Young Women's Christian Association of the United States of America, Inc.

Financial Statements and Independent Auditors' Report

August 31, 2014 and 2013

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Independent Auditors' Report

To the Board of Directors
Young Women's Christian Association of the United States of America, Inc.
Washington, DC

Report on the Financial Statements

We have audited the accompanying financial statements of the Young Women's Christian Association of the United States of America, Inc. (YWCA USA), which comprise the statement of financial position as of August 31, 2014, and the related statements of activities and change in net assets, cash flows and functional expenses 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 of 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 auditors' 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 auditors consider 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of YWCA USA as of August 31, 2014, 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.

Prior Period Financial Statements

The financial statements of YWCA USA as of August 31, 2013 were audited by other auditors, whose report dated January 14, 2014 expressed an unmodified opinion on those statements.

Report on Summarized Comparative Information

The financial statements of YWCA USA as of August 31, 2013 were audited by other auditors, and they expressed an unmodified audit opinion on those audited financial statements in their report dated January 14, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2013 is consistent, in all material respects, with the audited financial statements from which it has been derived.

CohnReznick LLP

Bethesda, Maryland
January 21, 2015

YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF THE UNITED STATES OF AMERICA, INC.

STATEMENTS OF FINANCIAL POSITION

ASSETS

	August 31, 2014	August 31, 2013
CURRENT ASSETS		
Cash and Cash Equivalents	$ 2,206,570	$ 1,087,396
Receivables	135,720	64,915
Prepaid Expenses	42,677	44,284
Total Current Assets	2,384,967	1,196,595
INVESTMENTS	62,362,004	55,548,367
PROPERTY AND EQUIPMENT, NET	3,186,444	3,414,500
DEPOSITS	6,000	6,000
	$ 67,939,415	$ 60,165,462

LIABILITIES AND NET ASSETS

	2014	2013
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	$ 393,666	$ 370,401
Payable to Beneficiaries	313,479	273,002
Deferred Rent, Current Portion	2,038	3,714
Deferred Rental Income, Current Portion	162,750	162,750
Total Current Liabilities	871,933	809,867
LONG-TERM LIABILITIES		
Deferred Rent, Net of Current Portion	-	2,038
Deferred Rental Income, Net of Current Portion	571,437	719,864
Total Long-Term Liabilities	571,437	721,902
Total Liabilities	1,443,370	1,531,769
NET ASSETS		
Unrestricted	56,445,249	50,205,743
Temporarily Restricted	3,450,237	2,156,665
Permanently Restricted	6,600,559	6,271,285
Total Net Assets	66,496,045	58,633,693
	$ 67,939,415	$ 60,165,462

The Accompanying Notes Are An Integral Part Of These Financial Statements

YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF THE UNITED STATES OF AMERICA, INC.

STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS

YEAR ENDED AUGUST 31, 2014
WITH SUMMARIZED TOTALS FOR YEAR ENDED AUGUST 31, 2013

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals 2014	Totals 2013
SUPPORT AND REVENUE					
Contributions and Bequests	$ 725,787	$ 1,119,230	$ 329,274	$ 2,174,291	$ 437,416
Interest and Dividends	935,862	133,808	-	1,069,670	1,019,632
Realized and Unrealized Gains on Investments	7,001,928	1,178,362	-	8,180,290	5,092,745
Support Fees	2,680,111	-	-	2,680,111	1,742,518
Leadership Development Center Rental Loss, Net of Expenses of $210,242 and $189,290, Respectively	(61,815)	-	-	(61,815)	(19,665)
Change in Value of Split-Interest Agreements	-	(52,285)	-	(52,285)	(68,109)
Donated Services	78,447	-	-	78,447	21,524
Sponsorship and Registration Income	143,535	3,285	-	146,820	190,143
Other Income	2,696	-	-	2,696	15,720
Net Assets Released from Restrictions	1,088,828	(1,088,828)	-	-	-
Total Support and Revenue	12,595,379	1,293,572	329,274	14,218,225	8,431,924
EXPENSES					
Program Services:					
Advocacy	698,237	-	-	698,237	1,064,602
Communications	577,020	-	-	577,020	812,554
Local Initiatives	4,134,338	-	-	4,134,338	2,884,919
Global Initiatives	191,547	-	-	191,547	221,291
Total Program Services	5,601,142	-	-	5,601,142	4,983,366
Supporting Services:					
Management and General Administrative	86,881	-	-	86,881	913,593
Fundraising	667,850	-	-	667,850	466,495
Total Supporting Services	754,731	-	-	754,731	1,380,088
Total Expenses	6,355,873	-	-	6,355,873	6,363,454
CHANGE IN NET ASSETS	6,239,506	1,293,572	329,274	7,862,352	2,068,470
NET ASSETS, Beginning of Year	50,205,743	2,156,665	6,271,285	58,633,693	56,565,223
NET ASSETS, End of Year	$ 56,445,249	$ 3,450,237	$ 6,600,559	$ 66,496,045	$ 58,633,693

YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF THE UNITED STATES OF AMERICA, INC.

