

**The Young Women's Christian  
Association of the Hartford Region, Inc.  
and Subsidiary**

**Report on Consolidated Financial Statements**

**Years Ended December 31, 2008 and 2007**

**THE YOUNG WOMEN'S CHRISTIAN ASSOCIATION  
OF THE HARTFORD REGION, INC. AND SUBSIDIARY**

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## **Report of Independent Public Accountants**

To the Board of Directors  
The Young Women's Christian Association of the Hartford Region, Inc.

We have audited the accompanying consolidated statements of financial position of The Young Women's Christian Association of the Hartford Region, Inc. (a nonprofit organization) and Subsidiary as of December 31, 2008 and 2007, and the related consolidated statements of activities, cash flows and functional expenses for the years then ended. These consolidated financial statements are the responsibility of The Young Women's Christian Association of the Hartford Region, Inc.'s management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Young Women's Christian Association of the Hartford Region, Inc. and Subsidiary as of December 31, 2008 and 2007, and the changes in their net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 22, 2009 on our consideration of The Young Women's Christian Association of the Hartford Region, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

 J.H. Cohn LLP

Glastonbury, Connecticut  
June 22, 2009

**THE YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF THE HARTFORD REGION, INC.  
AND SUBSIDIARY**

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2008 AND 2007**

**ASSETS**

	<b>2008</b>	<b>2007</b>
Current assets:		
Cash and cash equivalents	\$ 393,369	\$ 199,944
Short-term investments	182,992	179,093
Contributions and grants receivable	278,607	399,798
Accounts receivables, net of allowance for doubtful accounts of \$44,508 and \$46,272 in 2008 and 2007	92,770	117,511
Prepaid expenses	71,746	74,808
Investments to be used for operations	546,598	563,884
Accrued interest income	23,936	48,022
	<b>1,590,018</b>	<b>1,583,060</b>
Property and equipment:		
Buildings and improvements	6,778,760	6,492,712
Furniture and fixtures	722,682	809,568
Computer equipment	557,603	528,437
	<b>8,059,045</b>	<b>7,830,717</b>
Less accumulated depreciation	(4,936,237)	(4,757,969)
	<b>3,122,808</b>	<b>3,072,748</b>
Land	1,259,217	909,217
Construction in progress	134,595	16,956
	<b>4,516,620</b>	<b>3,998,921</b>
Other assets:		
Investments	7,557,854	11,132,970
Investment in limited partnership	100	100
Beneficial interest in third-party trusts	2,224,344	2,712,805
	<b>9,782,298</b>	<b>13,845,875</b>
Total assets	<b>\$ 15,888,936</b>	<b>\$ 19,427,856</b>

**THE YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF THE HARTFORD REGION, INC.  
AND SUBSIDIARY**

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2008 AND 2007**

**LIABILITIES AND NET ASSETS**

	<b>2008</b>	<b>2007</b>
Current liabilities:		
Line of credit	\$ 850,000	\$ 850,000
Accounts payable	200,939	130,655
Accrued expenses	152,584	163,171
Current portion of long-term debt	66,899	76,631
Deferred revenue	122,069	128,707
	<b>1,392,491</b>	1,349,164
Long-term liability:		
Long-term debt, net of current portion	477,565	543,895
Total liabilities	<b>1,870,056</b>	1,893,059
Commitments and contingencies		
Net assets:		
Unrestricted:		
Designated for buildings and equipment	3,972,156	3,392,075
Undesignated	(715,146)	(645,264)
Total unrestricted	<b>3,257,010</b>	2,746,811
Temporarily restricted:		
Contributions/grants	367,276	313,664
Funds functioning as endowment	4,779,389	8,370,656
Total temporarily restricted	<b>5,146,665</b>	8,684,320
Permanently restricted:		
Investments	3,390,861	3,390,861
Beneficial interest in third-party trusts	2,224,344	2,712,805
Total permanently restricted	<b>5,615,205</b>	6,103,666
Total net assets	<b>14,018,880</b>	17,534,797
Total liabilities and net assets	<b>\$ 15,888,936</b>	\$ 19,427,856

See Notes to Consolidated Financial Statements.

**THE YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF THE HARTFORD REGION, INC  
AND SUBSIDIARY**

**CONSOLIDATED STATEMENTS OF ACTIVITIES  
YEARS ENDED DECEMBER 31, 2008 AND 2007**

	<b>2008</b>	<b>2007</b>
Changes in unrestricted net assets:		
Revenues, grants and other support:		
Program and activity fees	\$ 2,172,878	\$ 2,287,318
Governmental grants	1,133,371	1,187,962
Non-governmental grants	134,813	135,759
Contributions	61,072	70,221
Special events	393,253	364,497
Investment income - perpetual trusts	75,424	80,470
Membership dues	20,385	29,295
Developers revenue	-	142,753
Miscellaneous income	10,627	3,005
Total unrestricted revenues, grants and other support	4,001,823	4,301,280
Net assets released from purpose restrictions	341,532	339,146
Net assets released from investment return	713,884	662,247
Total unrestricted revenues, grants and other support	5,057,239	5,302,673
Expenses:		
Child care services	2,725,121	2,620,950
Camp	45,555	282,621
Housing	520,926	472,946
Teen services	98,530	106,996
Adult services	112,792	88,861
135 Broad Street facilities	231,938	227,400
Administration	805,018	1,014,853
Membership and marketing	31,292	29,593
Fundraising	440,171	334,432
Total expenses	5,011,343	5,178,652
Change in unrestricted net assets from operations	45,896	124,021
Other changes in unrestricted net assets:		
Net realized and unrealized gain (loss) on investments	(181,351)	827,717
Gain on disposal of property and equipment	2,716	-
In-kind contribution - land and building	560,000	-
Dividend and interest income	391,227	345,757
Investment fees	(30,719)	(37,416)
Depreciation expense	(277,570)	(282,256)
Total other changes in unrestricted net assets	464,303	853,802
Change in unrestricted net assets	510,199	977,823

