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YWCA HARTFORD REGION, INC. AND SUBSIDIARY

CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

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YWCA HARTFORD REGION, INC. AND SUBSIDIARY

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Independent Auditors' Report

To the Board of Directors
YWCA Hartford Region, Inc. and Subsidiary
Hartford, Connecticut

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of YWCA Hartford Region, Inc. and Subsidiary, which comprise the consolidated statements of financial position as of December 31, 2019 and 2018, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 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 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of YWCA Hartford Region, Inc. and Subsidiary as of December 31, 2019 and 2018, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 1, during the year ended December 31, 2019, YWCA Hartford Region, Inc. and Subsidiary adopted Accounting Standards Update No. 2014-09, *Revenue from Contracts with* Customers *(Topic 606)*, and Accounting Standards Update No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. Our opinion is not modified with respect to these matters.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated June 25, 2020 on our consideration of YWCA Hartford Region, Inc. and Subsidiary's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of YWCA Hartford Region, Inc. and Subsidiary's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering YWCA Hartford Region, Inc. and Subsidiary's internal control over financial reporting and compliance.

Blum, Shapiro & Company, P.C.

West Hartford, Connecticut
June 25, 2020

YWCA HARTFORD REGION, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2019 AND 2018

	2019	2018
ASSETS		
Cash and cash equivalents	$ 865,696	$ 235,209
Investments	16,151,939	14,837,485
Contributions and grants receivable	458,265	447,399
Other assets	519,755	596,957
Property and equipment, net of accumulated depreciation	2,333,769	2,628,744
Split-interest agreements:		
Beneficial interest in perpetual trusts	6,660,588	5,735,872
Charitable trusts	828,912	725,433
Total Assets	$ 27,818,924	$ 25,207,099
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	$ 601,260	$ 394,315
Lines of credit	964,747	1,008,723
Deferred revenue	132,667	174,036
Total liabilities	1,698,674	1,577,074
Net Assets		
Without donor restrictions	3,239,674	2,954,424
With donor restrictions:		
Contributions - nongovernmental grants	208,939	250,010
Charitable trusts	828,912	725,433
Accumulated earnings on endowment assets	6,932,262	6,046,375
Investments held in perpetuity	8,249,875	7,917,911
Beneficial interest in perpetual trusts	6,660,588	5,735,872
Total with donor restrictions	22,880,576	20,675,601
Total net assets	26,120,250	23,630,025
Total Liabilities and Net Assets	$ 27,818,924	$ 25,207,099

The accompanying notes are an integral part of the consolidated financial statements

YWCA HARTFORD REGION, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
Changes in Net Assets Without Donor Restrictions		
Operations:		
Revenues and gains:		
Program and activity fees	$ 3,173,336	$ 2,648,461
Governmental grants	1,982,353	1,879,021
Special events	384,532	390,870
Investment income - perpetual trusts	282,417	301,758
Nongovernmental grants	179,150	209,290
Contributions	104,001	80,530
Membership dues	16,080	13,480
Miscellaneous Income	6,321	5,443
Total revenues and gains without donor restrictions	6,128,190	5,528,853
Net assets released from purpose restrictions	384,071	390,740
Net assets released from accumulated earnings on endowment	1,814,643	1,332,758
Total revenues, gains and other support without donor restrictions	8,326,904	7,252,351
Expenses:		
Childcare services	4,380,958	3,928,441
Administration	831,671	806,572
Housing	575,667	562,909
Fundraising	653,499	473,530
Economic advancement	701,472	448,930
Community facilities	305,560	294,817
Teen services	206,835	162,762
Membership and marketing	149,346	101,245
Total expenses	7,805,008	6,779,206
Change in net assets without donor restrictions from operations	521,896	473,145
Other changes in net assets without donor restrictions:		
Investment income, realized and unrealized gain (loss), net	144,746	(100,693)
Depreciation expense	(381,392)	(334,448)
Total other changes in net assets without donor restrictions	(236,646)	(435,141)
Increase in net assets without donor restrictions	285,250	38,004

The accompanying notes are an integral part of the consolidated financial statements

YWCA HARTFORD REGION, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF ACTIVITIES (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
Changes in Net Assets With Donor Restrictions		
Contributions - nongovernmental grants	$ 674,964	$ 4,981,600
Investment income, realized and unrealized gain (loss), net	2,700,530	(1,092,655)
Change in value of charitable trusts	103,479	(37,840)
Change in value of perpetual trusts	924,716	(819,817)
Net assets released from purpose restrictions	(384,071)	(390,740)
Net assets released from accumulated earnings on endowment	(1,814,643)	(1,332,758)
Increase in net assets with donor restrictions	2,204,975	1,307,790
Increase in Net Assets	2,490,225	1,345,794
Net Assets - Beginning of Year	23,630,025	22,284,231
Net Assets - End of Year	$ 26,120,250	$ 23,630,025

The accompanying notes are an integral part of the consolidated financial statements

