 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.

Effective July 1, 2020, the Organization adopted Accounting Standards Update (“ASU”) No. 2014-09, Revenue from Contracts with Customers (Topic 606) which eliminated all transaction and industry-specific accounting principles and replaces them with a unified, five-step approach. This ASU applies to all contracts with customers to transfer goods or services, including any agreements determined to constitute an exchange transaction under ASU 2018-08. Early childhood program revenue is recognized monthly as services are provided and the Organization’s performance obligations completed. Any amounts paid in advance for tuition are included as deferred revenue, or contract liabilities, on the statement of financial position. There were no contract liabilities as of June 30, 2021. Net amount due of \$2,831 to the Organization for completed child-care services as of June 30, 2021 are included within other receivables on the statement of financial position.

Functional Expenses

The cost of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program and supporting services benefited. These expenses require allocation on a reasonable basis that is consistently applied. Expenses are allocated on the basis of time and effort.

Reclassifications

Certain prior year balances have been reclassified to conform to the current year presentation.

YWCA RICHMOND
Notes to Financial Statements
June 30, 2021

NOTE 2. CONTRIBUTIONS AND GRANTS RECEIVABLE

Contributions and grants receivable include the allocation from United Way Services, which represents funding for the period July 1 through September 30 of the following year and the contributor choice contributions from the United Way annual campaign for the following year. Also, included for 2021 are general operating contributions to be received over the next year. These unconditional promises to give are to be received by the Organization for the year subsequent to June 30, 2021, and at this time, are deemed to be fully collectible by management.

Receivable in less than one year	
United Way allocation	\$ 77,500
Operating contributions from individuals and foundations	253,247
City of Richmond annual fund	281,227
Government grants	58,562
Total contributions and grants receivable	<u>\$ 670,536</u>

NOTE 3. PLEDGES RECEIVABLE

Pledges receivable represent donations made by individuals for the organization's capital campaign. Pledges receivable at June 30, 2021 are as follows:

2022	\$ 1,078,912
2023	82,855
2024	70,468
2025	250
	<u>1,232,485</u>
Less discount on long-term pledges	(2,858)
Total pledges receivable	<u>\$ 1,229,627</u>

Pledges receivable with due dates extending beyond one year are discounted at an applicable rate of 1.20%.

These pledges are subject to a Pledge Agreement between the Organization and a commercial bank, which stipulates that these pledges are to serve as collateral for certain long-term debt (see Note 7).

YWCA RICHMOND
Notes to Financial Statements
June 30, 2021

NOTE 4. INVESTMENTS

Investments are stated at their readily determinable fair value and are summarized as follows as of June 30, 2021:

	Cost	Fair Value
Cash management funds	\$ 131,660	\$ 131,660
Equities	865,246	1,438,409
Fixed income	<u>403,730</u>	<u>415,975</u>
	<u>\$ 1,400,636</u>	<u>\$ 1,986,044</u>

These funds represent board-designated amounts set aside in prior years for the purpose of providing an income stream for annual operations.

Investment income is summarized as follows for the year ended June 30, 2021:

Interest and dividends	\$ 29,902
Realized gains on the sale of investments	79,543
Unrealized gain on investments	333,705
Investment fees	<u>(17,751)</u>
Total investment income	<u>\$ 425,399</u>

NOTE 5. PROPERTY AND EQUIPMENT

Land, buildings and equipment consist of the following as of June 30, 2021:

Land	\$ 76,950
Buildings and improvements	3,539,176
Furniture, fixtures and equipment	533,032
Vehicles	64,968
Construction in progress	<u>2,817,783</u>
Totals	7,031,909
Less: accumulated depreciation	<u>2,316,305</u>
Total property and equipment, net	<u>\$ 4,715,604</u>

Construction in progress consists of site planning and development costs for the renovation of the Organization's 5th Street location. The initial planning for the renovation began during 2018-2020 and development is in progress, with expected completion in fiscal year 2022. Depreciation will begin when the project is complete and in-service. For other depreciable categories of property and equipment, depreciation expense totaled \$138,330.

YWCA RICHMOND
Notes to Financial Statements
June 30, 2021

NOTE 6. FAIR VALUE MEASUREMENTS

The Organization records its financial instruments in accordance with the fair value guidance as established by the Financial Accounting Standards Board (“FASB”). In accordance with this guidance, fair value is defined as the price the Organization would receive from the sale of an asset, or pay to transfer a liability, in an orderly transaction between market participants on the measurement date. This guidance establishes a three-tier hierarchy which maximizes the use of observable inputs and minimizes the use of unobservable inputs used to measure fair value of the assets or liabilities. The inputs are summarized in three levels as outlined below:

Level 1 – Financial instruments with unadjusted, quoted prices listed on active market exchanges for identical investments at the reporting date. The types of investments which would generally be included in Level 1 are listed equity securities.