**THE YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF THE HARTFORD REGION, INC  
AND SUBSIDIARY**

**CONSOLIDATED STATEMENTS OF ACTIVITIES  
YEARS ENDED DECEMBER 31, 2008 AND 2007**

	2008	2007
Changes in temporary restricted net assets:		
Contributions	395,144	241,649
Net realized and unrealized gain (loss) on investments	(2,877,383)	25,659
Net assets released from purpose restrictions	(341,532)	(339,146)
Net assets released from investment return	(713,884)	(662,247)
Decrease in temporarily restricted net assets	(3,537,655)	(734,085)
Changes in permanently restricted net assets:		
Change in value of beneficial interest in third-party trusts	(488,461)	23,262
Change in net assets	(3,515,917)	267,000
Net assets, beginning of year	17,534,797	17,267,797
Net assets, end of year	<b>\$ 14,018,880</b>	<b>\$ 17,534,797</b>

See Notes to Consolidated Financial Statements.

**THE YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF THE HARTFORD REGION, INC  
AND SUBSIDIARY**

**CONSOLIDATED STATEMENTS OF CASH FLOWS  
YEAR ENDED DECEMBER 31, 2008 AND 2007**

	<b>2008</b>	<b>2007</b>
Operating activities:		
Change in net assets	<b>\$ (3,515,917)</b>	\$ 267,000
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Net realized and unrealized loss (gain) on investments	<b>3,058,734</b>	(853,376)
Gain on disposal of property and equipment	<b>(2,716)</b>	-
Change in value of beneficial interest in third-party trusts	<b>488,461</b>	(23,262)
Depreciation expense	<b>277,570</b>	282,256
In-kind contribution- land and building	<b>(560,000)</b>	-
Changes in operating assets and liabilities:		
Contributions and grants receivable	<b>121,191</b>	52,721
Accounts receivable	<b>24,741</b>	125,470
Prepaid expenses	<b>3,062</b>	31,378
Accrued interest income	<b>24,086</b>	(6,206)
Accounts payable	<b>70,284</b>	15,623
Accrued expenses	<b>(10,587)</b>	(63,948)
Deferred revenue	<b>(6,638)</b>	(39,190)
Net cash used in operating activities	<b>(27,729)</b>	(211,534)
Investing activities:		
Purchases of short-term investments	<b>(31,567)</b>	(5,277)
Net proceeds from sales of investments	<b>561,336</b>	365,769
Purchase of property and equipment	<b>(239,053)</b>	(78,597)
Proceeds from sale of equipment	<b>6,500</b>	-
Net cash provided by investing activities	<b>297,216</b>	281,895
Financing activity:		
Payments on long-term debt	<b>(76,062)</b>	(63,537)
Net cash used in financing activity	<b>(76,062)</b>	(63,537)
Net increase in cash and cash equivalents	<b>193,425</b>	6,824
Cash and cash equivalents at beginning of year	<b>199,944</b>	193,120
Cash and cash equivalents at end of year	<b>\$ 393,369</b>	\$ 199,944
Supplemental disclosure of cash flow information:		
Cash paid for:		
Interest	<b>\$ 78,095</b>	<b>\$ 101,090</b>

See Notes to Consolidated Financial Statements.

**THE YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF THE HARTFORD REGION, INC. AND SUBSIDIARY**

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED DECEMBER 31, 2008  
(With Comparative Totals for 2007)**

	<b>Child Care Services</b>	<b>Camp</b>	<b>Housing</b>	<b>Teen Services</b>	<b>Adult Services</b>	<b>Total Programs</b>	<b>135 Broad Street Facilities</b>	<b>Administration</b>	<b>Membership and Marketing</b>	<b>Fund- Raising</b>	<b>2008 Total all Services</b>	<b>2007 Total all Services</b>
Salaries	\$ 1,758,091	\$ 6,842	\$ 75,072	\$ 57,071	\$ 22,302	\$ 1,919,378	\$ 29,674	\$ 406,936	\$ 8,830	\$ 112,362	\$ 2,477,180	\$ 2,641,218
Employee benefits	249,309	576	12,575	8,207	2,262	272,929	6,820	71,856	1,287	10,618	363,510	358,313
Payroll taxes	147,893	593	5,729	4,866	1,766	160,847	2,424	29,840	715	8,710	202,536	217,313
Total salaries and related expenses	<u>2,155,293</u>	<u>8,011</u>	<u>93,376</u>	<u>70,144</u>	<u>26,330</u>	<u>2,353,154</u>	<u>38,918</u>	<u>508,632</u>	<u>10,832</u>	<u>131,690</u>	<u>3,043,226</u>	<u>3,216,844</u>
Occupancy	301,362	30,500	61,769	9,754	23,900	427,285	185,068	98,360	84	9,633	720,430	718,246
Professional fees and contract services	54,891	5,396	355,293	1,334	43,519	460,433	460	90,602	1,630	132,831	685,956	592,902
Supplies	112,387	1,093	6,771	4,440	1,963	126,654	4,352	14,271	5,392	67,500	218,169	219,457
Telephone	19,475	421	2,878	854	477	24,105	1,040	5,149	115	1,249	31,658	38,955
Local transportation	5,021	(234)	2	5,005	42	9,836	2,054	848	144	192	13,074	56,295
Staff training and conferences	13,818	-	40	2,120	350	16,328	-	5,855	-	1,971	24,154	42,783
Printing and publicity	8,950	19	257	151	9,869	19,246	-	5,348	10,398	58,533	93,525	88,363
Interest expense	2,267	75	-	-	-	2,342	-	35,868	-	-	38,210	57,147
Postage and shipping	1,835	181	19	130	157	2,322	-	2,685	2,189	2,419	9,615	10,356
Regional support	-	-	-	-	-	-	-	15,000	-	-	15,000	15,000
Miscellaneous and other	49,822	93	521	4,598	6,185	61,219	46	22,400	508	34,153	118,326	122,304
Total expenses before depreciation	<u>2,725,121</u>	<u>45,555</u>	<u>520,926</u>	<u>98,530</u>	<u>112,792</u>	<u>3,502,924</u>	<u>231,938</u>	<u>805,018</u>	<u>31,292</u>	<u>440,171</u>	<u>5,011,343</u>	<u>5,178,652</u>
Depreciation expense	59,499	13,656	31,447	1,880	197	\$ 106,679	161,852	5,777	550	2,712	277,570	282,256
Total functional expenses	<u>\$ 2,784,620</u>	<u>\$ 59,211</u>	<u>\$ 552,373</u>	<u>\$ 100,410</u>	<u>\$ 112,989</u>	<u>\$ 3,609,603</u>	<u>\$ 393,790</u>	<u>\$ 810,795</u>	<u>\$ 31,842</u>	<u>\$ 442,883</u>	<u>\$ 5,288,913</u>	<u>\$ 5,460,908</u>