YWCA HARTFORD REGION, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019

	Program Services						Management and Support			
	Childcare Services	Housing	Teen Services	Economic Advancement	Community Facilities	Total Programs	Administration	Membership and Marketing	Fund-raising	Total All Services
Salaries	$ 2,770,779	$ 89,360	$ 137,199	$ 270,151	$ 71,164	$ 3,338,653	$ 393,684	$ 65,125	$ 281,681	$ 4,079,143
Employee benefits	505,505	14,353	23,037	49,016	23,974	615,885	87,524	9,153	40,602	753,164
Payroll taxes	212,681	6,926	10,773	21,078	5,062	256,520	23,317	4,666	21,619	306,122
Total salaries and related expenses	3,488,965	110,639	171,009	340,245	100,200	4,211,058	504,525	78,944	343,902	5,138,429
Professional fees and contract services	53,107	378,742	10,023	295,427	1,919	739,218	156,781	44,988	162,622	1,103,609
Occupancy	467,716	72,139	5,722	28,731	199,402	773,710	45,156	6,862	15,795	841,523
Supplies	219,012	11,905	14,769	25,589	3,655	274,930	25,263	3,400	69,474	373,067
Miscellaneous	68,176	226	-	4,840	-	73,242	11,912	34	43,322	128,510
Local transportation	41,964	557	4,596	594	-	47,711	1,360	-	168	49,239
National support	-	-	-	-	-	-	39,207	-	-	39,207
Printing and publicity	6,353	123	429	2,579	-	9,484	947	13,217	14,844	38,492
Telephone	28,554	1,166	287	1,341	384	31,732	1,940	305	741	34,718
Conferences and conventions	7,111	170	-	2,126	-	9,407	8,828	1,596	2,631	22,462
Interest expense	-	-	-	-	-	-	35,752	-	-	35,752
Total expenses before depreciation	4,380,958	575,667	206,835	701,472	305,560	6,170,492	831,671	149,346	653,499	7,805,008
Depreciation	199,257	26,978	771	1,795	149,870	378,671	1,567	253	901	381,392
Total Functional Expenses	$ 4,580,215	$ 602,645	$ 207,606	$ 703,267	$ 455,430	$ 6,549,163	$ 833,238	$ 149,599	$ 654,400	$ 8,186,400

The accompanying notes are an integral part of the consolidated financial statements

YWCA HARTFORD REGION, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018

	Program Services						Management and Support			
	Childcare Services	Housing	Teen Services	Economic Advancement	Community Facilities	Total Programs	Administration	Membership and Marketing	Fund-raising	Total All Services
Salaries	$ 2,508,191	$ 102,773	$ 98,103	$ 202,009	$ 74,892	$ 2,985,968	$ 385,840	$ 36,349	$ 80,550	$ 3,488,707
Employee benefits	457,103	17,062	23,162	42,384	21,205	560,916	95,426	3,469	12,044	671,855
Payroll taxes	183,771	8,306	7,718	16,091	4,840	220,726	27,227	3,293	7,020	258,266
Total salaries and related expenses	3,149,065	128,141	128,983	260,484	100,937	3,767,610	508,493	43,111	99,614	4,418,828
Professional fees and contract services	43,297	341,676	8,377	82,569	692	476,611	120,298	37,444	247,432	881,785
Occupancy	354,973	74,405	6,894	18,667	187,472	642,411	46,641	5,071	8,770	702,893
Supplies	211,988	12,606	12,593	65,224	3,192	305,603	13,140	1,297	70,728	390,768
Miscellaneous	42,706	276	18	12,148	-	55,148	22,630	325	34,425	112,528
Local transportation	70,615	216	4,243	1,053	2	76,129	953	33	1	77,116
National support	-	-	-	-	-	-	36,819	-	-	36,819
Printing and publicity	8,624	132	23	1,811	-	10,590	4,000	12,892	11,585	39,067
Telephone	23,843	4,168	926	1,693	1,845	32,475	4,280	516	952	38,223
Conferences and conventions	23,330	1,289	705	5,281	677	31,282	16,463	556	23	48,324
Interest expense	-	-	-	-	-	-	32,855	-	-	32,855
Total expenses before depreciation	3,928,441	562,909	162,762	448,930	294,817	5,397,859	806,572	101,245	473,530	6,779,206
Depreciation	139,904	27,364	680	479	162,073	330,500	2,769	689	490	334,448
Total Functional Expenses	$ 4,068,345	$ 590,273	$ 163,442	$ 449,409	$ 456,890	$ 5,728,359	$ 809,341	$ 101,934	$ 474,020	$ 7,113,654

The accompanying notes are an integral part of the consolidated financial statements

