THE YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF THE CITY OF NEW YORK

FINANCIAL STATEMENTS

JUNE 30, 2016

THE YOUNG WOMEN'S CHRISTIAN ASSOCIATION
OF THE CITY OF NEW YORK

CONTENTS

	Page
Independent Auditors' Report	1-2
Financial Statements	
Statement of Financial Position at June 30, 2016	3
Statement of Activities for the Year Ended June 30, 2016	4-5
Statement of Functional Expenses for the Year Ended June 30, 2016	6
Statement of Cash Flows for the Year Ended June 30, 2016	7
Notes to Financial Statements	8-21

INDEPENDENT AUDITORS' REPORT

To The Board of Directors
The Young Women's Christian Association
of the City of New York
New York, New York

Report on the Financial Statements

We have audited the accompanying financial statements of The Young Women's Christian Association of the City of New York which comprise the statement of financial position at June 30, 2016, 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.

Auditors' 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. 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 risks 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.

www.grassicpas.com
An Independent Firm Associated with Moore Stephens International Limited

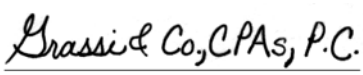
50 Jericho Quadrangle, Suite 200
Jericho, NY 11753
(516) 256-3500 ■ Fax (516) 256-3510

488 Madison Avenue, 21st Floor
New York, NY 10022
(212) 661-6166 ■ Fax (212) 755-6748

10 Esquire Road, Suite 4
New City, NY 10956
(845) 634-5300 ■ Fax (845) 634-5409

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Young Women's Christian Association of the City of New York at June 30, 2016, and the changes in net assets, functional expenses and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.



GRASSI & CO., CPAs, P.C.

New York, New York
December 21, 2016

THE YOUNG WOMEN'S CHRISTIAN ASSOCATION
OF THE CITY OF NEW YORK
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2016

ASSETS

Cash	$ 752,575
Investments	9,588,940
Contribution receivable, net	138,893
Government and other contract receivable	567,678
Prepaid expenses and other assets	68,126
Beneficial interest in perpetual trust	1,076,635
Fixed assets, net	320,742
TOTAL ASSETS	$ 12,513,589

LIABILITIES AND NET ASSETS

Liabilities:	
Accounts payable and accrued expenses	$ 793,315
Deferred revenue	650
Due to governmental agency	3,260
Deferred rent payable	999,993
Line of credit payable	2,258,738
TOTAL LIABILITIES	4,055,956
Commitments and Contingencies	
Net Assets:	
Unrestricted:	
Operating	(4,789,351)
Board designated	10,339,692
Investment in fixed assets	320,742
Total unrestricted	5,871,083
Temporarily restricted	671,698
Permanently restricted	1,914,852
TOTAL NET ASSETS	8,457,633
TOTAL LIABILITIES AND NET ASSETS	$ 12,513,589

The accompanying notes are an integral part of these financial statements.

THE YOUNG WOMEN'S CHRISTIAN ASSOCIATION
OF THE CITY OF NEW YORK
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
OPERATING PUBLIC SUPPORT AND REVENUE:				
Public Support:				
Contributions				
Individuals	$ 91,705	$ -	$ -	$ 91,705
Corporations	1,960	36,000	-	37,960
Foundations	80,000	304,500	-	384,500
Special events	321,395	-	-	321,395
Less: Direct cost of special events	(24,475)	-	-	(24,475)
Legacies	1,641	-	-	1,641
Total Public Support	472,226	340,500	-	812,726
Revenue:				
Government contracts	5,058,650	-	-	5,058,650
Program service fees	213,272	-	-	213,272
Investment return designated for operations	2,700,000	-	-	2,700,000
Investment income	58,215	-	-	58,215
Change in beneficial interest in perpetual trust	-	-	(64,992)	(64,992)
Other revenue	24,349	-	-	24,349
Total Revenue	8,054,486	-	(64,992)	7,989,494
Net assets released from restriction	303,738	(303,738)	-	-
TOTAL OPERATING PUBLIC SUPPORT AND REVENUE	$ 8,830,450	$ 36,762	$ (64,992)	$ 8,802,220

The accompanying notes are an integral part of these financial statements.