STATEMENTS OF CASH FLOWS

	Year Ended August 31, 2014	Year Ended August 31, 2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ 7,862,352	$ 2,068,470
Adjustments to Reconcile Change in Net Assets to Net Cash Used in Operating Activities:		
Realized and Unrealized Gains on Investments	(8,180,290)	(5,092,745)
Depreciation and Amortization – Operating	16,139	16,752
Depreciation and Amortization – Leadership Development Center	210,242	189,290
Change in Value of Split-Interest Agreements	52,285	68,109
Loss on Disposal of Fixed Assets	1,675	-
Bad Debt Expense	15,746	-
Permanently Restricted Contributions	(329,274)	-
Change in:		
Receivables	(86,551)	2,059
Prepaid Expenses	1,607	8,206
Accounts Payable and Accrued Expenses	23,265	(71,018)
Payable to Beneficiaries	40,477	58,030
Deferred Rent	(3,714)	(3,035)
Deferred Rental Income	(148,427)	(169,625)
Net Cash Used in Operating Activities	(524,468)	(2,925,507)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Fixed Assets	-	(10,129)
Purchases of Investments	(15,516,349)	(3,770,676)
Proceeds from Sale/Maturity of Investments	16,830,717	7,176,131
Net Cash Provided by Investing Activities	1,314,368	3,395,326
CASH PROVIDED BY FINANCING ACTIVITIES		
Proceeds from Permanently Restricted Contributions	329,274	-
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,119,174	469,819
CASH AND CASH EQUIVALENTS, Beginning of Year	1,087,396	617,577
CASH AND CASH EQUIVALENTS, End of Year	$ 2,206,570	$ 1,087,396

The Accompanying Notes Are An Integral Part Of These Financial Statements

YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF THE UNITED STATES OF AMERICA, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

YEAR ENDED AUGUST 31, 2014
WITH SUMMARIZED TOTALS FOR YEAR ENDED AUGUST 31, 2013

	Program Services					Support Services			Totals	
	Advocacy	Communications	Local Initiatives	Global Initiatives	Total	Management and General Administrative	Fundraising	Total	2014	2013
Salaries and Benefits	$ 372,251	$ 300,417	$ 1,580,487	$ -	$ 2,253,155	$ 121,908	$ 329,369	$ 451,277	$ 2,704,432	$ 2,575,653
Meetings	2,611	-	194,579	5,886	203,076	78,140	285	78,425	281,501	459,715
Professional Fees	-	48,083	367,947	-	416,030	1,023,031	59,370	1,082,401	1,498,431	1,702,753
Printing and Printed Materials	-	-	22,945	-	22,945	9,640	3,800	13,440	36,385	32,634
Communications	720	90	10,969	-	11,779	19,945	-	19,945	31,724	30,646
Office Supplies and Postage	876	-	3,645	4	4,525	19,299	146	19,445	23,970	19,013
Rent and Utilities	-	-	2,880	-	2,880	360,493	-	360,493	363,373	357,858
Insurance	-	-	36	-	36	34,215	-	34,215	34,251	52,459
Travel	8,976	24	335,190	457	344,647	50,911	2,669	53,580	398,227	674,169
Computer, Equipment and Maintenance	-	1,184	75,375	-	76,559	69,146	10,763	79,909	156,468	78,442
Membership and Support	8,100	-	-	-	8,100	18,557	-	18,557	26,657	18,154
Awards and Grants	-	-	345,000	185,200	530,200	-	-	-	530,200	160,500
World YWCA Allocation	-	-	-	-	-	190,853	-	190,853	190,853	152,821
Miscellaneous	24,525	150	3,971	-	28,646	22,418	12,198	34,616	63,262	31,885
Depreciation and Amortization	-	-	-	-	-	16,139	-	16,139	16,139	16,752
General and Administrative Allocation	280,178	227,072	1,191,314	-	1,698,564	(1,947,814)	249,250	(1,698,564)	-	-
Total Expenses	$ 698,237	$ 577,020	$ 4,134,338	$ 191,547	$ 5,601,142	$ 86,881	$ 667,850	$ 754,731	$ 6,355,873	$ 6,363,454

The Accompanying Notes Are An Integral Part Of These Financial Statements

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Young Women's Christian Association of the United States of America, Inc. (YWCA USA) was incorporated in 1907 under the laws of the State of New York as a nonprofit corporation to carry out the mission of providing support for the empowerment of women and the elimination of racism.