YWCA HARTFORD REGION, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
Cash Flows from Operating Activities		
Increase in net assets	$ 2,490,225	$ 1,345,794
Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities:		
Net realized and unrealized (gains) losses on endowment	(2,571,720)	1,421,323
Change in value of perpetual trusts	(924,716)	819,817
Change in value of charitable trusts	(103,479)	37,840
Depreciation	381,392	334,448
(Increase) decrease in operating assets:		
Contributions and grants receivable	(10,866)	(84,465)
Other assets	77,202	(118,774)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	206,945	43,347
Deferred revenue	(41,369)	38,463
Net cash provided by (used in) operating activities	(496,386)	3,837,793
Cash Flows from Investing Activities		
Purchases of investments	(557,377)	(4,778,444)
Proceeds from sale of investments	1,814,643	1,332,758
Purchases of property and equipment	(86,417)	(393,334)
Net cash provided by (used in) investing activities	1,170,849	(3,839,020)
Cash Flows from Financing Activities		
Proceeds from (repayments of) lines of credit	(43,976)	121,023
Net cash provided by (used in) financing activities	(43,976)	121,023
Net Increase in Cash and Cash Equivalents	630,487	119,796
Cash and Cash Equivalents - Beginning of Year	235,209	115,413
Cash and Cash Equivalents - End of Year	$ 865,696	$ 235,209

The accompanying notes are an integral part of the consolidated financial statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Effective January 19, 2018, the Young Women's Christian Association of the Hartford Region, Inc. changed its name to YWCA Hartford Region, Inc. (the Association). The Association 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 Association, as part of a national membership organization, is dedicated to eliminating racism, empowering women, and promoting peace, justice, freedom and dignity for all. The Association provides mission-based programs that respond to needs in the community.

Principles of Consolidation

The consolidated financial statements present the consolidated financial position and changes in net assets and cash flows of the Association and the following wholly owned entity:

Soromundi Housing, Inc.
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 48 low-income individuals in the Hartford area. All significant intercompany accounts and transactions are eliminated in consolidation. The Association and Soromundi Housing, Inc., are collectively referred to as the Organization. The for-profit subsidiary follows the accounting guidance for consolidation of variable interest entities. The Organization 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 Organization is not the primary beneficiary.

Change in Accounting Principle

In June 2018, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. The amendment clarifies guidance on how an entity determines whether a transfer of assets is a contribution or exchange transaction. The amendment also clarifies the determination of conditional contributions based on evaluating whether there is a right of return and a barrier to overcome. The two permitted transition methods under the new standard are the full retrospective method, in which case the standard would be applied to each prior reporting period presented and the cumulative effect of applying the standard would be recognized at the earliest period shown, or the modified prospective method, in which case the effect of applying the standard would be recognized for any agreements not completed and any new agreements entered into at the date of initial application. The new standard is effective for annual reporting periods beginning after December 15, 2018. Management has adopted ASU 2018-08 for the year ended December 31, 2019. The amendments have been applied using the modified prospective method.

In May 2014, the Financial Accounting Standards Board issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which replaces numerous requirements in accordance with accounting principles generally accepted in the United States of America, including industry-specific requirements, and provides companies with a single revenue recognition model for recognizing revenue from contracts with customers. The core principle of the new standard is that a company should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. The two permitted transition methods under the new standard are the full retrospective method, in which case the standard would be applied to each prior reporting period presented and the cumulative effect of applying the standard would be recognized at the earliest period shown, or the modified retrospective method, in which case the cumulative effect of applying the standard would be recognized at the date of initial application. The new standard is effective for annual reporting periods beginning after December 15, 2018. Management has adopted ASU 2014-09 for the year ended December 31, 2019. The amendments have been applied using the modified retrospective method.

There was no cumulative effect of applying ASU 2018-08 and 2014-09.

Basis of Accounting and Presentation

The consolidated financial statements of the Organization have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). Accordingly, the accounts of the Organization are reported in the following net asset categories:

Net Assets Without Donor Restrictions
Net assets without donor restrictions represent available resources other than donor-restricted contributions. These resources 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. The Organization has identified three categories of designated net assets without donor restrictions: funds functioning as endowment for the amounts accumulated as board-designated endowment funds of $897,796, an operating reserve fund of $904,042 and the Organization's investment in property and equipment, net of related notes payable of $2,333,769.

Net Assets With Donor Restrictions
Net assets with donor restrictions represent contributions that are restricted by the donor as to purpose or time of expenditure. The Organization has different categories of net assets with donor restrictions including: funds functioning as endowment, which includes accumulated investment income and gains on donor-restricted endowment assets that have not been appropriated for expenditure, donor contributions with purpose or time restrictions and split-interest agreements. Net assets with donor restrictions also represent resources that have donor-imposed restrictions that require that the principal be maintained in perpetuity but permit the Organization to expend the income and market appreciation earned thereon and the Organization's proportionate share of the principal amount of the irrevocable trusts with outside trustees for which the Organization is an income beneficiary.

