

YWCA NORTHEAST INDIANA, INC.

FINANCIAL STATEMENTS

Year Ended December 31, 2011

With Summarized Information for December 31, 2010

TABLE OF CONTENTS

	PAGE NO.
INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
Statement of Financial Position	2
Statement of Activities	3
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements.....	7
SUPPLEMENTAL FINANCIAL INFORMATION	
Schedule of Government Funds Received.....	20



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INDEPENDENT AUDITORS' REPORT

Board of Directors
YWCA Northeast Indiana, Inc.
Fort Wayne, Indiana

We have audited the accompanying statement of financial position of YWCA Northeast Indiana, Inc. (a nonprofit organization) as of December 31, 2011, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits. The prior year summarized information has been derived from the Organization's 2010 financial statements and in our report dated March 28, 2011, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit 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 audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of YWCA Northeast Indiana, Inc. as of December 31, 2011, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of government funds received on page 20 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

Dulin, Ward & DeWald, Inc.

Fort Wayne, Indiana
April 17, 2012

YWCA NORTHEAST INDIANA, INC.
STATEMENT OF FINANCIAL POSITION

December 31, 2011 with Summarized Information for December 31, 2010

	2011	2010
ASSETS		
Cash	\$ 75,409	\$ 159,985
Accounts receivable	116,531	84,367
Pledges receivable - net	237,859	332,462
Prepaid expenses	12,092	6,084
Investments	2,638,659	2,724,951
Beneficial interest	35,286	36,975
Cash restricted to investment in land, buildings and equipment	62,019	25,317
Land, buildings and equipment - net of accumulated depreciation	<u>626,475</u>	<u>541,016</u>
Total Assets	<u><u>\$ 3,804,330</u></u>	<u><u>\$ 3,911,157</u></u>
LIABILITIES AND NET ASSETS		
Accounts payable	\$ 79,370	\$ 33,876
Accrued expenses	16,112	14,976
Mortgage note payable	<u>-</u>	<u>58,395</u>
Total Liabilities	95,482	107,247
Net Assets:		
Unrestricted	2,638,663	2,577,372
Temporarily restricted	790,060	946,413
Permanently restricted	<u>280,125</u>	<u>280,125</u>
Total Net Assets	<u>3,708,848</u>	<u>3,803,910</u>
Total Liabilities and Net Assets	<u><u>\$ 3,804,330</u></u>	<u><u>\$ 3,911,157</u></u>

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

YWCA NORTHEAST INDIANA, INC.
STATEMENT OF ACTIVITIES
Year Ended December 31, 2011 with Summarized
Information for the Year Ended December 31, 2010

		2011	
	Unrestricted	Temporarily Restricted	Permanently Restricted
CHANGES IN NET ASSETS			
Support, Revenues and Gains:			
Contributions	\$ 160,115	\$ 367,549	\$ -
United Way	1,332	159,138	-
Government funding - federal	390,837	-	-
Special events:			
Proceeds	140,680	-	-
Less direct benefits to donors	(9,829)	-	-
Program service fees	2,383	-	-
Trust and estate distributions	57,328	-	-
Investment income	60,989	13,131	-
Gain on investments	-	-	-
Miscellaneous	783	-	-
Net Assets Released From Restrictions:			
Satisfaction of program requirements	523,430	(523,430)	-
Satisfaction of purchase requirements	32,704	(32,704)	-
Satisfaction of time requirements	120,000	(120,000)	-
	<hr/>	<hr/>	<hr/>
Total Support, Revenues and Gains	1,480,752	(136,316)	-
Expenses and Losses:			
Program services:			
Shelter for Victims of Domestic Violence	681,759	-	-
Outreach	228,175	-	-
Racial Justice	17,361	-	-
Steps to Success	90,551	-	-
Education	93,968	-	-
	<hr/>	<hr/>	<hr/>
Total Program Services	1,111,814	-	-

(continued)

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

2011	2010
Total	Total

\$ 527,664	\$ 936,770
160,470	167,887
390,837	289,847
140,680	128,325
(9,829)	(9,075)
2,383	2,956
57,328	36,659
74,120	93,409
-	188,599
783	3,320
-	-
-	-
-	-

1,344,436	1,838,697
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681,759	587,595
228,175	251,948
17,361	23,330
90,551	77,360
93,968	94,031