Level 2 – Financial instruments valued using pricing inputs other than quoted prices in active markets which are either directly or indirectly observable at the reporting date. Fair value is determined through the use of models or other valuation methodologies. The types of investments which would generally be included in Level 2 are governmental and corporate bonds and loans.

Level 3 – Financial instruments that are not actively traded on a market or exchange and require using significant unobservable inputs in determining fair value. The inputs into the determination of fair value require significant judgment or estimation by the Investment Manager. The types of investments which would generally be included in Level 3 are common trust funds, hedge funds, general and limited partnership interests in corporate and private equity, and real estate funds and interests in pooled investments held by a third party.

Valuation techniques used should maximize the use of observable inputs and minimize the use of unobservable inputs. The following is a description of the valuation methodologies used for investments carried or disclosed at fair value.

Money market fund: Valued at the realizable cash value equivalent to the specific sum of money held by the Organization at year end.

Equities: Valued at the closing price reported on the active market on which the individual securities are traded.

Fixed income bonds: Valued at original cost adjusted for any premium or coupon.

(Continued)

YWCA RICHMOND
Notes to Financial Statements
June 30, 2021

NOTE 6. FAIR VALUE MEASUREMENTS

(Concluded)

The following table summarizes the valuation of the Organization's financial assets measured at fair value on a recurring basis at June 30, 2021, based on the level of input utilized to measure fair value.

	Level 1	Level 2	Total
Money market funds	\$ 131,660	\$ -	\$ 131,660
Equities			
Large cap	595,062	-	595,062
Mid cap	232,656	-	232,656
Small cap	185,391	-	185,391
International	341,993	-	341,993
Emerging markets	83,307	-	83,307
Fixed income			
Short-term bonds	-	109,723	109,723
Immediate-term bonds	-	200,612	200,612
Long-term bonds	-	16,475	16,475
Non US and high-yield bonds	-	89,165	89,165
	<u>\$ 1,570,069</u>	<u>\$ 415,975</u>	<u>\$ 1,986,044</u>

NOTE 7. LINES OF CREDIT

YWCA Richmond had a line of credit available for operational needs up to \$500,000, dated October 25, 2019. The line was secured by the Organization's investments and interest was due monthly at the prime rate less 0.75 percent. On February 25, 2021, the line was transferred to a different financial institution. Interest is due monthly at LIBOR plus 1.45%, with total interest not to fall below 2% (2% as of June 30, 2021) until February 25, 2022 when any outstanding principal and interest is due. The line had an outstanding balance of \$176,000 as of June 30, 2021.

On February 25, 2021, the Organization entered into a non-revolving line of credit agreement up to \$4,000,000. Interest is due monthly at LIBOR plus 1.55%, with total interest not to fall below 2%, (2% as of June 30, 2021) until February 25, 2025 when any outstanding principal and interest is due. The line had an outstanding balance of \$707,811 as of June 30, 2021.

Total interest paid in connection with these two lines of credit was \$4,211 for 2021. The lines are secured by the Organization's pledge receivable balance as of June 30, 2021.

YWCA RICHMOND
Notes to Financial Statements
June 30, 2021

NOTE 8. RETIREMENT PLAN

Employees who work at least 20 hours weekly and have worked at least 1,000 hours in two consecutive years are eligible to participate in a non-contributory retirement plan administered by the YWCA Richmond Retirement Fund, Incorporated. Participation is required by employees who have been employed for 24 months or for the required number of hours. Benefits are vested immediately. The Organization contributes 3% of applicable gross salaries. Contributions charged to expense totaled \$48,591 for the year ended June 30, 2021. Accumulated plan benefits and plan net assets information is not available as it pertains to the Organization, since the actuarial and financial information is tabulated for this multi-employer plan only on the national level.

NOTE 9 . TRUST FUND

The George P. Lumsden Fund, which is held in trust by others, was established in 1925 to assist working women. A trustee who makes annual distributions to the Organization based on a pre-determined percentage set by the trust, to the Organization, administers the fund. These distributions are derived from income earned on investments of the fund. For the year ended June 30, 2021 the Organization received \$83,422.

NOTE 10. CONTRIBUTED SERVICES

Significant services, materials, and facilities are donated to the Organization by various individuals and organizations. Donated services and materials were \$45,240 during the year ended June 30, 2021. These have been recorded at fair market value at the date of the donation and have been included in revenue in the statement of activities.

NOTE 11. CONCENTRATION OF CREDIT RISK

Financial instruments, which potentially subject the Organization to concentration of credit risk, consist principally of cash, cash equivalents, and unsecured receivables. Cash and cash equivalents are maintained in two financial institutions in Richmond, Virginia. Accounts at each financial institution are insured by the Federal Deposit Insurance Corporation up to \$250,000, respectively. At times the Organization may have cash balances that exceed these limits.