Measure of Operations

The consolidated statements of activities present revenue from operations separately from nonoperating activities. For purposes of the consolidated statements of activities, operations are defined as revenue and expenses from governmental contracts, childcare operations, membership activities and other programming, along with the facilities and administrative expenses. All other revenue and expenses (primarily investment results and depreciation) are classified as nonoperating activities. Amounts allocated through the annual endowment spending policy are classified as operations. The basis of presentation reflects the Organization's management philosophy throughout the year.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash equivalents are defined as highly liquid investments with original maturities of 90 days or less. The Association maintained deposits in financial institutions, of which the bank balance exceeded federal depository insurance limits. However, management believes that the Organization's deposits are not subject to significant credit risk.

Investment Valuation and Income Recognition

Investments are reported at fair value. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. See Note 4 for a discussion of fair value measurements.

Purchases and sales of securities are recorded on the trade date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Investment income includes the Association's gains and losses on investments bought and sold as well as held during the year. Realized and unrealized gains and losses and other investment income are reflected in the accompanying consolidated statements of activities as net realized and unrealized gain (loss) on investments. These amounts are reported in the statements of activities as increases or decreases in net assets without donor restrictions or net assets with donor restrictions as appropriate based on any donor stipulations or law.

Split-Interest Agreements

Split-interest agreements consist of assets placed in trust for the benefit of the Association and other beneficiaries. Revocable split-interest agreements are not recorded as contributions unless enforceable by law. Irrevocable split-interest agreements are recorded as contributions at fair value when the assets are received or when the Association is notified of the existence of the agreement. The accounting treatment varies depending upon the type of agreement created and whether the Association or a third party is the trustee. See Note 5 for further discussion of split-interest agreements.

The Association's policy is to transfer bequests without donor restrictions 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 net assets without donor restrictions in the consolidated statements of financial position and, correspondingly, as changes in net assets without donor restrictions in the consolidated statements of activities.

Property and Equipment

Property and equipment acquisitions and improvements thereon that exceed $1,000 are capitalized at cost and depreciated on a straight-line basis over their estimated useful lives. Expenditures for repairs and maintenance are charged to expense as incurred.

Contributions, Grants and Contracts

In accordance with ASU 2018-08, certain governmental grants and contracts received by a not-for-profit, including certain awards to fund capital expenditures, are generally considered to be contributions rather than exchange transactions since there was not commensurate value transferred between the resource provider and the Association. Unconditional contributions are recognized when pledged or received, as applicable, and are considered to be available for unrestricted use unless specifically restricted by the donor. The Association reports contributions and grants of cash and other assets as support with donor restrictions if they are received with donor stipulations that limit their use. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions. Contributions received whose restrictions are met in the same period are presented with net assets without donor restrictions. Promises to give that are subject to donor-imposed conditions (i.e., a donor stipulation that includes a barrier that must be overcome and a right of return of assets) are recognized when the conditions on which they depend are substantially met, that is, when the conditional promise becomes unconditional.

Conditional government grants and contracts not recorded in the financial statements as of December 31, 2019 total $1,219,590. Government grants and contracts are conditioned on incurring qualified program expenses or performance measures.

The Association reports gifts of property and equipment as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions on how the assets are to be used and gifts of cash or other assets that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations about how long those assets must be maintained, the Association reports expirations of donor restrictions when the assets are placed in service.

Contributed services are recognized in the consolidated financial statements if they enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. No amounts have been recorded in the consolidated financial statements for contributed services since no objective basis is available to measure the value of such services. General volunteer services do not meet these criteria for recognition. However, many volunteers have donated significant amounts of time in supporting the Association’s mission and fundraising campaigns.

Other Assets

Other assets consist of prepaid expenses, accounts receivable and goodwill. The Association has accounts receivable related to program revenues. Management maintains an allowance for doubtful accounts based on 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 date. Accounts receivable at December 31, 2019 and 2018 is presented net of an allowance for doubtful accounts of $15,061 and $9,876, respectively.

Goodwill of $100,000 included in other assets at December 31, 2019 and 2018 represents the amount the Association paid in excess of fair market value to obtain the Mother Goose Children's Center, Inc. The goodwill associated with the purchase is reviewed annually for impairment. Any impairment losses are recognized in the consolidated statement of activities. The Association has determined that as of December 31, 2019 no impairment has occurred.

Revenue Recognition

The Organization recognizes revenue at an amount that reflects the consideration to which the Organization expects to be entitled in exchange for transferring goods or services to its customers using the following five-step process:

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

See Note 13 for details on how the above five-step process is applied to the Organization's contracts with customers.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been reported on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management on an equitable basis.

The Association owns Unit Y of the Soromundi Commons Condominium at 135 Broad Street. The current primary use of Unit Y is to house administrative and some program staff offices of the Association. In addition, Unit Y is occupied by other nonprofit entities. The column labeled community facilities in the consolidated statements of functional expenses reflects the cost of maintaining the portion of Unit Y that is occupied by other nonprofit entities. All other expenses are allocated based on time and effort and usage.

Income Taxes

The Association is exempt from federal and state corporate income taxes as a public charity under Section 501(c)(3) of the Internal Revenue Code.