The major programs of YWCA USA are as follows:

Advocacy: Identifies, educates and mobilizes members and supporters on critical legislative and public policy issues and government funding to ensure the interests of YWCA USA are represented before Congress, the White House and government agencies.

Communications: Builds unified corporate identity and visibility. Conveys mission, programs and services of YWCA USA with intentional and coordinated efforts.

Local Initiatives: Provides support to local YWCA associations to further mission impact and business vitality, including: capacity-building training, services and resources; conferences and regular networking; organizational sustainability and growth initiatives; signature outcomes and model programs, and fund- and friend-raising collaborations and opportunities.

Global Initiatives: Promotes partnerships and relationship-building with the World YWCA and other YWCAs worldwide and advocates international public policies consistent with mission.

Basis of Accounting

The financial statements of YWCA USA are presented on the accrual basis of accounting and, accordingly, revenue is recognized when earned and expenses are recognized when the obligations are incurred.

Use of Estimates

Management uses estimates and assumptions in preparing these financial statements in conformity with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenses. Actual results could vary from the estimates that were used.

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

YWCA USA is exempt from income taxes as an organization described in Section 501(c)(3) of the Internal Revenue Code and is not classified as a private foundation. Similar to other tax-exempt organizations, YWCA USA is subject to unrelated business income.

YWCA USA believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. YWCA USA recognizes interest accrued related to unrecognized tax benefits and penalties in management and general administrative expenses on the statements of activities and change in net assets.

During the years ended August 31, 2014 and 2013, YWCA USA did not have net taxable income from unrelated business activity; therefore, there is no provision in these financial statements for income taxes or interest and penalties related to unrecognized tax benefits. Tax years prior to 2010 are no longer subject to examination by the IRS or the tax jurisdiction of the District of Columbia.

Cash and Cash Equivalents

YWCA USA considers all highly liquid investments with a maturity of three months or less, when purchased, to be cash equivalents.

Concentration of Risk

YWCA USA maintained balances of cash and cash equivalents in excess of Federal Deposit Insurance Corporation (FDIC) coverage. The amount of uninsured deposits at August 31, 2014 was approximately $1,888,000.

Receivables

YWCA USA records accounts receivable net of allowances for doubtful accounts when necessary. Accounts receivable were $63,582 and $54,840 at August 31, 2014 and 2013, respectively. The allowances are determined based on a review of the estimated collectibility of the specific accounts, plus a general provision based on historical loss experience and existing economic conditions. Uncollectible amounts are charged off against the allowance for doubtful accounts once management determines an account, or a portion thereof, to be uncollectible. As of August 31, 2014 and 2013, management deemed all accounts receivable to be collectible and, as such, no allowance for doubtful accounts has been provided for in these financial statements. Bad debt expense related to accounts receivable was $15,746 and $0 for the years ended August 31, 2014 and 2013, respectively.

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Receivables (Continued)

Pledges receivable represent unconditional promises to give from donors to contribute monies to YWCA USA. Pledges receivable were $22,138 and $10,075 at August 31, 2014 and 2013, respectively. Unconditional promises to give from donors are recorded when the promise is made. Unconditional promises to give from donors where payments are due in the next year are reflected as current receivables and are recorded at their net realizable amount. Unconditional promises to give from donors where payments are due in the subsequent years are reflected as long-term receivables and are reflected at the present value of their net realizable amounts, using risk-free discount rates. The amortization of the discount on long-term pledges receivable is recorded as contributions and bequests in the statements of activities and change in net assets. The need for an allowance is determined based on a review of the estimated collectibility of specific accounts, plus a general provision based on historical loss experience and existing economic conditions. Uncollectible amounts are charged off against the allowance for doubtful accounts once management determines an account, or a portion thereof, to be uncollectible. As of August 31, 2014 and 2013, management deemed all pledges receivable to be collectible and, as such, no allowance for doubtful accounts has been provided for in these financial statements. Bad debt expense related to pledges receivable was $0 for each of the years ended August 31, 2014 and 2013.