Management believes there are no significant credit risks from receivables due to the nature of its grantors and donors. The ability to collect receivables is affected by the general economic conditions.

YWCA RICHMOND
Notes to Financial Statements
June 30, 2021

NOTE 12. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes or future periods as of June 30, 2021:

United Way - operations	\$ 77,500
Contributions – designated for programs	278,943
Capital expansion	<u>3,967,863</u>
	<u>\$ 4,324,306</u>

Net assets released from donor restrictions during 2021 by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors are as follows:

United Way - operations	\$ 155,000
Contributions – designated for programs	829,282
Crisis response – COVID-19	28,000
OWA event	<u>76,090</u>
	<u>\$ 1,088,372</u>

NOTE 13. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following table reflects the Organization's financial assets as of June 30, 2021, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year or when restricted by a donor for a time or purpose.

Financial assets:

Cash and cash equivalents	\$ 822,903
Contributions and grants receivable	670,536
Pledges receivable, current portion	1,078,912
Employee Retention Credit receivable	1,021,471
Other receivables, net	6,446
Investments	<u>1,986,044</u>
	5,586,312

Less those unavailable for general expenditure within one year due to:

Pledges receivable designated for the 5th Street renovation	1,078,912
Donor imposed restrictions on funds for specific purposes or programs	<u>356,443</u>
	<u>\$ 4,150,957</u>

The Organization has a policy to structure its financial assets as its general expenditures, liabilities and other obligations come due.

YWCA RICHMOND
Notes to Financial Statements
June 30, 2021

NOTE 14. LEASING ARRANGEMENTS

The Organization has signed multiple operating leases for apartments to be used as women's shelters. All leases terminate in October 2021 and total monthly rent approximated \$4,645.

The Organization entered into a ten year operating lease on August 29, 2019 that expires July 31, 2031 for space to be used to operate an early childhood education center, The Sprout School, beginning in October 2020 (1101 Bainbridge Street). Lease expense was \$130,323 in 2021.

On September 16, 2020 the Organization entered into an Affiliation Agreement with Stop Child Abuse Now ("SCAN") authorizing SCAN to co-occupy a portion of space alongside the Organization's Sprout School. The agreement provides for cost sharing to help defray the Organization's operating costs of the site at \$32,000 a year. Income received under this arrangement is included in miscellaneous income on the accompanying statement of activities.

The Organization entered into a five year operating lease on April 7, 2020 that expires on April 30, 2025 for space located in Chesterfield County to use for counseling and case management services for clients located in Chesterfield, Virginia. The Organization has a one-time early termination clause on April 30, 2022. Lease expense was \$37,688 in 2021.

In March 2020, the Organization entered into a ten-month operating lease commencing January 1, 2021 to be used as temporary office space while the Organization renovated its downtown headquarters. In August 2020, the lease was amended to allow for office space to be leased on a month to month basis for up to eleven months after the expiration of the lease in October 2021. Lease expense was \$37,080 in 2021.

The Organization leases office equipment under operating leases that expire September 2021 and August 2026. Lease expense is included in rental and maintenance of equipment on the accompanying statement of functional expenses.

The following is a schedule by years of future minimum lease commitments at June 30, 2021:

2022	\$	264,633
2023		190,877
2024		196,331
2025		201,949
Thereafter		<u>1,064,557</u>
	\$	<u><u>1,918,347</u></u>

YWCA RICHMOND
Notes to Financial Statements
June 30, 2021

NOTE 15. COMMITMENTS

On November 25, 2020, the Organization entered into a building construction/renovation contract with Dominion Construction Partners LLC for work to be performed in renovating the Organization's 6 N. 5th Street headquarters. The contract amount provided for anticipated adjustments of the contract. As of June 30, 2021, the contract had been adjusted to \$3,404,063 with \$1,482,081 of work remaining to be completed during fiscal year 2022.

NOTE 16. COMPARATIVE TOTALS

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the organizations' financial statements for the year ended June 30, 2020, from which the summarized information was derived. Note that during 2021 it was determined that \$285,950 of previously released net assets related to the capital expansion project were determined to have still been restricted as of June 30, 2020 under ASU 2016-14 (Topic 958). Therefore, comparative totals and beginning net assets were adjusted on the accompanying financial statements to increase net assets with donor restrictions and decrease net assets without donor restriction by \$285,950. There was no change to total net assets as of June 30, 2020.

NOTE 17. SUBSEQUENT EVENTS

In preparing the financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through January 18, 2022, the date the financial statements were available to be issued and has determined that other than below, there are no subsequent events to be reported in the accompanying financial statements.

In October 2021, the Tenant operating agreement was amended to admit a state credit partner. Additionally, various other agreements were entered into by the Organization, with both related and unrelated parties, all in anticipation of a historical tax credit transaction expected to close during 2022.