Subsequent Events

In preparing these consolidated financial statements, management has evaluated subsequent events through June 25, 2020, which represents the date the consolidated financial statements were available to be issued.

On March 11, 2020, the World Health Organization declared the coronavirus to be a global pandemic. The Association derives a significant portion of its revenues from program and activity fees and other events and activities. The Association has followed regulatory restrictions that have been imposed by the state of Connecticut including the closure of public schools for the remainder of the 2019-2020 school year. The closure has directly impacted the services of the before and after school programs. Early learning centers remain closed until further guidance from the state. The annual fundraising luncheon has been postponed and other programs are operating virtually. The Association is unable to determine the direct impact of the outbreak on future operations at this time.

In addition, subsequent to the balance sheet date, domestic and global investment markets have experienced significant volatility. This volatility is the result of numerous economic and political factors including the impact of the spread of the coronavirus. As a result, the current fair value of the Association's investments may be materially different from the amounts recorded in the financial statements as of December 31, 2019.

The Association received a loan of $989,152 pursuant to the Paycheck Protection Program (PPP) of the CARES Act. The loan bears interest at a rate of 1%. Under the PPP loan program, the Association may apply for forgiveness of all or a portion of the loan based on the amount of qualifying expenses incurred during the 8-week period subsequent to receipt of the funds. The amount of loan forgiveness, if any, is not known at the date the financial statements were available to be issued.

NOTE 2 - 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 housing tower provides accommodations and supportive services for up to 48 low-income individuals. It includes 48 units of supportive housing, which are reflected on the books of Soromundi Commons Limited Partnership.

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, 2019 and 2018 are as follows:

	2019	2018
Assets	$ 5,752,486	$ 5,939,886
Liabilities	4,706,814	4,636,191
Partners' Capital	$ 1,045,672	$ 1,303,695

	2019	2018
Revenues	$ 499,525	$ 472,873
Expenses	757,548	734,783
Net Loss	$ (258,023)	$ (261,910)

NOTE 3 - INVESTMENTS

Investments at December 31, 2019 and 2018 consisted of the following:

	2019	2018
Marketable equity securities	$ 11,317,014	$ 8,410,622
Corporate bonds	3,682,367	3,473,863
Money market funds	1,017,134	2,168,633
Certificates of deposit	135,324	184,205
Limited partnership - Soromundi Commons	100	100
Commodities funds	-	437,999
Real estate trusts	-	162,063
Total Investments	$ 16,151,939	$ 14,837,485

The Association's 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 concentration. 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 4 - FAIR VALUE MEASUREMENTS

Generally accepted accounting principles establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1
Inputs to the valuation methodology are unadjusted quoted prices for identical assets in active markets that the Association has the ability to access.

Level 2
Inputs to the valuation methodology include:

- Quoted prices for similar assets in active markets;
- Quoted prices for identical or similar assets in inactive markets;
- Inputs other than quoted prices that are observable for the asset;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset.

Level 3
Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. As a practical expedient, certain investments are measured at fair value on the basis of net asset value (NAV). The fair value of these investments is not included in the fair value hierarchy.

The following is a description of the valuation methodologies and investment strategies used for assets measured at fair value:

Marketable Equity Securities
Marketable equity securities are valued at the closing price reported in the active market in which the individual securities are traded.

Corporate Bonds
Certain corporate bonds are valued at the closing price reported in the active market in which the individual securities are traded. Other corporate bonds are valued based on yields currently available on comparable securities of issuers with similar durations and credit ratings.

Money Market Funds
Money market funds are valued based on readily available pricing sources for comparable instruments.

Commodities Funds
Commodities funds are valued at the closing price reported in the active market in which the individual securities are traded. This investment class invests in commodity funds which are readily traded on the open market.

Real Estate Trusts
Real estate trusts are valued at the closing price reported in the active market in which the individual securities are traded or using net asset values as determined by the investment manager of the fund. This net asset value is based on the fair value of the underlying assets and liabilities of the related fund at the measurement date. This investment class makes commitments to private real estate investment opportunities with the goal of outperforming market indices over the long term.

Split-Interest Agreements
Fair value inputs used for split-interest agreements are based on the estimated present value of the future payments to the Association, which is considered to be the fair value of the assets held in trust.

There have been no changes in the methodologies used at December 31, 2019 and 2018.