Grants receivable represents amounts due to YWCA USA for costs incurred under reimbursable grants, whether billed or unbilled. Grants receivable were $50,000 and $0 at August 31, 2014 and 2013, respectively. The need for an allowance is determined based on a review of the estimated collectibility of specific accounts, plus a general provision based on historical loss experience and existing economic conditions. Uncollectible amounts are charged off against the allowance for doubtful accounts once management determines an account, or a portion thereof, to be uncollectible. As of August 31, 2014 and 2013, management deemed all grants receivable to be collectible and, as such, no allowance for doubtful accounts has been provided for in these financial statements. Bad debt expense related to grants receivable was $0 for each of the years ended August 31, 2014 and 2013.

Investments

Cash, deposits and money market funds held in investment accounts with investment institutions are classified as investments on the statements of financial position. Investments are stated at fair value. The valuation of the investments is based upon quotations obtained from national securities exchanges where securities are listed on an exchange, or Net Asset Values (NAVs) provided by investment managers. Investment values in the Wellington Common Trust Funds are determined by pricing agents of Wellington Management Company, LLP and its affiliates (Wellington Management). Wellington Management determines the fair value when market quotations are not readily available. Interest and dividend income, and realized and unrealized gain (loss) on investments are recorded as unrestricted, temporarily restricted, or permanently restricted net assets in accordance with the donor's designation. However, interest and dividend income, and realized and unrealized gain (loss) on investments are reported as increases in unrestricted net assets if the restrictions are met in the reporting period in which the investment earnings are recognized. Management intends to hold investments for long-term purposes.

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments (Continued)

Investments include funds with an investment manager employing a variety of strategies to achieve investment objectives. Investment objectives are consistent with YWCA USA's Investment Policy. With respect to Wellington Common Trust Funds investments, redemptions are permitted with written notice received at least 30 days prior to termination, or a shorter notice period in the event that an extraordinary circumstance exists that require notice and termination within a shorter period of time.

Property and Equipment

Property and equipment in excess of $1,000 with an estimated useful life of more than one year is capitalized and stated at cost. Depreciation and amortization is provided over the estimated useful lives of the respective assets, ranging between three and 40 years, on a straight-line basis. Leasehold improvements are amortized over the shorter of the useful life or the term of the lease.

Revenue Recognition

Contributions of cash, other assets and unconditional promises to give are reported as unrestricted, temporarily restricted or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities and change in net assets as net assets released from restrictions. Contributions and bequests and related investment income which are both received and released from restriction in the same year are reported as unrestricted revenue in that year.

Support fees consist of fees from local YWCA associations and are recognized as revenue on a pro rata basis over the period to which the membership relates which coincides with YWCA USA's fiscal year.

Net Assets

Unrestricted Net Assets:

Unrestricted net assets are net assets that are neither temporarily restricted nor permanently restricted by donor stipulations for a time or purpose restriction.

YWCA USA segregates its unrestricted net assets into the following fund categories:

Operating Funds – Represents the portion of expendable funds that are available for support of YWCA USA operations.

Board-Designated Endowment Funds – Represents assets that have been internally designated by the Board of Directors as a general endowment fund to support the mission of YWCA USA. Board-designated endowment net assets were $54,111,227 and $48,524,607 at August 31, 2014 and 2013, respectively.

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets (Continued)

Temporarily Restricted Net Assets:

Temporarily restricted net assets result from contributions and bequests, investment income earned on temporarily restricted contributions, and investment income earned and appropriated from temporarily and permanently restricted endowments. Use of temporarily restricted net assets is limited by donor-imposed purposes or time restrictions that have not yet been fulfilled by actions of YWCA USA pursuant to these stipulations or by the passage of time.

Permanently Restricted Net Assets:

Permanently restricted net assets result from contributions whose use is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by YWCA USA's actions. The donors of these assets permit YWCA USA to use the income and gains earned on related investments for operations or for specific purposes stipulated by the donors.

Donated Services

Donated services are recorded as revenue and expenses at fair value when received and have been presented in the statements of activities and change in net assets as donated services and expensed in the appropriate functional category. Included in non-cash contributions were donations of services rendered. These donated services required specialized skills which would typically need to be purchased if not donated. YWCA USA recorded donated services for the years ended August 31, 2014 and 2013 in the amounts of $78,447 and $21,524, respectively.