YWCA RICHMOND
Notes to Financial Statements
June 30, 2021

NOTE 18. UPCOMING ACCOUNTING GUIDANCE

Leases: In February, 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842). Under the new guidance, lessees and lessors will be required to recognize assets and liabilities for leases with lease terms of more than 12 months. The new ASU will require both types of leases to be recognized on the statements of financial position as both a right of use asset and lease liability based on the present value of the lease payments. The new standard is effective for periods beginning after December 15, 2021, with early adoption permitted. The Organization is currently evaluating the reporting and economic implications of the new standard.

In-kind contributions: In September 2020, the FASB issued ASU 2020-07 related to contributions of non-financial assets received, which amends previous guidance concerning presentation and disclosure of non-financial assets received. Specifically, the amendments require (1) presentation as a separate line item of contributed non-financial assets and (2) disclosure of information about each category of non-financial assets. The new standard will be effective for periods beginning after June 15, 2021 and will require entities to use a retrospective approach to the earliest period presented. The Organization is currently evaluating the reporting and economic implications of the new standard.

ACCOMPANYING INFORMATION

YWCA RICHMOND

Schedule of Expenditures of Federal Awards Year Ended June 30, 2021

Federal Grantor/Pass-Through/Program	Federal CFDA Number	Pass-Through Identifying Number	Expenditures
U.S. Department of Agriculture:			
Child and Adult Food Care Food Programs	10.558		\$ 46,900
U.S. Department of Justice:			
Virginia Department of Criminal Justice:			
Sexual Assault and Domestic Violence*	16.575	21-B3471VP19	724,830
Sexual Assault Services Program	16.017	20-K2213SP19	10,595
U.S. Department of Health and Human Services:			
Richmond Public Schools:			
Head Start Program	93.600	03CH010630	234,000
Virginia Department of Social Services:			
Family Violence Prevention and Services, CARES COVID Supplement	93.671	CVS-19-057-A-50	20,554
Family Violence Prevention and Services	93.671	CVS-19-057-A-50	144,107
U.S. Department of Housing and Urban Development:			
County of Henrico:			
Emergency Shelter Grant	14.231	2020-2021 ESG	15,964
City of Richmond:			
Emergency Shelter Grant	14.231	2020-S-00621	<u>30,936</u>
			<u>\$ 1,227,886</u>

* Major Program

YWCA RICHMOND
Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

NOTE 1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Organization under programs of the federal government for the year ended June 30, 2021. 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). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. 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 not elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

YWCA RICHMOND
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

Financial Statements

The auditor has issued an unmodified opinion on the financial statements.

Internal control over financial reporting:

Material weakness identified?	_____ Yes	_____ <u>X</u> No
Significant deficiencies identified that are not considered to be material weaknesses?	_____ Yes	_____ <u>X</u> No
Noncompliance material to financial statements noted	_____ Yes	_____ <u>X</u> No

Federal Awards

Internal control over major programs

Material weakness identified?	_____ Yes	_____ <u>X</u> No
Significant deficiencies identified that are not considered to be material weaknesses?	_____ Yes	_____ <u>X</u> No

The auditor has issued an unqualified opinion on compliance for major programs

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance	_____ Yes	_____ <u>X</u> No
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Identification of major programs:

CFDA number

16.575

Name of Program

Sexual Assault and Domestic
Violence Grant Program

**Dollar threshold used to distinguish
between type A and type B programs**

\$750,000

Auditee qualifies as low-risk auditee?	_____ <u>X</u> Yes	_____ No
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**PILC &
MOSELEY, LLC**
Certified Public Accountants

**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 Directors
YWCA Richmond
Richmond, Virginia

We have audited, 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, the financial statements of YWCA Richmond (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 18, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered YWCA Richmond'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 YWCA Richmond's internal control. Accordingly, we do not express an opinion on the effectiveness of the YWCA Richmond'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 the internal control that might be significant deficiencies or material weaknesses. 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 Richmond's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 our 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.

Pike & Mauley, LLC

Richmond, Virginia
January 18, 2022

**PILC &
MOSELEY, LLC**
Certified Public Accountants

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

The Board of Directors
YWCA Richmond
Richmond, Virginia

Report on Compliance for Each Major Federal Program

We have audited YWCA Richmond's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on YWCA Richmond's major federal program for the year ended June 30, 2021. YWCA Richmond's major federal program is 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 Richmond'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 Richmond'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 Richmond's compliance.

Opinion on Each Major Federal Program

In our opinion, YWCA Richmond 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 June 30, 2021.

Report on Internal Control Over Compliance

Management of YWCA Richmond is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered YWCA Richmond's internal control over compliance with the types of requirements that could have a direct and material effect on each major 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 Richmond'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.

Pile & Morley, LLC

Richmond, Virginia
January 18, 2022