1,111,814	1,034,264
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YWCA NORTHEAST INDIANA, INC.
STATEMENT OF ACTIVITIES
Year Ended December 31, 2011 with Summarized
Information for the Year Ended December 31, 2010

	Unrestricted	Temporarily Restricted	Permanently Restricted
(continued)			
Supporting services and other:			
Management and general	\$ 218,379	\$ -	\$ -
Fundraising	62,777	-	-
Regional YWCA affiliation dues	9,760	-	-
Loss on disposal of land, building and equipment	-	-	-
Loss on investments	16,731	20,037	-
	<u>307,647</u>	<u>20,037</u>	<u>-</u>
Total Supporting Services and Other	<u>307,647</u>	<u>20,037</u>	<u>-</u>
Total Expenses and Losses	<u>1,419,461</u>	<u>20,037</u>	<u>-</u>
CHANGE IN NET ASSETS	61,291	(156,353)	-
NET ASSETS - beginning of year	<u>2,577,372</u>	<u>946,413</u>	<u>280,125</u>
NET ASSETS - end of year	<u><u>\$ 2,638,663</u></u>	<u><u>\$ 790,060</u></u>	<u><u>\$ 280,125</u></u>

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

**2011
Total**

**2010
Total**

\$ 218,379	\$ 321,731
62,777	63,983
9,760	10,353
-	55,132
<u>36,768</u>	<u>-</u>

<u>327,684</u>	<u>451,199</u>
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<u>1,439,498</u>	<u>1,485,463</u>
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(95,062)	353,234
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<u>3,803,910</u>	<u>3,450,676</u>
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<u><u>\$ 3,708,848</u></u>	<u><u>\$ 3,803,910</u></u>
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YWCA NORTHEAST INDIANA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2011 with Summarized
Financial Information for the Year Ended December 31, 2010

	Program Services			
	Shelter for Victims of Domestic Violence	Outreach	Racial Justice	Steps to Success
Salaries	\$ 413,717	\$ 144,992	\$ 9,762	\$ 64,556
Employee health and retirement benefits	30,033	15,626	974	6,476
Payroll taxes	39,787	13,762	991	6,471
	<hr/>	<hr/>	<hr/>	<hr/>
Total Salaries and Related Expenses	483,537	174,380	11,727	77,503
Occupancy	94,132	8,699	934	2,810
Professional fees	24,656	8,264	2,818	3,407
Equipment expense	10,458	4,858	950	1,108
Travel expense	5,058	13,889	-	3,948
Client welfare	24,563	1,868	-	422
Special events	-	-	-	-
Printing and publicity	3,398	1,096	812	237
Telephone	4,399	2,357	15	432
Miscellaneous	43	6,772	-	462
Staff training and meeting	332	2,085	95	42
Supplies and program expense	1,039	409	-	-
Bad debt expense	3,570	-	-	-
Postage	31	38	-	-
Membership dues	257	203	10	25
Interest expense	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenses Before Depreciation	655,473	224,918	17,361	90,396
Depreciation	26,286	3,257	-	155
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenses	<u><u>\$ 681,759</u></u>	<u><u>\$ 228,175</u></u>	<u><u>\$ 17,361</u></u>	<u><u>\$ 90,551</u></u>

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

Supporting Services

Totals

Education	Management & General	Fund Raising	2011	2010
\$ 66,537	\$ 94,799	\$ 24,655	\$ 819,018	\$ 887,180
5,963	8,384	1,373	68,829	87,472
6,367	9,503	2,438	79,319	84,600
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
78,867	112,686	28,466	967,166	1,059,252
3,540	12,271	2,133	124,519	60,954
4,151	29,817	1,715	74,828	62,620
1,738	12,522	1,477	33,111	31,615
2,348	2,470	321	28,034	21,078
-	942	-	27,795	20,986
-	27	26,729	26,756	9,306
1,651	8,646	9	15,849	14,581
727	2,402	257	10,589	16,236
515	157	75	8,024	11,402
50	3,851	151	6,606	15,065
93	2,293	863	4,697	4,437
-	-	-	3,570	-
-	1,974	449	2,492	2,728
133	699	132	1,459	2,443
-	359	-	359	14,216
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93,813	191,116	62,777	1,335,854	1,346,919
155	27,263	-	57,116	73,059
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\$ 93,968	\$ 218,379	\$ 62,777	\$ 1,392,970	\$ 1,419,978
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YWCA NORTHEAST INDIANA, INC.
STATEMENT OF CASH FLOWS