THE YOUNG WOMEN'S CHRISTIAN ASSOCIATION
OF THE CITY OF NEW YORK
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
OPERATING EXPENSES:				
Program Services:				
Youth Services	$ 4,163,081	$ -	$ -	$ 4,163,081
Women's Employment, Family Resource Center and Wellness	391,257	-	-	391,257
Early Learn Centers	2,973,306	-	-	2,973,306
Total Program Services	7,527,644	-	-	7,527,644
Supporting Services:				
Management and General	1,228,660	-	-	1,228,660
Development	584,152	-	-	584,152
Total Support Services	1,812,812	-	-	1,812,812
Total Operating Expenses	9,340,456	-	-	9,340,456
CHANGE IN NET ASSETS (DEFICIT) FROM OPERATIONS	(510,006)	36,762	(64,992)	(538,236)
Investment return in excess of amounts designated for operations	(2,816,607)	74,504	-	(2,742,103)
CHANGE IN NET ASSETS (DEFICIT)	(3,326,613)	111,266	(64,992)	(3,280,339)
NET ASSETS, BEGINNING OF YEAR	9,197,696	560,432	1,979,844	11,737,972
NET ASSETS, END OF YEAR	$ 5,871,083	$ 671,698	$ 1,914,852	$ 8,457,633

The accompanying notes are an integral part of these financial statements.

THE YOUNG WOMEN'S CHRISTIAN ASSOCIATION
OF THE CITY OF NEW YORK
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2016

	Program Services				Supporting Services				
	Youth Services	Women's Employment, Family Resource Center and Wellness	Early Learn Centers	Total Program Services	Management and General	Development	Total Supporting Services	Direct Cost of Special Events	Total
Salaries, Wages and Instructors' Fees	$ 2,604,181	$ 217,490	$ 1,666,000	$ 4,487,671	$ 798,919	$ 255,719	$ 1,054,638	$ -	$ 5,542,309
Employee Benefits and Payroll Taxes	434,613	43,653	418,346	896,612	249,814	51,102	300,916	-	1,197,528
Occupancy	177,622	40,609	214,485	432,716	70,897	18,280	89,177	-	521,893
Professional Fees	324,272	15,714	170,715	510,701	2,470	73,211	75,681	-	586,382
Equipment and Software	42,376	22,059	44,700	109,135	2,296	8,127	10,423	-	119,558
Supplies and Services	109,947	9,012	99,288	218,247	6,144	7,067	13,211	-	231,458
Printing and Artwork	204	-	78	282	4	23,693	23,697	-	23,979
Advertising	334	276	229	839	134	56,966	57,100	-	57,939
Telephone	33,758	19,014	37,018	89,790	10,885	4,688	15,573	-	105,363
Postage and Shipping	3,905	870	2,335	7,110	652	4,550	5,202	-	12,312
Food and Beverage	67,218	7,650	183,010	257,878	3,915	1,491	5,406	-	263,284
Conference, Conventions and Meetings	24,031	717	11,881	36,629	1,542	46,547	48,089	-	84,718
Travel and Admission	183,166	2,345	13,668	199,179	4,501	1,549	6,050	-	205,229
Permits and Fees	20,041	570	9,874	30,485	899	232	1,131	-	31,616
Interest Expense and Bank Fees	31,858	2,546	21,801	56,205	12,716	3,279	15,995	-	72,200
Depreciation and Amortization	23,919	2,264	21,725	47,908	6,358	2,518	8,876	-	56,784
Other	81,636	6,468	58,153	146,257	56,514	25,133	81,647	-	227,904
Catering and Facility Rental	-	-	-	-	-	-	-	24,475	24,475
Total Expenses	4,163,081	391,257	2,973,306	7,527,644	1,228,660	584,152	1,812,812	24,475	9,364,931
Less: Direct Cost of Special Events	-	-	-	-	-	-	-	(24,475)	(24,475)
Total Expenses Reported by Function on the Statement of Activities	$ 4,163,081	$ 391,257	$ 2,973,306	$ 7,527,644	$ 1,228,660	$ 584,152	$ 1,812,812	$ -	$ 9,340,456

The accompanying notes are an integral part of these financial statements.