Functional Allocation of Expenses

The costs of providing the various programs and supporting services have been summarized on a functional basis in the statements of functional expenses. Costs incurred by a program service or supporting service are charged directly to that service. Other management and general administrative expenses are allocated based on the percentage of time spent by each person on each service.

Prior Year Information

The financial statements include certain prior year summarized comparative totals as of and for the year ended August 31, 2013. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the financial statements for the year ended August 31, 2013, from which the summarized information was derived.

Reclassifications

Certain reclassifications have been made to the 2013 amounts to conform to the 2014 presentation.

Subsequent Events

YWCA USA has evaluated events and transactions for potential recognition or disclosure through January 21, 2015, the date the financial statements were available to be issued.

NOTE 2 – INVESTMENTS

Investments, which include split-interest agreements, consist of the following:

	August 31,	
	2014	2013
Wellington Common Trust Fund Research Equity Portfolio	$ 15,751,577	$ 13,955,658
Wellington Common Trust Fund International Research Equity Portfolio	15,170,664	13,928,295
Wellington Common Trust Fund Intermediate Bond Portfolio	11,261,249	-
Wellington Common Trust Fund Opportunistic Investment Allocation Portfolio	9,125,318	7,772,469
Wellington Common Trust Fund TIPS Portfolio	3,600,034	13,128,355
Wellington Common Trust Fund Global Contrarian Equity Portfolio	6,083,999	5,540,996
Blackrock U.S. Government Income Bond Portfolio	60,865	63,313
Blackrock Total Return Fund	23,659	21,957
Vanguard Total Bond Market Index Fund Admiral	408,773	403,938
Vanguard Total Stock Market Index Fund Admiral	873,570	733,386
Equity	2,296	-
	$ 62,362,004	$ 55,548,367

Investment income consists of the following:

	August 31,	
	2014	2013
Interest and Dividends	$ 1,069,670	$ 1,019,632
Unrealized Gains on Investments	4,307,119	4,278,017
Realized Gains on Investments	3,873,171	814,728
	$ 9,249,960	$ 6,112,377

NOTE 3 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	August 31, 2014	August 31, 2013
Building and Improvements	$ 5,205,439	$ 5,205,439
Leasehold Improvements	1,021	1,021
Office Furniture and Equipment	263,586	323,122
	5,470,046	5,529,582
Less: Accumulated Depreciation and Amortization	(3,429,667)	(3,261,147)
	2,040,379	2,268,435
Land	1,146,065	1,146,065
	$ 3,186,444	$ 3,414,500

NOTE 4 – SPLIT-INTEREST AGREEMENTS

Pooled Income Fund

YWCA USA manages a pooled income fund in which it shares a beneficial interest with member YWCAs. The fund is divided into units, and contributions from several donors are pooled. Donors are assigned a specific number of units based on the proportion of the fair market value of their contribution to the total fair market value of the fund. The beneficiary will receive the actual income earned on his or her units during their lifetime. The assets contributed are invested in the fund until the beneficiary's death. At that time, the value of the units assigned to the beneficiary will revert to YWCA USA and its members as specified in the underlying agreement. The fair market value of the pooled income fund as of August 31, 2014 and 2013 was $1,282,343 and $1,137,323, respectively, and is held with Vanguard (see Note 2). The actuarial present value of YWCA USA's interest in such funds as of August 31, 2014 and 2013 was $1,049,716 and $922,321, respectively, and was computed using a discount rate of 2.2 percent and 2.0 percent, respectively, for the years ended August 31, 2014 and 2013, compounded annually.

Gift Annuities

YWCA USA gift annuity program includes both gift annuities and deferred payment gift annuities. These assets are segregated as separate and distinct funds, independent from other funds and cannot be applied to payment of the debts and obligations of YWCA USA or any other purpose other than annuity benefits specified in the agreements. YWCA USA agrees to pay a stated dollar amount annually to the beneficiaries as long as they live, after which time the remaining assets are available for unrestricted use of YWCA USA. As of August 31, 2014 and 2013, the total assets, at fair market value, were $84,524 and $85,270, respectively, and are held with Blackrock (see Note 2). The actuarial present value of YWCA USA's interest in such funds as of August 31, 2014 and 2013 was $34,807 and $35,347, respectively, and were computed using an interest rate of 2.2 percent and 2.0 percent as of August 31, 2014 and 2013, respectively, compounded annually.

NOTE 5 – PAYABLE TO BENEFICIARIES

In connection with the split-interest agreements, YWCA USA holds certain assets on behalf of member YWCAs. Such assets are included in split-interest investments and in the payable to beneficiaries' liability on the accompanying statements of financial position.