Year Ended December 31, 2011 with Summarized Information
for the Year Ended December 31, 2010

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (95,062)	\$ 353,234
Adjustments to reconcile change in net assets to cash flows from operating activities:		
Depreciation	57,116	73,059
In-kind contribution investments	(6,722)	-
In-kind contribution of land, building and equipment	(56,920)	(4,271)
Increase (decrease) in present value discount	(12,086)	16,200
Reinvested investment income - net fees	(52,972)	(70,825)
Net (gain) loss on investments	36,768	(188,599)
(Gain) loss on disposal of land, building and equipment	-	55,132
Change in beneficial interest	(360)	(405)
Provision for bad debts	359	14,216
Contributions restricted for long-term purposes	(71,899)	(75,000)
Change in assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	(32,164)	(381)
Pledges receivable	106,330	(180,733)
Prepaid expenses	(6,008)	(260)
Increase (decrease) in:		
Accounts payable	45,494	(2,640)
Accrued expenses	1,136	1,705
	<u>(86,990)</u>	<u>(9,568)</u>
Cash Flows From Operating Activities	(86,990)	(9,568)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	-	(4,119)
Proceeds from sale of investments	111,267	345,413
Increase in cash restricted to investment in land, building and equipment	(36,702)	(25,317)
Purchase of land, building and equipment	(85,655)	(50,298)
Contributions restricted for long-term purposes	71,899	75,000
	<u>60,809</u>	<u>340,679</u>
Cash Flows From Investing Activities	60,809	340,679
CASH FLOWS FROM FINANCING ACTIVITIES		
Reduction of long-term debt	(58,395)	(225,267)
	<u>(84,576)</u>	<u>105,844</u>
INCREASE (DECREASE) IN CASH	(84,576)	105,844
CASH - beginning of year	<u>159,985</u>	<u>54,141</u>
CASH - end of year	<u><u>\$ 75,409</u></u>	<u><u>\$ 159,985</u></u>

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

YWCA NORTHEAST INDIANA, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

YWCA Northeast Indiana, Inc. (the Association) is a women's membership movement with Christian roots that draws together members from diverse backgrounds who strive to create opportunities for women's growth, leadership and power in order to attain peace, justice, freedom and dignity for all people.

Income Taxes

The Association is a nonprofit voluntary health and welfare organization, exempt from income tax under Section 501(c)(3) of the Internal Revenue Code, and qualifies for the 50% charitable contributions deduction limitation. The Association has been classified as an organization that is not a private foundation under Section 509(a) of the Internal Revenue Code. The Association's income tax filings are subject to audit by various taxing authorities. The Association's open audit periods include years ending December 31, 2008-2010. The Association's management has determined that there are no events that would more likely than not cause the above tax position to change within the next twelve months. The Organization recognizes interest and penalties related to income tax matters in interest expense.

Estimates

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

Receivables

The Association recognizes pledges as public support in the year that a firm pledge is made, and if necessary provides an allowance for uncollectible pledges receivable equal to the estimated collection losses that will be incurred in collection of all pledges. The estimated losses are based on historical collection experience coupled with a review of the current status of the existing receivables.

(continued)

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair value in the statement of financial position. These investments are initially recorded at cost if they were purchased or at their fair market value on the date of the gift if they were received as a donation. Unrealized gains and losses are included in the statement of activities change in net assets.

Public Support and Revenue

All contributions are generally available for unrestricted use in the related year received unless specifically restricted by the donor. Unconditional promises to give are recorded as received. Unconditional promises to give due in the next year are reflected as current pledges receivable and are recorded at their net realizable value. Unconditional promises to give due in subsequent years are also reflected as current pledges receivable; however, they are recorded at the present value of their net realizable value, using risk-free interest rates applicable to the years in which the promises are received to discount the amounts. Amortization of discounts is included in contribution revenue. An allowance for uncollectible promises to give is provided based on management's evaluation of historical experience.

Grants and other contributions of cash are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor 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 statement of activities as net assets released from restrictions.

Endowment contributions and investments are permanently restricted by the donor. Investment earnings available for distribution are recorded in unrestricted net assets. Amounts charged to participants in excess of value for special events are recorded as temporarily restricted revenue to benefit the designated program. Program fees restricted by grants are recorded as temporarily restricted revenue.