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

The following is a summary of the source of fair value measurements for assets that are measured at fair value as of December 31, 2019 and 2018:

Description	December 31, 2019	Fair Value Measurements Using Level 1	Level 2	Level 3
Marketable equity securities:				
U.S. large cap	$ 4,597,030	$ 4,597,030	$ -	$ -
U.S. mid cap	2,327,367	2,327,367	-	-
U.S. small cap	1,622,444	1,622,444	-	-
International developed	1,621,461	1,621,461	-	-
Emerging markets	1,148,712	1,148,712	-	-
Corporate bonds:				
Investment grade taxable	3,012,452	2,420,751	591,701	-
International developed bond	352,977	301,777	51,200	-
Global high yield taxable	316,938	316,938	-	-
Money market funds	1,017,134	1,017,134	-	-
Total investments at fair value	16,016,515	15,373,614	642,901	-
Split-interest agreements	7,489,500	-	-	7,489,500
Total Assets at Fair Value	$ 23,506,015	$ 15,373,614	$ 642,901	$ 7,489,500

Description	December 31, 2018	Fair Value Measurements Using: Level 1	Level 2	Level 3	Assets Valued at NAV (a)
Marketable equity securities:					
U.S. large cap	$ 2,888,425	$ 2,888,425	$ -	$ -	$ -
U.S. mid cap	1,737,076	1,737,076	-	-	-
U.S. small cap	797,107	797,107	-	-	-
International developed	1,930,438	1,930,438	-	-	-
Emerging markets	1,057,576	1,057,576	-	-	-
Corporate bonds:					
Investment grade taxable	3,108,721	2,353,311	755,410	-	-
International developed bond	51,271	257	51,014	-	-
Global high yield taxable	313,871	313,871	-	-	-
Money market funds	2,168,633	2,168,633	-	-	-
Commodities funds	437,999	437,999	-	-	-
Real estate trusts	162,063	1,720	-	-	160,343
Total investments at fair value	14,653,180	13,686,413	806,424	-	160,343
Split-interest agreements	6,461,305	-	-	6,461,305	-
Total Assets at Fair Value	$ 21,114,485	$ 13,686,413	$ 806,424	$ 6,461,305	$ 160,343

(a) Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in these tables are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated statements of financial position.

There were no transfers between levels of investments during the years ended December 31, 2019 and 2018.

The following is a summary of the changes in the balances of assets measured at fair value on a recurring basis using significant unobservable inputs for the years ended December 31, 2019 and 2018:

	Split-Interest Agreements
Balance - December 31, 2017	$ 7,318,962
Total losses realized and unrealized included in the change in net assets	(857,657)
Balance - December 31, 2018	6,461,305
Total gains realized and unrealized included in the change in net assets	1,028,195
Balance - December 31, 2019	$ 7,489,500

NOTE 5 - SPLIT-INTEREST AGREEMENTS

Beneficial Interest in Perpetual Trust

The Association retains a beneficial interest in various trusts established by donors and held by unrelated trustees. Under this arrangement, the Association receives investment income from the trusts, but does not have access to the principal. Changes in the carrying amount of the beneficial interest are recognized as increases or decreases in net assets with donor restrictions. Income received during the years ended December 31, 2019 and 2018 with respect to these trusts was $282,417 and $301,758, respectively.

Charitable Trusts

The Association is a named beneficiary in the charitable remainder trusts established by a donor. These trusts represent an arrangement in which a donor establishes and funds a trust that is held by a third party with the grantor as the named life beneficiary. The trust provides for the payment of distributions to the grantor or other designated beneficiaries over the trust's term, usually the designated beneficiary's lifetime. At the end of the trust's term, the remaining assets are available for the Association's use. The portion of the trust attributable to the present value of the future benefits to be received by the Association was recognized in the consolidated statements of activities as a contribution with donor restrictions in the period the trust was established.

NOTE 6 - UNEMPLOYMENT SERVICES TRUST

The Organization is self-insured for unemployment claims through Unemployment Services Trust (UST). Contributions to UST are accumulated and used to pay future claims. The Organization could be required to make additional payments if claims exceed the accumulated contributions. Accumulated contributions of $174,867 and $224,337 were included in other assets and an estimated claim liability of $10,543 and $18,317 was included in accounts payable and accrued expenses on the consolidated statements of financial position as of December 31, 2019 and 2018, respectively. Per the contract with UST, the Organization has the ability to withdraw funds if accumulated contributions exceed the estimated liability.

NOTE 7 - PROPERTY AND EQUIPMENT

The following is a detailed list of property and equipment, cost, depreciation and accumulated depreciation for the years ended December 31, 2019 and 2018:

	2019	2018
Land	$ 1,096,772	$ 1,096,772
Buildings and improvements	6,957,429	6,941,012
Furniture and fixtures	1,555,095	1,502,870
Computer equipment	302,497	284,722
	9,911,793	9,825,376
Less accumulated depreciation	7,578,024	7,196,632
Property and Equipment, Net	$ 2,333,769	$ 2,628,744

Depreciation expense for the years ended December 31, 2019 and 2018 was $381,392 and $334,448, respectively.

NOTE 8 - LINES OF CREDIT

The Association has a commercial line-of-credit agreement with Bank of America. The borrowing limit on this line of credit is $850,000. There is no set expiration date and Bank of America may terminate the agreement at any time. All borrowings bear interest at the three-month LIBOR rate plus 1.0% (effective rate - 2.79% at December 31, 2019) and are collateralized by one of the Association's investment accounts held by Bank of America. The account has a value of $1,394,557 at December 31, 2019. The total outstanding borrowings on this line-of-credit agreement were $789,747 and $833,723 at December 31, 2019 and 2018, respectively.