THE YOUNG WOMEN'S CHRISTIAN ASSOCIATION
OF THE CITY OF NEW YORK
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2016

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	$ (3,280,339)
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation and amortization	56,784
Realized gains on sale of investments	(871,676)
Bad debt expense	30,401
Unrealized losses on investments	1,148,747
Change in beneficial interest in perpetual trust	64,992
Deferred rent payable	(99,329)
Changes in assets (increase) decrease:	
Contribution receivable	73,560
Government and other contract receivable	272,774
Prepaid expenses and other assets	(10,696)
Changes in liabilities increase (decrease):	
Accounts payable and accrued expenses	(76,841)
Due to governmental agency	(1,956)
Net Cash Used in Operating Activities	(2,693,579)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchase of fixed assets	(19,512)
Proceeds from sale of investments	3,744,932
Purchase of investments	(289,291)
Net Cash Provided by Investing Activities	3,436,129
CASH FLOWS FROM FINANCING ACTIVITIES:	
Principal payments of line of credit	(1,000,000)
Proceeds from line of credit payable	63,415
Net Cash Used in Financing Activities	(936,585)
NET DECREASE IN CASH	(194,035)
CASH, BEGINNING OF YEAR	946,610
CASH, END OF YEAR	$ 752,575
SUPPLEMENTAL INFORMATION:	
Cash paid during the year for interest	$ 63,415

The accompanying notes are an integral part of these financial statements.

Note 1 - Nature of Organization

The Young Women's Christian Association of the City of New York (the "Association") is a not-for-profit women's membership organization that strives to create opportunities for women's growth, leadership and power.

The Association is dedicated to eliminating racism, empowering women and promoting peace, justice, freedom and dignity for all. The Association focuses on under-served women through job training and support services for women; educational child care and after-school programs implemented through partnership with business, government agencies and other not-for-profits; and advocacy on behalf of the clients they serve. The Association is primarily funded by government grants, non-government grants and investment income.

The Association is incorporated as a not-for-profit organization, and is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and from state and local taxes under comparable laws.

Note 2 - Summary of Significant Accounting Policies

Basis of Accounting

The financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fair Value of Financial Instruments

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. To increase the comparability of fair value measurements, a three-tier fair value hierarchy, which prioritizes the inputs used in the valuation methodologies, is as follows:

Level 1 - Valuations based on quoted prices for identical assets and liabilities in active markets.

Level 2 - Valuations based on observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets and liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data.

Note 2 - Summary of Significant Accounting Policies (cont'd.)

Fair Value of Financial Instruments (cont'd.)

Level 3 - Valuations based on unobservable inputs reflecting the Association's own assumptions, consistent with reasonably available assumptions made by other market participants. These valuations require significant judgment.

At June 30, 2016, the fair value of the Association's financial instruments including cash, contribution receivable, government and other contract receivable and accounts payable and accrued expenses, approximated book value due to the short maturity of these instruments.

Refer to Note 4 - Fair Value Measurements for assets measured at fair value.

Investments

Investments are reported at fair value, with gains and losses included in the accompanying statement of activities. Net investment income is recorded as unrestricted unless specifically restricted by the donors. Contributions of marketable securities are recorded at their market values at the date of donation.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation or depreciation includes gains and losses on investments bought and sold as well as held during the year.

Unsettled trades are transactions that have occurred but not settled at the end of the fiscal year.

Beneficial Interest in Perpetual Trust

The Association is a beneficiary of a perpetual trust held by another entity as trustee. The Association's beneficial interest in this trust is recorded at the fair value of the assets underlying the trust at the balance sheet date.