Land, Buildings and Equipment

Land, buildings and equipment are stated at cost or at fair value where a recent appraisal is available or, if donated, at fair value at date of the gift. Items with a cost or value of \$500 or more and a useful life of one year or more are capitalized. The Association follows the policy of providing depreciation on the straight-line method for financial reporting purposes over the estimated useful lives of the related assets. It is not the Association's policy to imply time restrictions expiring over the useful life of the donated assets. In the absence of donor-imposed restrictions on the use of the asset, gifts of long lived assets are reported as unrestricted support.

(continued)

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Statement Presentation

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Association's financial statements for the year ended December 31, 2010, from which the summarized information was derived.

Reclassification

Certain reclassifications have been made to conform prior year's financial statements to the current presentation. These reclassifications have no effect on previously reported operational results.

Subsequent Events

Management has evaluated subsequent events through April 17, 2012, the date which the financial statements were available for issue.

2. PLEDGES RECEIVABLE

Pledges receivable as of December 31, 2011 consist of the following:

Pledges receivable	\$ 246,343
Less allowance for uncollectible pledges	4,370
Less unamortized present value discount	<u>4,114</u>
Net pledges receivable	<u>\$ 237,859</u>
Amounts due in:	
Less than one year	\$ 126,343
One to five years	120,000
More than five years	<u>-</u>
	<u>\$ 246,343</u>

The Association has received notification of intentions to give in the amount of \$77,046 from the United Ways of Allen, DeKalb, Huntington and Wells counties. The expected funding is to be used for programs in 2012 and has not been recorded as an asset of the Association as of December 31, 2011.

3. LAND, BUILDINGS AND EQUIPMENT

Land, buildings and equipment consist of the following:

Land	\$ 86,903
Buildings and building improvements	1,202,229
Equipment	<u>302,867</u>
	1,591,999
Accumulated depreciation	<u>965,524</u>
	<u>\$ 626,475</u>

4. INVESTMENTS

Investments are summarized as follows:

Cash and cash equivalents	\$ 11,667
Fixed income	839,345
Equities	1,698,182
Complementary strategies	35,943
Real estate funds	<u>53,522</u>
	<u>\$ 2,638,659</u>

5. BENEFICIAL INTEREST

The beneficial interest totaling \$35,286 at December 31, 2011 consists of funds held by the Community Foundations of Greater Fort Wayne, DeKalb County, Huntington County, Noble County, Wells County and Whitley County (Foundations) which are the result of an agreement whereby the Association has transferred assets to the Foundations and has specified itself as the beneficiary of the assets. The Association may draw up to a certain percent of the value of the assets each year, but may only obtain a return of the full value of the assets upon consent of the Foundations.

Additionally, the Community Foundation of Greater Fort Wayne holds investment assets, with a value of \$3,658, for the benefit of the Association for which the Foundation has retained variance power. These assets are not recorded as assets of the Association.

6. FAIR VALUE MEASUREMENT

Assets and liabilities recorded at fair value in the statement of financial position are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Level inputs are defined as follows:

Level 1. Unadjusted quoted prices in active markets for identical assets and liabilities.

Level 2. Observable inputs other than those included in Level 1, such as quoted market prices for similar assets or liabilities in active markets or quoted market prices for identical assets or liabilities in active markets.

Level 3. Unobservable inputs reflecting management's own assumptions about the inputs used in pricing the asset or liability. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

The asset or liability'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.

Following is a description of the valuation methodologies used for assets and liabilities measured at fair value.

Investments. Value determined by reference to quoted market prices and other relevant information generated by market transactions.

Pledges receivable – long-term. Value reflected at the present value of estimated future cash flows determined with a discount rate of 3.55%.

Beneficial interest. Value based upon the Organization's proportionate share of the Community Foundations of Greater Fort Wayne, DeKalb County, Huntington County, Noble County, Wells County and Whitley County's pooled investment portfolio.