The Association also has a commercial line-of-credit agreement with Santander Bank. 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 and no more than maximum rate allowed by applicable law and are due on demand (effective rate - 4.75% at December 31, 2019). The total outstanding borrowings on this line-of-credit agreement were $175,000 at December 31, 2019 and 2018.

Interest expense for the lines of credit was $35,752 and $32,855 for the years ended December 31, 2019 and 2018, respectively.

NOTE 9 - LIQUIDITY AND AVAILABILITY OF RESOURCES

The Organization's financial assets available within one year of the statements of financial position date for general expenditure are as follows:

	2019	2018
Cash and cash equivalents	$ (38,346)	$ 235,209
Investments	72,006	120,906
Contributions and grants receivable	458,265	447,399
Other assets	338,727	391,946
Board designations:		
Approved appropriation of endowment assets for general expenditure in 2020 and 2019	628,807	613,915
Total Financial Assets Available to Management for General Expenditure Within One Year	$ 1,459,459	$ 1,809,375

Liquidity Management

The Organization maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities and other obligations come due. The Organization also has lines of credit with $135,253 and $91,277 available as of December 31, 2019 and 2018, respectively, that it could draw upon in the event of an unanticipated liquidity need. The Organization's governing board has designated a portion of its resources without donor restrictions for endowment in the amount of $897,796 and $752,293 as of December 31, 2019 and 2018, respectively. These funds are invested for long-term appreciation and current income but remain available and may be spent at the discretion of the Board. The Organization also established a board designated operating reserve fund to build and maintain net assets for use in supporting an unexpected temporary shortfall in cash or funding, and to preserve the capacity to deliver on its mission. The reserve fund had a balance of $904,042 and $-0- that is included in cash and cash equivalents as of December 31, 2019 and 2018, respectively. In addition to financial assets available to meet general expenditures over the next 12 months, the Organization was operating with a balanced budget and anticipated collecting sufficient revenue and utilizing approved appropriation of endowment assets to cover general expenditures prior to the coronavirus pandemic.

NOTE 10 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purpose as of December 31, 2019 and 2018:

	2019	2018
Restricted in perpetuity:		
Beneficial interest in perpetual trust	$ 6,660,588	$ 5,735,872
Endowment funds restricted in perpetuity	8,249,875	7,917,911
Total funds restricted in perpetuity	14,910,463	13,653,783
Purpose and time restricted:		
Time restricted	66,023	90,600
Childcare	70,000	65,452
Young Women's Leadership Corps (YWLC)	42,916	63,958
Shelter and supportive housing	30,000	30,000
	208,939	250,010
Charitable trusts	828,912	725,433
Accumulated earnings on endowment assets available for appropriation by the Board of Directors	6,932,262	6,046,375
Total purpose or time restricted	7,970,113	7,021,818
Total Net Assets With Donor Restrictions	$ 22,880,576	$ 20,675,601

NOTE 11 - NET ASSETS RELEASED FROM RESTRICTIONS

Net assets with donor restrictions were released from restrictions by incurring expenses satisfying the following purpose or time restrictions:

	2019	2018
Young Women's Leadership Corps (YWLC)	$ 190,242	$ 184,076
Childcare	120,454	125,281
Shelter and supportive housing	60,000	41,083
Technology	11,975	25,000
Economic advancement	1,400	-
Executive transition	-	15,300
Net assets released from purpose restrictions	384,071	390,740
Accumulated earnings on endowment appropriated by the Board of Directors	1,814,643	1,332,758
Total Net Assets Released	$ 2,198,714	$ 1,723,498

NOTE 12 - ENDOWMENT

The Association's endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Directors of the Association has interpreted the Connecticut Uniform Prudent Management of Institutional Funds Act (CTUPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Association classifies as net assets with donor restrictions (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 as permanent endowment is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Association in a manner consistent with the standard of prudence prescribed by CTUPMIFA. In accordance with CTUPMIFA, the Association considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the various funds
- The purposes of the Association and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Association
- The investment policies of the Association

Endowment Net Assets

Endowment net asset composition by type of fund as of December 31, 2019 and 2018 is as follows:

	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	$ 897,796	$ -	$ 897,796
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor for the following purposes:			
General purposes	-	8,075,124	8,075,124
East Hartford property maintenance	-	136,500	136,500
YWCA dues	-	38,251	38,251
Accumulated gains and income available for appropriation by the Board of Directors for the following purposes:			
General purposes	-	6,527,551	6,527,551
East Hartford property maintenance	-	209,018	209,018
YWCA dues	-	195,693	195,693
Total	$ 897,796	$ 15,182,137	$ 16,079,933