Fixed Assets

Fixed assets are stated at cost. The Association capitalizes all purchases of property and equipment equal to or in excess of $5,000. Repairs and maintenance are charged to expense in the period incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets as follows:

Equipment and software	5 to 10 years
Furniture	5 to 10 years

Leasehold improvements are amortized on a straight-line basis over the estimated useful life of the improvement or the term of the lease, whichever is less.

Note 2 - Summary of Significant Accounting Policies (cont'd.)

Net Assets

The net assets of the Association and changes therein are classified and reported as follows:

Unrestricted Net Assets - Unrestricted net assets represent those resources that have no donor restrictions as to their use. The following "categories of funds" are represented as unrestricted:

- Operating - used to account for the general activity of the Association.
- Board-designated - established with net proceeds from the sale of its building at 610 Lexington Avenue, New York, New York and subject to investment and spending policies which require approval by the board of directors related to the use of these funds.
- Investment in fixed assets - represents the net book value of fixed assets.

Temporarily Restricted Net Assets - Temporarily restricted net assets represent those resources whose use has been restricted by donors to specific purposes or the passage of time. Net assets released from restrictions represent the satisfaction of the restricted purposes specified by the donor.

Permanently Restricted Net Assets - Permanently restricted net assets represent resources with donor-imposed restrictions that stipulate that the resources be maintained in perpetuity. Related investment income from these resources that is restricted by donors is included in temporarily restricted net assets until the restrictions are satisfied.

Government Contracts and Non-Government Grants

The Association records revenue from government and other contracts as the underlying work is performed, as these contracts are structured as exchange transactions and not as restricted or unrestricted grants.

Contributions

Contributions received and unconditional promises to give are recorded as pubic support at fair value in the period received and are considered to be available for unrestricted use unless specifically restricted by the donor. Contributions are recorded net of estimated uncollectible amounts. Conditional contributions are recognized as revenue when the conditions on which they depend have been substantially met.

Note 2 - Summary of Significant Accounting Policies (cont'd.)

Contributions (cont'd.)

The Association records contributions as temporarily restricted if they are received with donor stipulations that limit their use either through purpose or time restrictions. When donor restrictions expire, that is, when a time restriction ends or a purpose restriction is fulfilled, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Restricted contributions and government contract revenues received and expended in the same fiscal year are reflected as unrestricted revenues.

Allowance for Doubtful Accounts

The Association determines whether an allowance for doubtful accounts should be provided for contributions receivable and for government and other contracts receivable. Such estimates are based on management's assessment of the aged basis of the receivables, current economic conditions and historical information. Contributions receivable are written off against the allowance for doubtful accounts when all reasonable collection efforts have been exhausted. Interest is not charged on outstanding receivables. Bad debt expense is charged if the receivable is determined to be uncollectible based on periodic review by management. The Association has established an allowance for doubtful accounts of $59,485 at June 30, 2016.

Deferred Revenue

Contract and other revenue received in advance is deferred and recorded as revenues when the expenditures are incurred and revenue is earned.

Functional Allocation of Expenses

The cost of providing the various programs and other activities has been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program and supporting services benefited.

Operating Measure

Operating revenues and expenses reflect the activities in which the Association engages in order to fulfill its mission. Investment income in excess of amounts designated for operations is considered nonoperating.

Accounting for Uncertainty in Income Taxes

The Association has adopted the provisions pertaining to uncertain tax provisions under Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 740 and has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements. The Association believes it is no longer subject to income tax examinations for years prior to 2013.

Note 2 - Summary of Significant Accounting Policies (cont'd.)

New Accounting Pronouncements

ASU No. 2016-14

In August 2016, the FASB issued Accounting Standards Update ("ASU") No. 2016-14, *Not-for-Profit Entities (Topic 958) - Presentation of Financial Statements of Non-for-Profit Entities*. This ASU is a result of the recommendations developed by FASB's Not-for-Profit Advisory Committee and FASB's ongoing review of Generally Accepted Accounting Principles (GAAP) standards to improve existing standards to meet the evolving needs of a dynamic financial reporting environment.

