

YWCA NORTHEAST INDIANA, INC.

FINANCIAL STATEMENTS

Year Ended December 31, 2012

With Summarized Information for December 31, 2011

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of YWCA Northeast Indiana, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2012, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 2012, 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.

Report on Summarized Comparative Information

We have previously audited the YWCA Northeast Indiana, Inc.'s December 31, 2011 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 17, 2012. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2011 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of government funds received on pages 20 is presented for purposes of additional analysis as required by the Indiana State Board of Accounts 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 as a whole.

Dulin, Ward & DeWald, Inc.

Fort Wayne, Indiana

April 3, 2013

YWCA NORTHEAST INDIANA, INC.
STATEMENT OF FINANCIAL POSITION

December 31, 2012 with Summarized Information for December 31, 2011

| | 2012 | 2011 |
|--------------------------------------------------------------------|----------------------------|----------------------------|
| ASSETS | | |
| Cash | \$ 92,650 | \$ 75,409 |
| Accounts receivable | 62,613 | 116,531 |
| Pledges receivable - net | 123,290 | 237,859 |
| Prepaid expenses | 12,778 | 12,092 |
| Investments | 2,898,840 | 2,638,659 |
| Beneficial interest | 39,366 | 35,286 |
| Cash restricted to investment in land, buildings and equipment | - | 62,019 |
| Land, buildings and equipment - net of accumulated depreciation | <u>635,654</u> | <u>626,475</u> |
| Total Assets | <u><u>\$ 3,865,191</u></u> | <u><u>\$ 3,804,330</u></u> |
| LIABILITIES AND NET ASSETS | | |
| Accounts payable | \$ 20,005 | \$ 79,370 |
| Accrued expenses | <u>42,491</u> | <u>16,112</u> |
| Total Liabilities | 62,496 | 95,482 |
| Net Assets: | | |
| Unrestricted | 2,857,833 | 2,638,663 |
| Temporarily restricted | 664,737 | 790,060 |
| Permanently restricted | <u>280,125</u> | <u>280,125</u> |
| Total Net Assets | <u><u>3,802,695</u></u> | <u><u>3,708,848</u></u> |
| Total Liabilities and Net Assets | <u><u>\$ 3,865,191</u></u> | <u><u>\$ 3,804,330</u></u> |

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

YWCA NORTHEAST INDIANA, INC.
STATEMENT OF ACTIVITIES
Year Ended December 31, 2012 with Summarized
Information for the Year Ended December 31, 2011

| | | 2012 | |
|-----------------------------------------------|--------------|---------------------------|---------------------------|
| | Unrestricted | Temporarily Restricted | Permanently Restricted |
| CHANGES IN NET ASSETS | | | |
| Support, Revenues and Gains: | | | |
| Contributions | \$ 214,278 | \$ 254,400 | \$ - |
| United Way | 1,665 | 160,268 | - |
| Government funding - federal | 297,018 | - | - |
| Special events: | | | |
| Proceeds | 140,127 | - | - |
| Less direct benefits to donors | (9,633) | - | - |
| Program service fees | 1,457 | - | - |
| Trust and estate distributions | 76,231 | - | - |
| Investment income | 70,073 | 12,729 | - |
| Gain on investments | 207,910 | 56,906 | - |
| Miscellaneous | 3,157 | - | - |
| Net Assets Released From Restrictions: | | | |
| Satisfaction of program requirements | 426,174 | (426,174) | - |
| Satisfaction of purchase requirements | 63,452 | (63,452) | - |
| Satisfaction of time requirements | 120,000 | (120,000) | - |
| | <hr/> | <hr/> | <hr/> |
| Total Support, Revenues and Gains | 1,611,909 | (125,323) | - |
| Expenses and Losses: | | | |
| Program services: | | | |
| Shelter for Victims of Domestic Violence | 659,651 | - | - |
| Outreach | 265,604 | - | - |
| Racial Justice | 11,347 | - | - |
| Steps to Success | 71,891 | - | - |
| Education | 84,651 | - | - |
| | <hr/> | <hr/> | <hr/> |
| Total Program Services | 1,093,144 | - | - |

(continued)