See Notes to Consolidated Financial Statements.

**THE YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF THE HARTFORD REGION, INC. AND SUBSIDIARY**

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED DECEMBER 31, 2007**

	<b>Child Care Services</b>	<b>Camp</b>	<b>Housing</b>	<b>Teen Services</b>	<b>Adult Services</b>	<b>Total Programs</b>	<b>135 Broad Street Facilities</b>	<b>Administration</b>	<b>Membership and Marketing</b>	<b>Fund- Raising</b>	<b>2007 Total all Services</b>
Salaries	\$ 1,688,371	\$ 148,148	\$ 62,677	\$ 60,512	\$ 18,211	\$ 1,977,919	\$ 29,124	\$ 533,688	\$ 8,135	\$ 92,352	\$ 2,641,218
Employee benefits	226,228	10,162	9,962	6,636	1,157	254,145	6,466	89,158	755	7,789	358,313
Payroll taxes	144,101	13,067	4,440	4,562	1,420	167,590	2,348	39,137	646	7,592	217,313
Total salaries and related expenses	<u>2,058,700</u>	<u>171,377</u>	<u>77,079</u>	<u>71,710</u>	<u>20,788</u>	<u>2,399,654</u>	<u>37,938</u>	<u>661,983</u>	<u>9,536</u>	<u>107,733</u>	<u>3,216,844</u>
Occupancy	301,673	46,140	53,441	5,911	17,162	424,327	181,880	103,691	409	7,939	718,246
Professional fees and contract services	42,755	185	309,426	3,371	31,384	387,121	240	138,531	2,632	64,378	592,902
Supplies	120,487	10,914	7,934	7,282	2,104	148,721	3,419	11,020	2,602	53,695	219,457
Telephone	23,159	2,928	2,504	608	149	29,348	1,783	6,376	197	1,251	38,955
Local transportation	4,805	37,911	1	10,261	33	53,011	1,966	889	285	144	56,295
Staff training and conferences	36,296	604	513	298	435	38,146	-	2,999	164	1,474	42,783
Printing and publicity	8,707	6,267	10	481	10,639	26,104	-	2,650	10,902	48,707	88,363
Interest expense	-	1,079	-	-	-	1,079	-	56,068	-	-	57,147
Postage and shipping	1,560	1,905	19	441	111	4,036	4	2,482	1,904	1,930	10,356
Regional support	-	-	-	-	-	-	-	15,000	-	-	15,000
Miscellaneous and other	22,808	3,311	22,019	6,633	6,056	60,827	170	13,164	962	47,181	122,304
Total expenses before depreciation	<u>2,620,950</u>	<u>282,621</u>	<u>472,946</u>	<u>106,996</u>	<u>88,861</u>	<u>3,572,374</u>	<u>227,400</u>	<u>1,014,853</u>	<u>29,593</u>	<u>334,432</u>	<u>5,178,652</u>
Depreciation expense	53,104	18,023	30,985	803	155	103,070	168,289	8,890	574	1,433	282,256
Total functional expenses	<u>\$ 2,674,054</u>	<u>\$ 300,644</u>	<u>\$ 503,931</u>	<u>\$ 107,799</u>	<u>\$ 89,016</u>	<u>\$ 3,675,444</u>	<u>\$ 395,689</u>	<u>\$ 1,023,743</u>	<u>\$ 30,167</u>	<u>\$ 335,865</u>	<u>\$ 5,460,908</u>

See Notes to Consolidated Financial Statements.

**THE YOUNG WOMEN'S CHRISTIAN ASSOCIATION  
OF THE HARTFORD REGION, INC. AND SUBSIDIARY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Note 1 - Organization and summary of significant accounting policies:**

**Nature of activities**

The Young Women's Christian Association of the Hartford Region, Inc. (the "Organization") was formed in 1966 through the merger of The Young Women's Christian Association of Hartford and The Young Women's Christian Association of Hartford County, Inc., the origins of which go back to 1867. The Organization, as part of a worldwide membership organization, empowers women and girls. The Organization responds to needs in the community by offering affordable innovative services. The Organization's environment and programs help others to value diversity, promote the elimination of discrimination and advocate for social justice.