Payable to beneficiaries consists of the following:

	August 31,	
	2014	2013
Payable to Beneficiaries	$ 214,198	$ 174,129
Payable to Member YWCAs	99,281	98,873
	$ 313,479	$ 273,002

The amount payable to beneficiaries is the present value of the expected future cash flows to be paid to the beneficiaries. The amount payable to member YWCAs is the shared beneficial interest due to member YWCAs.

NOTE 6 – LEADERSHIP DEVELOPMENT CENTER

In fiscal year 2001, YWCA USA, as lessor, entered into a non-cancelable operating lease for the Leadership Development Center facility, expiring in June 2011. During the year ended August 31, 2011, the lease was amended and extended through July 31, 2019. The amendment included "renewal term improvement credits" whereby the tenant will pay for certain improvements in exchange for rent for the duration of the lease. The total amount of improvements that YWCA USA has received is approximately $1.2 million. Rental income under this arrangement is recognized based on straight-line amortization of the amount of the improvements over the extended lease term. Deferred rental income represents the amount of the improvements provided by the tenant, net of rental income recognized to date.

For the years ended August 31, 2014 and 2013, total rental income was $148,427 and $169,625, respectively, and is included in net Leadership Development Center revenue in the accompanying statements of activities and change in net assets.

NOTE 7 – RETIREMENT PLAN

YWCA USA participates in the Young Women's Christian Association Retirement Fund, Inc.'s (the Fund) multi-employer sponsored cash balance defined-benefit pension plan (the Plan). The Fund is a separate legal entity from YWCA USA. Employees are eligible to participate in the Plan after meeting certain service requirements. Participants are 100 percent vested immediately upon enrollment into the Plan. The risks of participating in a multiemployer plan are different from a single employer plan in that the assets contributed to a multiemployer plan may be used to provide benefits to employees of other participating employers; and if a participating employer stops contributing to the plan, unfunded obligations, if any, of the plan may be borne by the remaining participating employers.

For the years ended August 31, 2014 and 2013, YWCA USA's contributions to the Fund at a rate of 7.5 percent of compensation, were $102,636 and $72,686, respectively.

NOTE 8 – COMMITMENTS

During the year ended August 31, 2010, YWCA USA entered into a sublease agreement for office space in Washington, DC. The lease term is from March 1, 2010 through February 28, 2015, with a renewal option of five additional years. The lease contains a clause for additional rent payments in lieu of YWCA USA's pro rata share of operating expenses and real estate taxes. YWCA USA provided a letter of credit totaling approximately $26,000 as a security deposit.

In October 2014, YWCA USA signed an amendment to the sublease, which has an effective date of March 1, 2015, and extends the term of the original sublease to February 28, 2017 without modifying the base rent due under the lease. YWCA USA will continue to pay its additional rent payments in lieu of operating expenses and real estate taxes. The amended sublease also provides for an option to renew for one year past February 28, 2017.

Minimum rental payments on an annual basis as of August 31, 2014 are as follows:

Year Ending August 31,	
2015	$ 333,778
2016	334,614
2017	167,521
	$ 835,913

Rent expense for the years ended August 31, 2014 and 2013 was $360,493 and $353,255, respectively.

YWCA USA has agreements with a certain hotel selected to host a future meeting. In the event of cancellation, YWCA USA is required to pay various cancellation fees as stipulated in the agreement, the amount of which is dependent upon the date of cancellation. Due to the numerous variables involved, YWCA USA's ultimate liability under these agreements cannot be determined at August 31, 2014. The estimated potential cancellation costs range from $0 to approximately $165,000, depending on the nature, timing, and number of cancellations. At August 31, 2014, there are no plans to cancel any future meetings.

In September 2013, YWCA USA entered into an indemnification agreement whereby YWCA USA has a total indemnification obligation up to $750,000. No claims for indemnification have been made under this agreement through the date these financial statements were available to be issued and no amounts have been recorded in these financial statements related to any potential indemnification obligation.

NOTE 9 – CONCENTRATIONS

As of August 31, 2014, approximately $61.0 million or 97.8 percent of YWCA USA's investment portfolio was held in Wellington Common Trust Funds. As of August 31, 2013, approximately $54.3 million or 97.8 percent of the YWCA USA's investment portfolio was held in Wellington Common Trust Funds. The Wellington Common Trust Funds are managed portfolios which are comprised of a variety of investment vehicles, including, but not limited to U.S. and international equities, fixed income securities, derivative instruments, private placements, commingled pool vehicles offered by affiliates of Wellington Management Company, LLP, and other investments. Such investments are exposed to various risks such as interest rate, market and credit risk. Due to the level of risk associated with such investments and the level of uncertainty related to the changes in value of such investments, it is at least reasonably possible that changes in risks in the near term could materially affect the investment balances.