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

| 2012 | 2011 |
|-------|-------|
| Total | Total |

| | |
|------------|------------|
| \$ 468,678 | \$ 527,664 |
| 161,933 | 160,470 |
| 297,018 | 390,837 |
| 140,127 | 140,680 |
| (9,633) | (9,829) |
| 1,457 | 2,383 |
| 76,231 | 57,328 |
| 82,802 | 74,120 |
| 264,816 | - |
| 3,157 | 783 |
| - | - |
| - | - |
| - | - |

| | |
|-----------|-----------|
| 1,486,586 | 1,344,436 |
|-----------|-----------|

| | |
|---------|---------|
| 659,651 | 681,759 |
| 265,604 | 228,175 |
| 11,347 | 17,361 |
| 71,891 | 90,551 |
| 84,651 | 93,968 |

| | |
|-----------|-----------|
| 1,093,144 | 1,111,814 |
|-----------|-----------|

YWCA NORTHEAST INDIANA, INC.
STATEMENT OF ACTIVITIES
Year Ended December 31, 2012 with Summarized
Information for the Year Ended December 31, 2011

| | | 2012 | |
|--------------------------------------------|---------------------|---------------------------|---------------------------|
| | Unrestricted | Temporarily Restricted | Permanently Restricted |
| (continued) | | | |
| Supporting services and other: | | | |
| Management and general | \$ 225,599 | \$ - | \$ - |
| Fundraising | 64,320 | - | - |
| Regional YWCA affiliation dues | 9,676 | - | - |
| Loss on investments | - | - | - |
| | <hr/> | <hr/> | <hr/> |
| Total Supporting Services and Other | 299,595 | - | - |
| | <hr/> | <hr/> | <hr/> |
| Total Expenses and Losses | 1,392,739 | - | - |
| | <hr/> | <hr/> | <hr/> |
| CHANGE IN NET ASSETS | 219,170 | (125,323) | - |
| NET ASSETS - beginning of year | 2,638,663 | 790,060 | 280,125 |
| | <hr/> | <hr/> | <hr/> |
| NET ASSETS - end of year | <u>\$ 2,857,833</u> | <u>\$ 664,737</u> | <u>\$ 280,125</u> |

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

2012
Total

2011
Total

| | |
|----------------------------|----------------------------|
| \$ 225,599 | \$ 218,379 |
| 64,320 | 62,777 |
| 9,676 | 9,760 |
| <u>-</u> | <u>36,768</u> |
| <u>299,595</u> | <u>327,684</u> |
| <u>1,392,739</u> | <u>1,439,498</u> |
| 93,847 | (95,062) |
| <u>3,708,848</u> | <u>3,803,910</u> |
| <u><u>\$ 3,802,695</u></u> | <u><u>\$ 3,708,848</u></u> |

YWCA NORTHEAST INDIANA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2012 with Summarized
Financial Information for the Year Ended December 31, 2011

Program Services

| | Shelter for Victims of Domestic Violence | Outreach | Racial Justice | Steps to Success |
|------------------------------------------------|-------------------------------------------------------------|--------------------------|---------------------------|-----------------------------|
| Salaries | \$ 402,891 | \$ 174,275 | \$ 5,567 | \$ 48,469 |
| Employee health and retirement benefits | 29,465 | 16,570 | 996 | 3,488 |
| Payroll taxes | <u>40,683</u> | <u>15,625</u> | <u>589</u> | <u>5,098</u> |
| Total Salaries and Related Expenses | 473,039 | 206,470 | 7,152 | 57,055 |
| Professional fees | 32,534 | 9,039 | 702 | 3,598 |
| Occupancy | 55,752 | 14,473 | 799 | 3,938 |
| Client welfare | 37,328 | 4,083 | - | 447 |
| Equipment expense | 12,795 | 5,125 | 647 | 2,012 |
| Travel expense | 4,910 | 16,834 | 12 | 2,649 |
| Printing and publicity | 6,259 | 3,253 | 1,309 | 1,426 |
| Telephone | 4,203 | 2,458 | - | 242 |
| Staff training and meeting | 1,030 | 799 | 623 | 70 |
| Supplies and program expense | 1,440 | 547 | 11 | 47 |
| Membership dues | 891 | 527 | 86 | 101 |
| Marketing | - | 54 | - | - |
| Postage | 162 | 65 | 6 | 19 |
| Special events | 933 | 388 | - | 132 |
| Miscellaneous | 10 | - | - | - |
| Interest expense | - | - | - | - |
| Bad debt expense | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total Expenses Before Depreciation | 631,286 | 264,115 | 11,347 | 71,736 |
| Depreciation | <u>28,365</u> | <u>1,489</u> | <u>-</u> | <u>155</u> |
| Total Expenses | <u><u>\$ 659,651</u></u> | <u><u>\$ 265,604</u></u> | <u><u>\$ 11,347</u></u> | <u><u>\$ 71,891</u></u> |