(continued)

6. FAIR VALUE MEASUREMENT (continued)

Fair value of assets and liabilities measured on a recurring basis at December 31, 2011 are as follows:

	Level 1	Level 3
Investments:		
Fixed income:		
Government obligations	\$ 21,986	\$ -
Corporate obligations	24,824	-
Domestic mutual funds	21,909	-
International mutual funds	29,092	-
Exchange-traded funds	120,539	-
Mutual funds - fixed income	620,995	-
Equities:		
Consumer discretionary	132,069	-
Consumer staples	141,276	-
Energy	125,361	-
Financials	131,104	-
Health care	144,853	-
Industrials	101,606	-
Information technology	215,023	-
Materials	37,587	-
Telecommunications services	21,815	-
Utilities	41,380	-
International equities	15,845	-
Domestic mutual funds	52,541	-
International mutual funds	81,608	-
Exchange-traded funds	96,920	-
Mutual funds - equity	359,194	-
Complementary strategies	35,943	-
Real estate funds	53,522	-
Pledges receivable - long-term	-	115,886
Beneficial interest	-	35,286
	<u>\$ 2,626,992</u>	<u>\$ 151,172</u>

(continued)

6. FAIR VALUE MEASUREMENT (continued)

Following is a reconciliation of activity for assets and liabilities measured at fair value based on significant unobservable inputs for the year ending December 31, 2011:

	Pledges receivable
Beginning balance - January 1, 2011	\$ 213,800
Additions to long-term pledges	5,000
Pledges which became due within one year	(115,000)
Change in present value discount	<u>12,086</u>
Ending balance - December 31, 2011	<u>\$ 115,886</u>
	Beneficial interest
Beginning balance - January 1, 2011	\$ 36,975
Total gains and losses included in earnings:	
Interest and dividends	870
Unrealized gain (loss)	(2,930)
Realized gain	882
Investment fees	<u>(511)</u>
Ending balance - December 31, 2011	<u>\$ 35,286</u>

7. LINE OF CREDIT

The Association has \$200,000 of non-revolving credit authorizations with First Source Bank, to be drawn upon as needed, bearing interest at the greater of .25% above the prime rate or 4.50% (4.50% at December 31, 2011). The authorization is secured by real estate. No amount was outstanding as of December 31, 2011.

The amount of interest charged to operations was \$48 in 2011.

8. MORTGAGE NOTE PAYABLE

A mortgage note payable to First Source Bank was paid in full in January 2011. The amount of interest charged to operations in 2011 was \$311.

9. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are restricted for the following purposes:

Future periods	\$ 240,000
Building improvements	52,022
Reception area remodeling	9,997
Shelter	5,179
Marketing consultant	5,000
Steps-to-success	5,000
Technology	2,493
Endowment	<u>470,369</u>
	<u>\$ 790,060</u>

10. ENDOWMENT

The Association has currently invested its donor-restricted endowment funds in an investment account with a mixture of equities, fixed income and cash and cash equivalents. The endowments have been established to promote the mission of the agency. 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.

(continued)

10. ENDOWMENT (continued)

Interpretation of Relevant Law

The Board of Directors of YWCA Northeast Indiana, Inc. has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Association classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (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 organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Association considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the Association and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Association
- (7) The investment policies of the Association

Endowment Net Asset Composition by Type of Fund as of December 31, 2011

	Donor Restricted Endowment
Unrestricted	\$ -
Temporarily restricted	470,369
Permanently restricted	<u>280,125</u>
Total funds	<u>\$ 750,494</u>

(continued)

10. **ENDOWMENT** (continued)

Changes in Endowment Net Assets for the Year Ended December 31, 2011

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets - beginning of year	\$ -	\$ 496,720	\$ 280,125	\$ 776,845
Investment return:				
Investment income	-	13,131	-	13,131
Net depreciation (realized and unrealized)	-	(20,037)	-	(20,037)
Fees	-	(4,568)	-	(4,568)
Total investment loss	-	(11,474)	-	(11,474)
Appropriation of endowment assets for expenditure	-	(14,877)	-	(14,877)
Endowment net assets - end of year	<u>\$ -</u>	<u>\$ 470,369</u>	<u>\$ 280,125</u>	<u>\$ 750,494</u>

Description of Amounts Classified as Permanently Restricted Net Assets and Temporarily Restricted Net Assets (Endowment Only)

Permanently Restricted Net Assets

The portion of perpetual endowment funds that is required to be retained permanently either by explicit donor stipulation or by UPMIFA

\$ 280,125

Temporarily Restricted Net Assets

The portion of perpetual endowment funds subject to a time restriction under UPMIFA:

Without purpose restrictions

\$ 470,369

(continued)

10. ENDOWMENT (continued)

Return Objectives and Risk Parameters

The Association has adopted investment and spending policies for endowment assets that attempt to preserve the principal in terms of its purchasing power so the fund will be able to serve the Association's needs over the long term; produce sufficient income to meet the needs of the Association; and provide long-term growth in assets as may be fairly balanced by the need for reasonable income and investment risk. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to achieve satisfactory investment returns while gaining the risk control of diversification.