**Principles of consolidation**

The consolidated financial statements were prepared for the purpose of presenting, in a consolidated format, the financial position and results of operations of the following wholly-owned entity:

Soromundi Housing, Inc. - is a for-profit corporation that owns a .01% general partnership interest in Soromundi Commons Limited Partnership. The partnership was formed to provide accommodations and supportive services for up to 71 low-income individuals in the Hartford area.

All significant intercompany accounts and transactions are eliminated in consolidation.

The Organization and Soromundi Housing, Inc. are collectively referred to as "the Association".

The for-profit subsidiary has adopted the provisions of Financial Accounting Standards Board Interpretation No. 46 (Revised) "Consolidation of Variable Interest Entities" for all types of variable interest entities. The Association has evaluated its relationship with Soromundi Commons Limited Partnership and has determined that it is not required to consolidate this entity into its financial statements because the Association is not the primary beneficiary. Even if a reporting entity is not obligated to consolidate a variable interest entity ("VIE"), certain disclosures must be made if the reporting entity has a significant variable interest in the VIE.

**Basis of presentation**

The Association reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted. They are described as follows:

**THE YOUNG WOMEN'S CHRISTIAN ASSOCIATION  
OF THE HARTFORD REGION, INC. AND SUBSIDIARY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Note 1 - Organization and summary of significant accounting policies (continued):**

**Basis of presentation (concluded)**

Unrestricted - These represent resources that may be expended at the discretion of the Board of Directors. Undesignated net assets represent the portion of expendable funds that is available for support of operations. Designated net assets represent reserves or special designations established by the Board of Directors, including investments in buildings and equipment, net of related mortgages.

Temporarily Restricted - These represent resources that have purpose or time restrictions imposed by donor, grantor or law. The Association has identified two categories of temporarily restricted net assets: funds functioning as endowment, which represents investment income from permanently restricted net assets and contributions/grants for nongovernmental grants and contributions with purpose or time restrictions.

Permanently Restricted - These represent resources that have donor imposed restrictions stipulating that resources be maintained permanently but permit the Association to expend the income derived from the donated assets. These permanently restricted net assets include the Association's proportionate share of the principal amount of irrevocable trusts with outside trustees for which trusts the Association is an income beneficiary.

Expenses are generally reported as decreases in unrestricted net assets. Expirations of donor-imposed stipulations that simultaneously increase one class of net assets and decrease another are reported as reclassifications between the applicable classes of net assets.

The consolidated statements of activities presents revenue from operations separately from non-operating activities. For purposes of the consolidated statement of activities, operations are defined as revenue and expenses from governmental contracts, child care operations, membership activities, along with the facilities and administrative expenses. All other revenue and expenses (primarily investment results, in-kind contributions and any gains or losses on disposal of assets) are classified as non-operating activities. This basis of presentation reflects the Association's management philosophy throughout the year.

**Cash and cash equivalents**

For purposes of the consolidated statements of cash flows, the Association considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

**THE YOUNG WOMEN'S CHRISTIAN ASSOCIATION  
OF THE HARTFORD REGION, INC. AND SUBSIDIARY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Note 1 - Organization and summary of significant accounting policies (continued):**

**Allowance for receivables**

Allowances for accounts receivable and contributions and grants receivable are determined by management based on an assessment of their collectibility. Management considers past history, current economic conditions, collection trends and overall viability of the third party. Receivables are written off only when management believes amounts will not be collected and when all attempts to collect from individuals or other payor sources have been exhausted. Receivables are considered past due based on the invoice or pledge date.

**Investments**

Investments in equity securities with readily determinable fair values and investments in debt securities are carried at fair value in the consolidated statements of financial position. Realized and unrealized gains and losses on these investments are reported in the consolidated statements of activities as increases or decreases in unrestricted net assets unless their use is temporarily or permanently restricted by explicit donor stipulations or by law. Non-monetary investments received as gifts are immediately sold and recorded at their realized value.

Short-term investments represent investments with a maturity of greater than 90 days but less than one year. Short-term investments are carried at cost, which approximates market value. The value of donated securities is the value at the date of donation.

The investment in the limited partnership is recorded at cost.

**Legacies, bequests and trust funds**

The Association is one of several income beneficiaries of five irrevocable testamentary or inter vivo trusts. The Association regularly receives income distributions from the trusts, except from the charitable remainder unitrusts. The income distributions are recorded as investment income - perpetual trust on the consolidated statements of activities. Income received with respect to these legacies was \$75,424 and \$80,470 for the years ended December 31, 2008 and 2007, respectively. The principal is controlled by trustees independent of the Association. The Association has recorded its proportionate share of the present value of the future income stream from such trusts, generally equal to the current value of principal (less the present value of the income to be received by individual income beneficiaries for charitable remainder trusts) as permanently restricted net assets.

The Association's policy in recent years has been to transfer unrestricted bequests of more than \$15,000 to the funds functioning as endowment designation unless the Board of Directors votes to add them to another fund. The accumulated amount of such additions and any accumulated income and gains is reported as unrestricted net assets in the consolidated statements of financial position and, correspondingly, as changes in unrestricted net assets in the consolidated statements of activities.