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

Supporting Services

Totals

| Education | Management & General | Fund Raising | 2012 | 2011 |
|-----------|-------------------------|-----------------|--------------|--------------|
| \$ 54,883 | \$ 105,595 | \$ 43,531 | \$ 835,211 | \$ 819,018 |
| 5,727 | 8,750 | 4,575 | 69,571 | 68,829 |
| 5,180 | 7,590 | 3,628 | 78,393 | 79,319 |
| 65,790 | 121,935 | 51,734 | 983,175 | 967,166 |
| 3,939 | 38,511 | 1,556 | 89,879 | 98,955 |
| 4,345 | 6,157 | 1,913 | 87,377 | 124,519 |
| 86 | - | - | 41,944 | 27,795 |
| 1,890 | 7,601 | 1,218 | 31,288 | 33,111 |
| 3,399 | 2,154 | 179 | 30,137 | 28,184 |
| 3,913 | 4,573 | 5,711 | 26,444 | 17,952 |
| 505 | 1,923 | 183 | 9,514 | 10,589 |
| 178 | 5,794 | 974 | 9,468 | 6,606 |
| 104 | 1,761 | 44 | 3,954 | 4,697 |
| 236 | 1,561 | 78 | 3,480 | 1,459 |
| - | 2,970 | - | 3,024 | - |
| 39 | 1,748 | 726 | 2,765 | 2,868 |
| 148 | - | - | 1,601 | - |
| 1 | 48 | 4 | 63 | 8,024 |
| - | 33 | - | 33 | 359 |
| - | - | - | - | 3,570 |
| 84,573 | 196,769 | 64,320 | 1,324,146 | 1,335,854 |
| 78 | 28,830 | - | 58,917 | 57,116 |
| \$ 84,651 | \$ 225,599 | \$ 64,320 | \$ 1,383,063 | \$ 1,392,970 |

YWCA NORTHEAST INDIANA, INC.
STATEMENT OF CASH FLOWS
Year Ended December 31, 2012 with Summarized Information
for the Year Ended December 31, 2011

| | 2012 | 2011 |
|-------------------------------------------------------------------------------------------|------------------|------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Change in net assets | \$ 93,847 | \$ (95,062) |
| Adjustments to reconcile change in net assets to cash flows from operating activities: | | |
| Depreciation | 58,917 | 57,116 |
| In-kind contribution investments | - | (6,722) |
| In-kind contribution of land, building and equipment | - | (56,920) |
| Increase (decrease) in present value discount | (4,114) | (12,086) |
| Reinvested investment income - net fees | (60,399) | (52,972) |
| Net (gain) loss on investments | (264,816) | 36,768 |
| Change in beneficial interest | (161) | (360) |
| Provision for bad debts | - | 3,570 |
| Contributions restricted for long-term purposes | - | (71,899) |
| Change in assets and liabilities: | | |
| (Increase) decrease in: | | |
| Accounts receivable | 53,918 | (32,164) |
| Pledges receivable | 118,683 | 103,119 |
| Prepaid expenses | (686) | (6,008) |
| Increase (decrease) in: | | |
| Accounts payable | (59,365) | 45,494 |
| Accrued expenses | 26,379 | 1,136 |
| | <hr/> | <hr/> |
| Cash Flows From Operating Activities | (37,797) | (86,990) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Proceeds from sale of investments | 61,115 | 111,267 |
| (Increase) decrease in cash restricted to investment in land, building and equipment | 62,019 | (36,702) |
| Purchase of land, building and equipment | (68,096) | (85,655) |
| Contributions restricted for long-term purposes | - | 71,899 |
| | <hr/> | <hr/> |
| Cash Flows From Investing Activities | 55,038 | 60,809 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Reduction of long-term debt | - | (58,395) |
| | <hr/> | <hr/> |
| INCREASE (DECREASE) IN CASH | 17,241 | (84,576) |
| CASH - beginning of year | <hr/> | <hr/> |
| | 75,409 | 159,985 |
| | <hr/> | <hr/> |
| CASH - end of year | <u>\$ 92,650</u> | <u>\$ 75,409</u> |

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

YWCA NORTHEAST INDIANA, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

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 is no longer subject to income tax examinations by taxing authorities for tax years ending on or before December 31, 2008. 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, 2011, 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 3, 2013, the date which the financial statements were available for issue.