NOTE 10 – TEMPORARILY RESTRICTED NET ASSETS

As of August 31, 2014 and 2013, temporarily restricted net assets were available for the following purposes:

	August 31, 2014	August 31, 2013
Scholarships	$ 393,863	$ 250,417
Domestic Training	217,037	145,867
International Training	502,853	239,910
International Travel	303,652	146,877
Word Service Council	269,520	338,526
Split-Interest Agreements	892,182	897,519
International/Foreign Workers	385,633	-
Other	485,497	137,549
	$ 3,450,237	$ 2,156,665

For the years ended August 31, 2014 and 2013, net assets were released from donor restrictions by incurring expenses satisfying the purpose restrictions specified by donors as follows:

	August 31, 2014	August 31, 2013
Scholarships	$ 9,918	$ 6,802
International Training	-	24,392
Word Service Council	191,547	163,121
Split-Interest Agreements	135,162	54,214
International/Foreign Workers	564,367	-
Other	187,834	7,143
	$ 1,088,828	$ 255,672

NOTE 11 – PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets consisted of the following as of August 31, 2014 and 2013:

	August 31, 2014	August 31, 2013
Scholarships	$ 644,000	$ 644,000
Domestic Training	302,233	302,233
International Training	1,283,067	1,283,067
International Travel	840,208	840,208
World Relations	200,000	200,000
General Operations	2,755,768	2,426,494
Other	575,283	575,283
	$ 6,600,559	$ 6,271,285

NOTE 12 – ENDOWMENTS

YWCA USA's endowment consists of funds established for a variety of purposes. Its endowments consist of both donor-restricted endowment funds and funds designated by the Board of Directors to function as a quasi-endowment. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

Effective September 17, 2010, the YWCA USA became subject to the Uniform Prudent Management of Institutional Funds Act (UPMIFA) enacted by the State of New York (NYPMIFA). YWCA USA classifies as permanently restricted net assets (a) the original value of gifts to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until purpose and timing restrictions are met and amounts are appropriated for expenditure by YWCA USA. In accordance with NYPMIFA, YWCA USA considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

(1) The duration and preservation of the fund
(2) The preservation of YWCA USA and the donor-restricted endowment fund
(3) General economic conditions
(4) The possible effect of inflation and deflation
(5) The expected total return from income and the appreciation of investments
(6) Other resources of YWCA USA
(7) An asset's special relationship or special value, if any, to the purposes of YWCA USA
(8) Where appropriate and circumstances would otherwise warrant, alternatives to expenditure of the Endowment Fund, giving due consideration to the effect that such alternatives may have on YWCA USA
(9) The investment policies of YWCA USA

NOTE 12 – ENDOWMENTS (Continued)

Funds with Deficiencies

From time to time, the fair value of the assets associated with individual donor-restricted endowments may fall below the level that the donor or NYPMIFA requires YWCA USA to retain as a fund of perpetual duration. In accordance with generally accepted accounting principles, appropriations to fund the deficiencies come first from temporarily restricted balances not appropriated and then unrestricted net assets. If losses reduce the net assets of a donor-restricted endowment fund below the level required by the donor stipulations or the law, gains that restore the fair value of the net assets of the endowment fund to the required level shall be classified as increases in unrestricted net assets. There were no deficiencies of this nature at August 31, 2014 and 2013.

Return Objectives and Risk Parameters

YWCA USA has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by endowments. The endowment assets are invested in a manner that is intended to achieve appreciation of assets without exposure to undue risk.

To satisfy its long-term rate-of-return objectives, YWCA USA relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). YWCA USA targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy

The YWCA USA has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowments while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor restricted funds that YWCA USA must hold in perpetuity or for donor specified periods, as well as board endowment funds. With respect to the appropriation for expenditure or accumulation of a donor restricted endowment fund, subject to the intent of a donor expressed in the gift instrument, and subject to the timely direction of a donor that YWCA USA not spend below the original dollar value of a gift made prior to September 17, 2010, YWCA USA may appropriate for expenditure or accumulate so much of the donor restricted endowment fund as YWCA USA determines is prudent for the uses, benefits, purposes, and duration for which each of the donor restricted endowment funds is established.