The ASU provides for changes in financial statement presentation that effect classification of net assets, presentation of expenses, investment returns and presentation of operating cash flows. It also calls for enhanced disclosures of board designated funds, underwater endowment funds, methods used to allocate costs among functions, and liquidity and availability of resources. The ASU affects all not-for-profit organizations including charities, foundations, colleges and universities, health care providers, religious organizations, trade associations, and cultural institutions, among others.

The amendments of ASU No. 2016-14 are effective for annual financial statements issued for periods beginning after December 15, 2017, and for interim periods within fiscal years beginning after December 15, 2018. Early application is permitted.

ASU No. 2016-02

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. This ASU is the result of a joint project of the FASB and the International Accounting Standards Board ("IASB") to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements for U.S. GAAP and International Financial Reporting Standards ("IFRS"). The guidance in this ASU affects any entity that enters into a lease (as that term is defined in this ASU), with some specified scope exemptions. The guidance in this ASU will supersede Topic 840, *Leases*.

The ASU provides that lessees should recognize lease assets and lease liabilities on the balance sheet for leases previously classified as operating leases that exceed 12 months, including leases existing prior to the effective date of this ASU. It also calls for enhanced leasing arrangement disclosures.

For nonpublic entities, the amendments of ASU No. 2016-02 are effective for annual reporting periods beginning after December 15, 2019, and interim periods within annual periods beginning after December 15, 2020. Early application is permitted for all entities.

Note 2 - Summary of Significant Accounting Policies (cont'd.)

New Accounting Pronouncements (cont'd.)

ASU No. 2014-09

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This ASU is the result of a joint project of the FASB and the IASB to clarify the principles for recognizing revenue and to develop a common revenue standard for U.S. GAAP and IFRS. The guidance in this ASU affects any entity that either enters into contracts with customers to transfer goods or services or enters into contracts for the transfer of nonfinancial assets unless those contracts are within the scope of other standards.

The ASU provides that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity should apply the following five-step process to recognize revenue:

Step 1: Identify the contract with a customer.
Step 2: Identify the performance obligations in the contract.
Step 3: Determine the transaction price.
Step 4: Allocate the transaction price to the performance obligations in the contract.
Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation.

For nonpublic entities, the amendments of ASU No. 2014-09 are effective for annual reporting periods beginning after December 15, 2018, and interim periods within annual periods beginning after December 15, 2019. Early application is permitted under certain circumstances.

The Association has not yet determined if these ASUs will have a material effect on its financial statements.

Note 3 - Investments

Investments are comprised of the following at June 30, 2016:

	Fair Value
Cash and money market	$ 140,079
Government securities	491,327
Municipal securities	11,536
Corporate bonds	442,914
Asset-backed securities	346,443
Common stock	1,282,734
Mutual funds	6,873,907
	$ 9,588,940

Note 3 - Investments (cont'd.)

Investment returns for the year ended June 30, 2016 are calculated as follows:

Interest and dividends from investments	$ 289,291
Investment advisory and custodian fees	(54,323)
Realized gains on sale of investments	871,676
Unrealized losses on investments	(1,148,747)
Total return on investments	$ (42,103)
Investment return designated for current operations	$ 2,700,000
Investment return in excess of amounts designated for current operations	(2,742,103)
	$ (42,103)

The Board of Directors has authorized the Association to recognize as income for operating purposes a spending rate (or specified amount) that is approved by the Board. This amount is classified as investment return designated for current operations in the statement of activities. The spending policy is reviewed and adjusted annually by the Board as it deems appropriate and in keeping with the investment objectives and needs of the Association.

The Association has established the following objectives for its investments: (1) maintain, and if possible increase, the purchasing power of current assets and all future contributions; (2) maintain a constant funding-support-ratio; (3) apply a smoothing rule to mitigate the effect of short-term market volatility on spending; (4) maximize return within reasonable and prudent levels of risk; and (5) maintain an appropriate asset allocation based on a total return policy.

Note 4 - Fair Value Measurements

The Association measures its investments at fair value. Fair value is an exit price, representing the amount that would be received on the sale of an asset or that would be paid to transfer a liability in an orderly transaction between market participants. As a basis for considering such assumptions, a three-tier fair value hierarchy is used which prioritizes the inputs in the valuation methodologies in measuring fair value.