**THE YOUNG WOMEN'S CHRISTIAN ASSOCIATION  
OF THE HARTFORD REGION, INC. AND SUBSIDIARY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Note 1 - Organization and summary of significant accounting policies (continued):**

**Property and equipment**

The Association capitalizes all expenditures for property and equipment in excess of \$1,000 with a useful life of greater than three years. Purchased property and equipment are carried at cost. Depreciation is computed using the straight-line method over the assets' estimated useful lives. Estimated useful lives for financial reporting purposes are as follows:

<u>Asset</u>	<u>Estimated Useful Lives</u>
Buildings and improvements	5 - 40 years
Furniture and fixtures	5 - 25 years
Computer equipment	5 years

Expenditures for repairs and maintenance are charged to expense as incurred. For assets sold or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is reflected in income for the period.

As of December 31, 2008 and 2007, the Association incurred costs associated with capital projects in the amount of \$134,595 and \$16,956, respectively, which have not been placed into service. Upon completion, these projects will be placed into service and depreciated over their applicable estimated useful lives.

**Gifts of long-lived assets**

The Association reports gifts of land, buildings and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Association reports expirations of donor restrictions of acquired long-lived assets when placed in service.

**Cost settlement**

The Association is subject to cost settlement procedures prescribed by various agencies of the State of Connecticut. Management has estimated no cost settlement for the years ended December 31, 2008 and 2007.

**Revenue recognition**

**Pledges and contributions**

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Unconditional contributions are recognized when pledged or received and are considered to be available for unrestricted use unless specifically restricted by the donor. Contributions receivable that are expected to be collected in more than one year are discounted to their present value. Conditional promises to give are recognized when the conditions on which they depend are substantially met. The Association identifies a time restriction on contributions from the United Way of the Capital Area that are payable in monthly installments.

**THE YOUNG WOMEN'S CHRISTIAN ASSOCIATION  
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Note 1 - Organization and summary of significant accounting policies (continued):**

**Pledges and contributions (concluded)**

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restrictions expire in the reporting period in which the support is recognized. All other donor-restricted support 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 consolidated statements of activities as net assets released from restrictions.

**Program and activity fees**

Program and activity fees include revenue received for childcare services, after-school programs and camp. The Association recognizes the revenue from these services when earned. Amounts received in advance of earning these revenues are recorded as deferred revenue.

**Grants and contracts**

Other than certain awards to fund capital expenditures, governmental grants and contracts are generally considered to be exchange transactions rather than contributions. Revenue from cost reimbursement grants and contracts is recognized to the extent of costs incurred. Revenue from performance based grants and contracts is recognized to the extent of performance achieved. Grant and contract receipts in excess of revenue recognized are presented as deferred revenue.

**Contributed services**

The Association pays for most services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the organization with specific assistance programs and various committee assignments. No amounts have been recorded in the consolidated financial statements for these donated volunteer services since no objective basis is available to measure the value of such services. Nevertheless, a substantial number of volunteers have donated significant amounts of time in the governance and fundraising efforts of the Association.

**Functional expenses**

The costs of providing various programs and other activities have been summarized on a functional basis in the consolidated statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**THE YOUNG WOMEN'S CHRISTIAN ASSOCIATION  
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Note 1 - Organization and summary of significant accounting policies (continued):  
Functional expenses (concluded)**

The Association owns Unit Y of the Soromundi Commons Condominium at 135 Broad Street. The primary use of the Unit Y building at this time is to house administrative and some program staff offices of the Association. Some excess office space is leased to other nonprofit entities. Unit Y also has locker rooms and a pool that are no longer used. In addition, the building contains a gym used occasionally by outside groups. The column labeled 135 Broad Street Facilities in the consolidated statements of functional expenses reflects the excess cost of Unit Y and is calculated as the difference between the net cost of operating the facility and the estimated expense if the Association were to rent required office space at prevailing market rates for similar space. This amount was \$231,938 and \$227,400 before depreciation for the years ended December 31, 2008 and 2007, respectively.

**Spending policy**

The Association has adopted an annual endowment spending policy that is specifically designed to stabilize annual spending levels and to preserve the real value of the investment portfolio over time. To meet these objectives, the Association utilizes a total return investment approach which emphasizes total investment return, consisting of investment income and realized and unrealized gains or losses. Under the Association's investment spending policy, the maximum amount of investment return designated for current operations in a fiscal year shall not exceed 5% of the trailing 12-quarter moving average.

During 2008 an additional \$150,000 of investment income was approved by the Board of Directors to fund operations. An additional \$200,000 of investment income was approved by the Board of Directors to use as an internal loan from the unrestricted endowment to fund construction costs.

During 2007, an additional \$100,000 of investment income was approved by the Board of Directors to be used to fund operations. The investment income used to fund operations is reported on the statement of activities as "net assets released from investment return."

**Tax exempt status**

The Association was organized as a nonprofit corporation under Section 501(c)(3) of the Internal Revenue Code and, as such, is not subject to Federal or state corporate income taxes.

**New accounting pronouncements:**

**Accounting for uncertainty in income taxes:**

In June 2006, FASB Interpretation No. 48 ("FIN 48"), "Accounting for Uncertainty in Income Taxes - An Interpretation of SFAS No. 109," was issued. FIN 48 clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with SFAS No. 109, "Accounting for Income Taxes." FIN 48 also prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Note 1 - Organization and summary of significant accounting policies (concluded):**

**New accounting pronouncements (concluded):**

**Accounting for uncertainty in income taxes (concluded):**

In addition, FIN 48 provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. FASB Staff Position ("FSP") FIN 48-3 deferred adoption for most nonpublic enterprises to annual periods beginning after December 15, 2008.