YWCA USA adopted a policy of budgeting for distribution 5 percent of its Board Designated Endowment Fund's moving average fair value over the prior 12 quarters through the month of February in the preceding fiscal year in which the distribution is planned. In establishing this policy, YWCA USA considered the long-term expected returns on its Board Designated endowment funds. This distribution formulation was selected as it is highly-likely to generate a gradually increasing payout amount each year. This is consistent with YWCA USA's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

NOTE 12 – ENDOWMENTS (Continued)

Spending Policy (Continued)

YWCA USA expects its endowment assets, over a market cycle, to return at least a nominal payout percentage (defined as the actual payout amount as a percentage of the current market value of the fund) on the current market value plus the annual rate of inflation. Actual returns in any given year may vary from this amount.

Endowment net asset composition by type of fund as of August 31, 2014 and 2013 was as follows:

August 31, 2014	Board-Designated Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-Restricted Endowment Funds	$ -	$ 1,851,777	$ 6,600,559	$ 8,452,336
Board-Designated Endowment Funds	54,111,217	-	-	54,111,217
	$ 54,111,217	$ 1,851,777	$ 6,600,559	$ 62,563,553
August 31, 2013				
Donor-Restricted Endowment Funds	$ -	$ 913,478	$ 6,271,285	$ 7,184,763
Board-Designated Endowment Funds	48,524,607	-	-	48,524,607
	$ 48,524,607	$ 913,478	$ 6,271,285	$ 55,709,370

Changes in endowment net assets for the years ended August 31, 2014 and 2013 were as follows:

	Board-Designated Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment Net Assets, September 1, 2012	$ 48,814,354	$ 548,742	$ 6,271,285	$ 55,634,381
Contributions	78,384	-	-	78,384
Investment Income				
Interest and Dividends	893,117	135,048	-	1,028,165
Realized and Unrealized Gains	4,390,273	619,966	-	5,010,239
Total Investment Income	5,283,390	755,014	-	6,038,404
Appropriation for Expenditure	(2,451,521)	(390,278)	-	(2,841,799)
Release to Undesignated	(3,200,000)	-	-	(3,200,000)
Endowment Net Assets, August 31, 2013	48,524,607	913,478	6,271,285	55,709,370
Contributions	159,684	-	329,274	488,958
Investment Income				
Interest and Dividends	935,812	133,808	-	1,069,620
Realized and Unrealized Gains	6,999,818	996,252	-	7,996,070
Total Investment Income	7,935,630	1,130,060	-	9,065,690
Appropriation for Expenditure	(2,508,694)	(191,761)	-	(2,700,455)
Release to Undesignated	-	-	-	-
Endowment Net Assets, August 31, 2014	$ 54,111,227	$ 1,851,777	$ 6,600,559	$ 62,563,563

During the years ended August 31, 2014 and 2013, YWCA USA released approximately $0 and $3.2 million, respectively, of board designated unrestricted net assets to unrestricted net assets.

NOTE 13 – FAIR VALUE MEASUREMENT

YWCA USA has determined the fair value of certain assets through FASB Accounting Standards Codification (FASB ASC) Topic 820, *Fair Value Measurement*. Fair values of assets measured on a recurring basis at August 31, 2014 and 2013 are as follows:

		Fair Value Measurements at Reporting Date Using:		
	Fair Value	Quoted Prices in Active Markets for Identical Assets/Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
August 31, 2014				
Wellington Common Trust Funds	$ 60,992,841	$ -	$ 60,992,841	$ -
Equity	2,296	2,296	-	-
Mutual Funds	1,366,867	1,366,867	-	-
Total	$ 62,362,004	$ 1,369,163	$ 60,992,841	$ -
August 31, 2013				
Wellington Common Trust Funds	$ 54,325,773	$ -	$ 54,325,773	$ -
Mutual Funds	1,222,594	1,222,594	-	-
Total	$ 55,548,367	$ 1,222,594	$ 54,325,773	$ -

The FASB ASC Topic 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and provide the highest quality inputs; Level 2 inputs are based primarily on quoted prices for identical assets in inactive markets or similar assets in active or inactive markets or other significant market observable inputs; Level 3 inputs provide the lowest quality inputs because there are no significant observable inputs. YWCA USA uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the YWCA USA measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. There have been no changes in the valuation methodologies used during the current year. All assets have been valued using a market approach. Wellington Common Trust Funds are not exchange traded investments and are valued using a market approach based on quoted prices from pricing sources utilized by investment managers.