Fair Value Hierarchy

The methodology for measuring fair value specifies a hierarchy of valuation techniques based upon whether the inputs to those valuation techniques reflect assumptions other market participants would use based upon market data obtained from independent sources (observable inputs) or reflect the Association's own assumptions of market participant valuation (unobservable inputs).

Note 4 - Fair Value Measurements (cont'd.)

Fair Value Hierarchy (cont'd.)

The fair value of corporate bonds and municipal securities is estimated using recently executed transactions, market price quotations (where observable), bond spreads or credit default swap spreads. The spread data used is for the same maturity as the bond. If the spread data does not reference the issuer, then data that references a comparable issuer is used.

The fair value of asset-backed securities is estimated by using a combination of (i) listed prices on widely available indices; (ii) independent pricing services using pricing models; and (iii) independent third-party broker quotes from multiple financial institutions engaged in trading the securities similar to the investments.

Assets using Level 3 inputs consist of the Association's beneficial interest in perpetual trust. The beneficial interest in perpetual trust is valued utilizing the net asset value of the Association's interest in the trust. The underlying holdings of the trust are primarily marketable securities which are valued based on quoted prices for identical assets and liabilities in active markets.

The preceding methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Association believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The summary of inputs used to value the Association's investments at June 30, 2016 is as follows:

	Total	Level 1	Level 2	Level 3
Cash and money market	$ 140,079	$ 140,079	$ -	$ -
Government securities	491,327	491,327	-	-
Municipal securities	11,536	-	11,536	-
Corporate bonds	442,914	-	442,914	-
Asset-backed securities	346,443	-	346,443	-
Common stock	1,282,734	1,282,734	-	-
Mutual funds	6,873,907	6,873,907	-	-
Beneficial interest in perpetual trust	1,076,635	-	-	1,076,635
Totals	$ 10,665,575	$ 8,788,047	$ 800,893	$ 1,076,635

Note 4 - Fair Value Measurements (cont'd.)

The following is a reconciliation of the beginning and ending balances for assets measured at fair value using significant unobservable inputs (Level 3) as follows:

Balance, beginning of year	$ 1,141,627
Unrealized loss	(64,992)
Balance, end of year	$ 1,076,635

The fair value of the beneficial interest in perpetual trust is derived from 11.11% of the fair market value of the underlying perpetual trust's corpus at June 30, 2016.

Note 5 - Beneficial Interest in Perpetual Trust

The Association is the beneficiary of the Ruby B. Fleming perpetual trust held by a third party. The income generated on the trust is payable annually at 11.11% of the corpus to the Association. The contribution is classified as permanently restricted support, and the annual distributions are reported as unrestricted interest and dividends.

Note 6 - Endowment Fund

General

The Association's endowment consists of a donor restricted fund established primarily to provide long-term support for its charitable programs. As required by U.S. GAAP, net assets associated with the endowment fund are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

On September 17, 2010, the State of New York enacted the New York Prudent Management of Institutional Funds Act ("NYPMIFA"), a modified version of the Uniform Prudent Management of Institutional Funds Act ("UPMIFA"). The Association has evaluated the effect of NYPMIFA on the investments, appropriation and management of institutional funds and is establishing procedures to comply with its provisions.

The Association interprets state law as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Association classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment and (b) the original value of subsequent gifts to the permanent endowment. Currently, there are no provisions in donor gift instruments that provide for any other accumulations to the permanent endowments.

Note 6 - Endowment Fund (cont'd.)

In accordance with FASB ASC Subtopic 958-205, *Not-for-Profit Entities* (formerly FSP FAS No. 117-1), upon the passage of NYPMIFA, the Association is required to determine if there are any nonappropriated endowed investment earnings, and if so, it would need to reclassify them as temporarily restricted net assets. There were no nonappropriated, endowed investment earnings that have to be reclassified.