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 up to 5% of the market value of the investment at September 30 of each of the three preceding calendar years, averaged, after deductions of portfolio transaction costs, management fees and adjustments for contributions and withdrawals. In establishing this policy, the Association considered the long-term expected return on its endowment.

11. RETIREMENT PLAN

The Association participates in a multi-employer defined benefit retirement plan (YWCA Retirement Fund, Inc.) administered by YWCA USA that covers all employees with at least two years of service who have worked 1,000 hours during any two years of employment. The Association contributes 7.5% of salary for the benefit of each participant and the national retirement fund contributes an additional 3%. Participants are 100% vested immediately upon participation in the plan. The amount charged to operations was \$39,263 for 2011.

12. RENTAL EXPENSE UNDER OPERATING LEASES

The Association leases office equipment under an operating lease expiring in 2013. Total rental expense for the year ended December 31, 2011 was \$12,416.

Minimum future rental payments under noncancelable operating leases having initial or remaining terms in excess of one year as of December 31, 2011 for each of the next five years and in the aggregate are:

2012	\$ 7,080
2013	7,080
2014 and thereafter	<u>-</u>
	<u>\$ 14,160</u>

Additionally, the Organization rents office equipment on a month-to-month basis. Total rental expense under cancelable operating leases was \$420 for 2011.

13. ADVERTISING COSTS

Advertising costs are charged to operations when incurred. The cost of advertising charged to operations in 2011 was \$8,209.

14. CREDIT RISK AND CONCENTRATIONS

The Association receives a significant amount of its public support from the federal government and the United Way. A significant reduction in the level of this support, if this were to occur, may have an effect on the operations of the Association.

Financial instruments which potentially subject the Association to concentrations of credit risk consist of money market accounts and investment securities.

15. STATEMENT OF CASH FLOWS SUPPLEMENTAL DISCLOSURES

Cash used in operating activities for interest amounted to \$359 in 2011.

16. IN-KIND CONTRIBUTIONS

The Association recognized contributions of certain services received at the fair value of those services. Those services include the following:

Program services:

Miscellaneous	\$ 5,934
Client welfare	5,717
Occupancy	51,654

Management and general:

Printing and publicity	5,538
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Fundraising:

Special events	<u>18,500</u>
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\$ 87,343

YWCA NORTHEAST INDIANA, INC.
SCHEDULE OF GOVERNMENT FUNDS RECEIVED
Year Ended December 31, 2011

Federal Grantor/ Pass-Through Grantor/Program Title	Federal CFDA Number	Agency or Pass-Through Number	Revenue Recognized
U.S. Department of Housing and Urban Development:			
Passed through Indiana Housing and Community Development Authority:		ES-011-053	
Emergency Shelter Grants Program	14.231	ES-010-078	31,587
Community Development Block Grant	14.218	N/A	80,710
U.S. Department of Energy:			
Passed through Indiana Housing and Community Development Authority:			
Weatherization Assistance for Low-Income Persons - ARRA	81.042	N/A	27,864
U.S. Department of Health and Human Services:			
Passed through Indiana Criminal Justice Institute:			
Family Violence Prevention and Services Grants for Battered Women's Shelter	93.591	11FFV0036 & 09FFV0035	70,775
Social Services Block Grant	93.667	09SSBG0022 & 11SSBG0028	78,630
U.S. Department of Justice:			
Passed through Indiana Criminal Justice Institute:		08VANP193 & 11VANP018 &	
Crime Victim Assistance	16.575	10VANP017	34,011
Violence Against Women Formal Grants	16.588	10STV084 & 10STVS035	21,441
Domestic Violence Prevention and Treatment	N/A	09DV0036 & 11DV0040	43,095
Indiana Department of Child Services:			
Social services block grant	93.570	97-10-FM-00095089	2,724
Total Government Funds Received			<u><u>\$ 390,837</u></u>

See independent auditors' report.