	2018		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	$ 752,293	$ -	$ 752,293
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor for the following purposes:			
General purposes	-	7,743,160	7,743,160
East Hartford property maintenance	-	136,500	136,500
YWCA dues	-	38,251	38,251
Accumulated gains and income available for appropriation by the Board of Directors for the following purposes:			
General purposes	-	5,720,396	5,720,396
East Hartford property maintenance	-	161,886	161,886
YWCA dues	-	164,093	164,093
Total	$ 752,293	$ 13,964,286	$ 14,716,579

Changes in endowment net assets for the years ended December 31, 2019 and 2018 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets - January 1, 2018	$ 828,608	$ 11,863,699	$ 12,692,307
Investment loss, net	(76,315)	(1,092,655)	(1,168,970)
Contributions	-	4,526,000	4,526,000
Appropriation of endowment assets for expenditure	-	(1,332,758)	(1,332,758)
Endowment net assets - December 31, 2018	752,293	13,964,286	14,716,579
Investment return, net	145,503	2,700,530	2,846,033
Contributions	-	331,964	331,964
Appropriation of endowment assets for expenditure	-	(1,814,643)	(1,814,643)
Endowment Net Assets - December 31, 2019	$ 897,796	$ 15,182,137	$ 16,079,933

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or CTUPMIFA requires the Association to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature are reported in net assets with donor restrictions. There were no such deficiencies as of December 31, 2019 and 2018.

Return Objectives and Risk Parameters

The Association has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Association must hold in perpetuity, as well as board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to maintain the inflation-adjusted value of the current asset base while recognizing the objective of real growth in principal within reasonable and prudent levels of risk. The Association expects its endowment funds, over time, to outperform the Consumer Price Index by 5% over the long term. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Association 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). The Association 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 and How the Investment Objectives Relate to Spending Policy

The Association has a policy of appropriating for distribution each year an amount not to exceed 5% of its endowment fund's average fair value over the prior 16 quarters through the calendar year end preceding the fiscal year in which the distribution is planned. This is consistent with the Association'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. The Organization has a policy that permits spending from underwater endowment funds depending on the degree to which the fund is underwater, unless otherwise precluded by donor intent or relevant laws and regulations.

NOTE 13 - REVENUE FROM CONTRACTS WITH CUSTOMERS

Program and Activity Fees

The Association enters into contracts to provide childcare services and after-school programs. At contract inception, the Association assesses the goods and services promised in its contracts with customers and identifies a performance obligation for each promise to transfer to the customer a good or service (or bundle of goods or services). To identify the performance obligations, the Association considers all of the goods of services promised in the contract regardless of whether they are explicitly stated or implied by customary business practices.

The Association satisfies its performance obligations for programs at the point in time when the program is held. The fees are required to be paid in advance of the program. The Association requires a nonrefundable deposit to hold a slot. A refund will be issued for withdrawals received in writing with a two week notice while in the program. There is no financing component.

Contract Balances

The opening and closing balances of the Association's receivables and deferred revenue related to program and activity fees are as follows:

	Receivables	Deferred Revenue
Opening (January 1, 2018)	$ 45,514	$ 114,738
Closing (December 31, 2018)	118,972	153,332
Increase	73,458	38,594
Opening (January 1, 2019)	118,972	153,332
Closing (December 31, 2019)	103,253	122,931
Decrease	(15,719)	(30,401)

Payments received in advance of services rendered is recorded as deferred revenue. All deferred revenue recognized as of December 31 is recognized as revenue in the following year. Contracts with payment in arrears are recognized as receivables.

NOTE 14 - OPERATING LEASES

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 $80 to $250 and expire at various times through September 2023.

The Association leases program facilities and office space and is responsible for maintenance, insurance and utilities, as defined in the lease agreements. The monthly lease payments range from $325 to $11,600 and expire at various times through June 2022.

Total lease expenses from all operating leases amounted to $267,768 and $158,761 for the years ended December 31, 2019 and 2018, respectively. At December 31, 2019, aggregate future minimum rental payments due under noncancelable operating leases consisted of the following:

Year Ending December 31		
2020	$	178,388
2021		74,408
2022		54,829
2023		720
Total Minimum Lease Payments	$	308,345

NOTE 15 - PENSION PLAN

The Association participates in a cash balance defined benefit retirement plan sponsored by the 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 $176,584 and $129,997 for the years ended December 31, 2019 and 2018, respectively. Data on a separate basis regarding the proportionate share of accumulated plan benefits and net assets are not available.

NOTE 16 - STATE 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.

NOTE 17 - BONDING LIENS

The Association received bond funding from the Connecticut Department of Education for the renovations of its Growing Tree and East Hartford Early Learning Centers. The provider of the bond funds placed a 10-year lien on the property when the funds were awarded. If the property is sold or utilized for a different purpose by the Association, the bond funds will have to be repaid. The repayment would be made in an amount equal to the amount of the bond less 10% for each full year of the 10-year period that the property was utilized. The unamortized amount of the liens for the Growing Tree and East Hartford Early Learning Centers as of December 31, 2019 and 2018 was $110,029 and $124,700, respectively, and expires June 2027.