It is the Association's policy that any remaining portion of the donor-restricted endowment funds, if any that is not classified in permanently restricted net assets, is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by NYPMIFA. The amounts appropriated for expenditure represent amounts that were spent within the year in satisfying the purpose restriction.

The Association has considered the following factors in making a determination to appropriate or calculate donor-restricted endowment funds:

1. Duration of the fund
2. General purposes of the organization and the donor-restricted endowment funds
3. General economic conditions
4. Possible effect of inflation or deflation
5. Expected total return from income and appreciation of investments
6. Other resources of the organization
7. Investment policy of the organization

Return Objectives, Strategies Employed and Spending Policy

Subject to any restrictions imposed by the donor of a gift on expenditure of principal, income or use of the donated assets, the Association utilizes a total return investment approach with its asset allocation diversified over multiple asset classes. Target allocation percentages are established for various asset classes and are modified over time. Performance is measured against a composite benchmark of investment indices reflecting the target asset allocation. In recent years, the Association has followed a policy of budgeting the spending of 4% of the trailing three-year average of its endowment funds, subject to abiding by the purpose and other restrictions of certain of the funds. Under this policy, as approved by the Association's Board, the endowment assets are invested in a number of different asset classes and investment strategies to diversify the investments to provide a balance that will enhance the long-term total return of the overall investment portfolio while avoiding undue risk or concentration in any single asset class or investment category.

Endowment assets include those assets of certain donor-restricted funds contributed prior to September 17, 2010 which the Association must hold in perpetuity, preserving the original principal amount and, in some cases, spending only the income generated by such assets in accordance with the donor's instructions. Where the gifts have been so restricted, while assets are invested in accordance with the above philosophy of diversification and asset allocation, only the net appreciation and income are utilized for Association programs and, in some cases, only the income is utilized.

Note 6 - Endowment Fund (cont'd.)

The following is a reconciliation of the activity in the donor-restricted endowment funds for the year ended June 30, 2016:

	Temporarily Restricted	Permanently Restricted	Total
Balance, July 1, 2015	$ 223,498	$ 838,217	$ 1,061,715
Unrealized gains	53,371	-	53,371
Dividends and interest, net of management fees of $2,563	21,133	-	21,133
Balance, June 30, 2016	$ 298,002	$ 838,217	$ 1,136,219

Note 7 - Fixed Assets

Fixed assets, net consist of the following:

Leasehold improvements	$ 716,994
Equipment and software	41,585
Furniture	10,579
	769,158
Less: Accumulated depreciation and amortization	448,416
	$ 320,742

Depreciation and amortization expense related to fixed assets totaled $56,784 for the year ended June 30, 2016.

Note 8 - Line of Credit

The Association has available a $5,000,000 line of credit with its investment manager. The line of credit has an interest rate equal to the 30-day LIBOR plus 1.25% (totaling 1.703% at June 30, 2016) and is collateralized by the investment accounts of the Association. At June 30, 2016, the Association had outstanding balances of $2,258,738. Interest expense for the year ended June 30, 2016 was $63,415.

Note 9 - Concentration of Credit Risk

The Association maintains cash balances in several financial institutions, which are insured by the Federal Deposit Insurance Corporation ("FDIC") for up to $250,000 per institution. From time to time, the Association's balances may exceed these limits.

Note 10 - Temporarily Restricted Net Assets

The following is a summary of the net assets that were added and released from donor restrictions during the year ended June 30, 2016:

	Beginning Balance	Additions	Releases	Ending Balance
Day Care	$ 11,505	$ -	$ -	$ 11,505
Early Learn	225,000	15,000	(60,178)	179,822
Youth Services	40,846	-	-	40,846
Women's Employment, Family Resource Center and Wellness	-	35,000	(10,787)	24,213
Geek Girls	59,083	131,000	(139,900)	50,183
Summer Soiree	500	-	-	500
Efforts of Outcome Database Integration	-	150,000	(92,873)	57,127
High School Program	-	9,500	-	9,500
Investment Earnings on the Girls Program Endowment Fund	223,498	74,504	-	298,002
	$ 560,432	$ 415,004	$ (303,738)	$ 671,698