Many not-for-profit entities have not previously applied the provisions of SFAS No. 109 and during the deferral period the FASB plans to issue guidance on how to apply the provisions of FIN 48 to these entities. The Association, pursuant to the FSP, has elected to defer its application until its required effective date of January 1, 2009. Management does not expect the adoption of FIN 48 to have a material effect on the financial condition or the results of operations of the Association.

**Fair value measurements:**

In September 2006, FASB issued SFAS No. 157 "Fair Value Measurements" ("SFAS 157"), which defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. In early 2008, FASB issued FSP FAS-157-2, "Effective Date of FASB Statement No. 157", which delays by one year, the effective date of SFAS 157 for certain nonfinancial assets and nonfinancial liabilities. The Association has adopted the portion of SFAS 157 that has not been delayed as of the beginning of its 2008 fiscal year and plans to adopt the balance of its provisions as of the beginning of its 2009 fiscal year.

**Endowment fund accounting:**

In August 2008, FASB issued FSP FAS 117-1 "Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds" which provides guidance on the net asset classification of donor-restricted endowment funds for applicable entities and improves disclosures about the Association's endowment funds. The provisions of this FSP are effective for fiscal years ending after December 15, 2008.

**Use of estimates**

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Reclassification:**

Certain prior year financial information has been reclassified to conform to the current year presentation.

**THE YOUNG WOMEN'S CHRISTIAN ASSOCIATION  
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Note 2 - Investment in limited partnership - Soromundi Commons:**

The Association has established a subsidiary corporation, Soromundi Housing, Inc., which is the general partner in the limited partnership, Soromundi Commons Limited Partnership. Soromundi Housing, Inc. has a .01% ownership interest in Soromundi Commons Limited Partnership, which is accounted for under the cost method. In order to secure financing for the renovation of the housing tower, the Association divided its facility at 135 Broad Street into three condominium units collectively known as the Soromundi Commons Condominium. Unit H, which is comprised of most of the housing tower, is owned by Soromundi Commons Limited Partnership. Units Y and S, which are comprised of the remaining space at 135 Broad Street, continue to be owned by the Association.

The Association is contingently liable for the satisfaction of all liabilities of Soromundi Commons Limited Partnership. Summarized audited financial data for Soromundi Commons Limited Partnership as of December 31, 2008 is as follows:

	<u>2008</u>	<u>2007</u>
Assets	\$7,945,421	\$8,121,001
Liabilities	4,336,589	4,281,927
Partners' capital	3,608,832	3,839,074
Revenues	394,734	369,536
Expenses	423,179	366,205
Net gain (loss)	<u>\$ (28,445)</u>	<u>\$ 3,331</u>

Construction on Soromundi Commons was completed in June 2005. The housing tower provides accommodations and supportive services for up to 71 low-income individuals. It includes 48 units of supportive housing (unit H) and a 23-bed capacity emergency shelter for women (unit S). The 48 units are reflected on the books of Soromundi Commons Limited Partnership and the 23-bed shelter is reflected on these consolidated statements.

**Note 3 - Investments:**

Investments are recorded at their fair market value. Non-monetary investments received as gifts are immediately sold and recorded at the realized value. The following summarizes the relationship between the cost and market values:

	<u>2008</u>		<u>Unrealized Gain (Loss)</u>
	<u>Cost</u>	<u>Market</u>	
Marketable equity and debt securities	\$ 4,842,736	\$ 3,270,178	\$(1,572,558)
U.S. Government agency bonds	114,180	227,355	113,175
Corporate bonds	3,036,092	2,778,102	(257,990)
Money market funds	1,441,259	1,441,133	(126)
Commodities	172,904	95,538	(77,366)
Real estate investment trust	243,321	292,146	48,825
Total, end of year	<u>\$ 9,850,492</u>	<u>\$ 8,104,452</u>	<u>\$(1,746,040)</u>

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Note 3 - Investments (concluded):**

	2007		Unrealized Gain
	Cost	Market	
Marketable equity and debt securities	\$ 6,339,542	\$ 6,913,749	\$ 574,207
U.S. Government agency bonds	2,598,697	2,643,116	44,419
Corporate bonds	414,009	424,815	10,806
Money market funds	1,118,140	1,118,140	-
Certificates of deposit	257,689	288,396	30,707
Real estate investment trust	288,259	308,638	20,379
Total, end of year	<u>\$11,016,336</u>	<u>\$ 11,696,854</u>	<u>\$ 680,518</u>
Total, net unrealized loss for the year ended December 31, 2008			<u><u>\$(2,426,558)</u></u>

**Note 4 - Fair value measurements:**

As stated in Note 1, on January 1, 2008, the Association adopted the methods of fair value as described in SFAS 157 to value its financial assets and liabilities. As defined in SFAS 157, fair value is based on 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. In order to increase consistency and comparability in fair value measurements, SFAS 157 establishes a fair value hierarchy that prioritizes observable and unobservable inputs used to measure fair value into three broad levels, which are described below:

Level 1: Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2: Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in inactive markets; or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data.

Level 3: Unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

In determining fair value, the Association utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible as well as considers counterparty credit risk in its assessment of fair value.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Note 4 - Fair value measurements (concluded):**

Financial assets carried at fair value at December 31, 2008 are classified in the table below in one of the three categories described above:

	Level 1	Level 2	Level 3	Total
Marketable equity and debt securities	\$3,270,178	\$ -	\$ -	\$ 3,270,178
U.S. Government agency bonds	227,355	-	-	227,355
Corporate bonds	2,778,102	-	-	2,778,102
Money market funds	-	1,441,133	-	1,441,133
Commodities	7,008	88,530	-	95,538
Real estate investment trust	292,146	-	-	292,146
Perpetual trusts	2,224,344	-	-	2,224,344
Total assets at fair value	<u>\$8,799,133</u>	<u>\$1,529,663</u>	<u>\$ -</u>	<u>\$10,328,796</u>

Money market funds are designated as Level 2 instruments and valuations are obtained from readily-available pricing sources for comparable instruments.

**Note 5 - Long-term debt:**

Long-term debt as of December 31, 2008 and 2007 consists of the following:

	<u>2008</u>	<u>2007</u>
Mortgage note payable at 6.75% to Wachovia Bank, with monthly installments of principal and interest of \$7,435 with a final maturity on October 27, 2014, secured by Units Y and S of the property located at 135 Broad Street, Hartford, Connecticut.	<b>\$ 428,104</b>	\$ 485,778
Mortgage note payable at 7.00% to Trustees of Truck Drivers, Chauffeurs, Warehousemen and Helpers Union No. 671, with monthly installments of principal and interest of \$1,116 with a balloon payment of \$128,739 originally due May 7, 2006. During 2006, this balloon payment was extended to May 7, 2011. This mortgage is secured by a building at 7-9 Signor Street, East Hartford, Connecticut.	<b>116,360</b>	121,418
Vehicle note payable to GMAC, in monthly principal and interest installments of \$498 through February 2008, with a balloon payment of \$12,411 due March 2008, interest at 6.75% and is collateralized by a vehicle.	-	13,330
	<b>544,464</b>	620,526
Less current portion	<b>(66,899)</b>	(76,631)
	<b>\$ 477,565</b>	\$ 543,895

**THE YOUNG WOMEN'S CHRISTIAN ASSOCIATION  
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Note 5 - Long-term debt (concluded):**

Future maturities of long-term debt are as follows:

<u>Year Ending December 31,</u>	
2009	\$ 66,899
2010	72,025
2011	176,005
2012	75,848
2013	81,248
Thereafter	72,439
	<u>\$ 544,464</u>

**Note 6 - Line of credit:**

The Association entered into a commercial line of credit agreement with U.S. Trust Company in February 2005. The borrowing limit on this line of credit is \$850,000. There is no set expiration date and U.S. Trust Company may terminate the agreement at any time. All borrowings bear interest at the three-month LIBOR rate plus 1.0% (2.23% at December 31, 2008) and are collateralized by certain investment securities held by U.S. Trust Company (see Note 3). The total outstanding borrowings on this line of credit agreement was \$850,000 at December 31, 2008 and 2007.

The Association also entered into a commercial line of credit agreement with Sovereign Bank in August 2006. The borrowing limit on this line of credit is \$250,000. The note is subject to an annual review by the bank. All borrowings bear interest at the bank's prime rate less .5% (2.75% at December 31, 2008) and are due on demand. There were no outstanding borrowings on this line of credit agreement at December 31, 2008 and 2007.

**Note 7 - Operating leases:**

**Equipment:**

The Association leases various office equipment under noncancelable operating leases. The Association is responsible for all insurance and maintenance of the office equipment. The lease terms require total monthly payments ranging from \$112 to \$355 and expire at various times through July 2012.

**Real estate:**

The Association leases program facilities and office space, and is responsible for maintenance, insurance and utilities as defined in the lease agreements. Details regarding each lease are as follows:

<b>Location</b>	<b>Monthly rental</b>	<b>Expiration</b>
Manchester offices	\$ 677	December 2009
Center Church	300	September 2009
East Region School Age-Bolton	1,137	June 2009
Elmwood Early Learning Center	3,103	June 2012
Various day care programs	3,786	June 2009

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Note 7 - Operating leases (concluded):**

**Real estate (concluded):**

The Association also leases various office equipment which expire at various times through September 2013.

Total lease expense from all operating leases amounted to \$147,436 and \$162,788 for the years ended December 31, 2008 and 2007, respectively. At December 31, 2008, aggregate future minimum rental payments due under noncancelable operating leases consisted of the following:

<u>Year Ending December 31,</u>	
2009	\$ 81,138
2010	49,570
2011	49,570
2012	25,888
2013	3,110
	<u>\$ 209,276</u>

**Note 8 - Temporarily restricted net assets:**

Temporarily restricted net assets are available for the following purposes as of December 31, 2008 and 2007:

	<b>2008</b>	<b>2007</b>
Capacity building	<b>\$ 236,359</b>	\$ 166,010
Child care	<b>77,639</b>	68,803
Young Women's Leadership Corps (YWLC)	<b>24,084</b>	30,333
Time Out for Parents	<b>29,194</b>	48,518
	<b>367,276</b>	313,664
Investments: purpose restricted	<b>164,072</b>	308,322
Investments: functioning as endowment	<b>4,615,317</b>	8,062,334
	<b>\$ 5,146,665</b>	\$ 8,684,320

Temporarily restricted net assets were released from restrictions by incurring expenses satisfying the following purpose restrictions during the years ended December 31, 2008 and 2007:

	<b>2008</b>	<b>2007</b>
Capacity building	<b>\$ 77,644</b>	\$ 83,108
Child care	<b>108,301</b>	91,380
Shelter	-	14,916
Young Women's Leadership Corps (YWLC)	<b>55,249</b>	48,458
Time Out for Parents	<b>100,338</b>	101,284
	<b>\$ 341,532</b>	\$ 339,146

**THE YOUNG WOMEN'S CHRISTIAN ASSOCIATION  
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Note 9 - Endowment:**

As stated in Note 1, the Association has adopted the guidance in FSP FAS 117-1 to classify its net assets of donor restricted endowment funds. The Association classifies as permanently restricted net assets (a) the original value of gifts donated 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 to the fund. 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 those amounts are appropriated for expenditure by the Association in a manner consistent with the standard of prudence prescribed by applicable laws and regulations.