Note 11 - Retirement Plans

The Association contributes to YWCA Retirement Fund, Inc., a multiemployer defined benefit pension plan, under the terms of a participation agreement for its employees. The risks of participating in this multiemployer plan are different from a single-employer plan in the following aspects:

a. Assets contributed to the plan by one employer may be used to provide benefits to employees of other participating employers.

b. If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers.

c. If the Association chooses to stop participating in its multiemployer plan, then it may be required to pay an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

The Association's participation in this plan for the annual period ended June 30, 2016, is outlined in the table below. The "EIN/Pension Plan Number" column provides the Employer Identification Number ("EIN") and the three-digit plan number, if applicable. The most recent Pension Protection Act ("PPA") zone status available in 2016 is for the plan's year-end at December 31, 2015.

Note 11 - Retirement Plans (cont'd.)

The zone status is based on information that the Association received from the plan and is certified by the plan's actuary. Among other factors, plans in the red zone are generally less than 65 percent funded, plans in the yellow zone are less than 80 percent funded, and plans in the green zone are at least 80 percent funded.

The "FIP/RP Status Pending/Implemented" column indicates plans for which a financial improvement plan ("FIP") or a rehabilitation plan ("RP") is either pending or has been implemented. The last column lists the expiration date of the collective-bargaining agreement to which the plan is subject.

Pension Fund	EIN/ Pension Plan Number	Pension Protection Act Zone Status	FIP/RP Status Pending / Implemented	Contributions for the Year Ended June 30, 2016	Surcharge Imposed	Expiration Date of Collective - Bargaining Agreement
YWCA Retirement Fund, Inc.	13-1624231	Green	N/A	$ 114,673	N/A	N/A

The Association also offers a retirement plan, YWCA NYC 403 (b) Plan for eligible participants to contribute their own money to the plan on a tax deferred basis through payroll deductions.

Note 12 - Commitments and Contingencies

Lease Commitment

On February 16, 2007, the Association entered into a new lease agreement for office space at 50 Broadway which expires May 31, 2022, and terminated the prior lease at 52 Broadway. The new base rent including electricity for the first year is $309,536 per annum with annual increases thereafter. Rent expense is being recognized on a straight-line basis over the life of the lease. The Association has a standby letter of credit in the amount of $427,158 in lieu of a security deposit, which is collateralized by the cash accounts of the Association. The lease includes a lease incentive of $532,015 for leasehold improvements which has been recorded as a deferred credit and is being amortized on a straight-line basis over the life of the lease. In addition, since both of the lease agreements are with the same landlord, the deferred rent credit of approximately $846,000 for the lease holiday on the prior lease at 52 Broadway is being amortized over the life of the new lease at 50 Broadway. The Association also leases equipment under various cancellable operating leases.

Note 12 - Commitments and Contingencies (cont'd.)

Lease Commitment (cont'd.)

Minimum annual future cash rental commitments under the office space lease, for years subsequent to June 30, 2016, are as follows:

Years Ending June 30:	
2017	$ 432,161
2018	471,654
2019	484,933
2020	498,610
2021	512,698
Thereafter	482,136
	$ 2,882,192

Total rent expense was $364,998 for the year ended June 30, 2016.

Government Grants

The Association has contracted with various funding agencies to perform services and receives reimbursements from state and city governments. Reimbursements received under these contracts and payments are subject to audit by the city and state governments. Upon audit, if discrepancies are discovered, the Association could be held responsible for refunding the amounts in question. The Association records such adjustments when the final audit amount is determined. At June 30, 2016, there were no material obligations as a result of such audits, and the Association's management believes that unaudited activities will not result in any material obligations. In the opinion of the Association's management, any liabilities that might be incurred would not have a material effect on the Association's financial position or results of operations.

Note 13 - Subsequent Events

The Association has evaluated all events and transactions that occurred after June 30, 2016 through the date of these financial statements, which is the date the financial statements were available to be issued. During this period, there were no material subsequent events requiring disclosure.