As a result of adopting FSP FAS 117-1, management reviewed the detailed information supporting permanently restricted net assets. Management determined that \$25,000 of permanently restricted net assets were counted twice in error and \$3,900 of net assets reported as temporarily restricted were in fact, permanently restricted. The effect of this reclassification of net assets is noted in the table below.

Changes in endowment net assets for the year ended December 31, 2007 is as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year, January 1, 2007	\$ 7,578,038	\$ 282,663	\$ 3,411,961	\$ 11,272,662
Reclassification based on change in law	25,000	(3,900)	(21,100)	-
Net reclassification based on change in law	<u>(7,603,038)</u>	<u>7,603,038</u>	<u>-</u>	<u>-</u>
Endowment net assets after reclassification	-	7,881,801	3,390,861	11,272,662
Investment income	-	297,725	-	297,725
Net realized and unrealized depreciation/ appreciation	-	853,377	-	853,377
Amounts appropriated for expenditures	<u>-</u>	<u>(662,247)</u>	<u>-</u>	<u>(662,247)</u>
Endowment net assets, end of year, December 31, 2007	<u>\$ -</u>	<u>\$ 8,370,656</u>	<u>\$ 3,390,861</u>	<u>\$ 11,761,517</u>

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Note 9 - Endowment (continued):**

Changes in endowment net assets for the year ended December 31, 2008 is as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, end of year, December 31, 2007	\$ -	\$ 8,370,656	\$ 3,390,861	\$11,761,517
Investment income	-	409,138	-	409,138
Net realized and unrealized depreciation/appreciation	-	(3,086,522)	-	(3,086,522)
Amounts appropriated for expenditures	-	(913,883)	-	(913,883)
Endowment net assets, end of year, December 31, 2008	<u>\$ -</u>	<u>\$ 4,779,389</u>	<u>\$ 3,390,861</u>	<u>\$ 8,170,250</u>

Donor-restricted endowment funds classified as permanently restricted net assets as of December 31, 2008 and 2007 are as follows:

	<u>2008</u>	<u>2007</u>
General purposes	<b>\$ 3,216,110</b>	\$ 3,216,110
Camp	<b>136,500</b>	136,500
YWCA dues	<b>38,251</b>	38,251
	<u><b>\$ 3,390,861</b></u>	<u>\$ 3,390,861</u>

Donor-restricted endowment funds classified as temporarily restricted net assets as of December 31, 2008 and 2007 are as follows:

	<u>2008</u>	<u>2007</u>
General purposes	<b>\$ 4,615,318</b>	\$8,062,335
Camp	<b>51,745</b>	131,046
YWCA dues	<b>112,326</b>	177,275
Totals	<u><b>\$ 4,779,389</b></u>	<u>\$8,370,656</u>

Spending policy amounts approved and transferred as of December 31, 2008 and 2007 are as follows:

	<u>2008</u>	<u>2007</u>
General purposes	<b>\$ 683,236</b>	\$ 640,451
Loan to YWCA operating	<b>200,000</b>	-
Camp	<b>16,815</b>	12,033
YWCA dues	<b>13,832</b>	9,763
Totals	<u><b>\$ 913,883</b></u>	<u>\$ 662,247</u>

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Note 10 - Pension plan:**

The Association participates in a cash balance defined benefit retirement plan sponsored by YWCA Retirement Fund, Inc. The plan covers any employee who meets the minimum eligibility requirements. No unfunded past service liability exists with respect to the plan. It is the Association's policy to fund pension costs accrued. The Association's contributions totaled \$138,849 and \$116,726 in 2008 and 2007, respectively. Data on a separate basis regarding the proportionate share of accumulated plan benefits and net assets are not available.

**Note 11 - Concentrations of credit risk:**

**Cash and cash equivalents**

Financial instruments which potentially subject the Association to concentrations of credit risk consist primarily of cash and cash equivalents. The Association considers all highly liquid debt instruments with an original maturity of three months or less when purchased to be cash equivalents. The Association maintains its cash and cash equivalents with high-credit quality financial institutions. At times, such amounts may exceed Federally insured limits. At December 31, 2008, the Association had cash and cash equivalent balances in excess of Federally insured limited in the amount of approximately \$100,000.

**Government grants and contracts**

Based on historical experience, management believes grant and contract receivables represent negligible credit risk. The Association receives a significant portion of its total support from the State of Connecticut. As with all government funding, these grants and contracts are subject to reduction or termination in future years. Any significant reduction in these grants and contracts could have an adverse effect on the Association's program services.

**Financial instrument risk**

The Association's endowment investments include a diversified portfolio of equity and bond investments managed by professional investment advisors, the policies of which the Association believes minimize the risks of significant geographic or economic concentrations. The Association does not control the investments held in outside trusts, but understands that such funds are invested under applicable laws governing such trusts.

**Note 12 - Bonding liens:**

The Association received bond funding from the State of Connecticut Department of Social Services for the renovations of its emergency shelter for women (unit S). The provider of the bond funds placed a ten year lien on the property when the project was completed. If the property is sold or utilized for a different purpose by the Association, the bond funds will have to be repaid. The repayment is made in an amount equal to the amount of the bond less ten percent for each full year of the ten year period that the property was utilized. The unamortized amount of the liens at December 31, 2008 and 2007 was \$239,167 and \$274,167, respectively, and expires October 2015.