2. PLEDGES RECEIVABLE

Pledges receivable as of December 31, 2012 consist of the following:

| | |
|------------------------------------------|-------------------|
| Pledges receivable | \$ 124,157 |
| Less allowance for uncollectible pledges | <u>867</u> |
| Net pledges receivable | <u>\$ 123,290</u> |

All amounts are due within one year.

The Association has received notification of intentions to give in the amount of \$82,777 from the United Ways of Allen, DeKalb, Huntington, Wells and Whitley counties. The expected funding is to be used for programs in 2013 and has not been recorded as an asset of the Association as of December 31, 2012.

3. LAND, BUILDINGS AND EQUIPMENT

Land, buildings and equipment consist of the following:

| | |
|-------------------------------------|-------------------|
| Land | \$ 86,903 |
| Buildings and building improvements | 1,207,749 |
| Equipment | <u>347,943</u> |
| | 1,642,595 |
| Accumulated depreciation | <u>1,006,941</u> |
| | <u>\$ 635,654</u> |

4. INVESTMENTS

Investments are summarized as follows:

| | |
|---------------------------|---------------------|
| Cash and cash equivalents | \$ 85,297 |
| Fixed income | 877,871 |
| Equities | 1,828,781 |
| Complementary strategies | 49,025 |
| Real estate funds | <u>57,866</u> |
| | <u>\$ 2,898,840</u> |

5. BENEFICIAL INTEREST

The beneficial interest totaling \$39,366 at December 31, 2012 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 \$5,380, 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 inactive 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.

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, 2012 are as follows:

| | Level 1 | Level 3 |
|-----------------------------|---------------------|------------------|
| Investments: | | |
| Fixed income: | | |
| Government obligations | \$ 18,222 | \$ - |
| Corporate obligations | 31,954 | - |
| Domestic mutual funds | 27,489 | - |
| International mutual funds | 30,406 | - |
| Exchange-traded funds | 170,670 | - |
| Mutual funds - fixed income | 599,130 | - |
| Equities: | | |
| Consumer discretionary | 144,198 | - |
| Consumer staples | 110,117 | - |
| Energy | 107,701 | - |
| Financials | 190,274 | - |
| Health care | 157,675 | - |
| Industrials | 111,108 | - |
| Information technology | 204,928 | - |
| Materials | 52,233 | - |
| Telecommunications services | 23,934 | - |
| Utilities | 30,619 | - |
| International equities | 15,022 | - |
| Domestic mutual funds | 54,819 | - |
| International mutual funds | 92,275 | - |
| Exchange-traded funds | 107,051 | - |
| Mutual funds - equity | 426,827 | - |
| Complementary strategies | 49,025 | - |
| Real estate funds | 57,866 | - |
| Beneficial interest | <u>-</u> | <u>39,366</u> |
| | <u>\$ 2,813,543</u> | <u>\$ 39,366</u> |

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, 2012:

(continued)

6. FAIR VALUE MEASUREMENT (continued)

| | Beneficial interest |
|----------------------------------------------|------------------------|
| Beginning balance - January 1, 2012 | \$ 35,286 |
| Contributions | 200 |
| Total gains and losses included in earnings: | |
| Interest and dividends | 933 |
| Unrealized gain | 3,149 |
| Realized gain | 437 |
| Investment fees | <u>(591)</u> |
| | 3,928 |
| Disbursements | <u>(48)</u> |
| Ending balance - December 31, 2012 | <u>\$ 39,366</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, 2012). The authorization is secured by real estate. No amount was outstanding as of December 31, 2012.

The amount of interest charged to operations was \$33 in 2012.

8. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are restricted for the following purposes:

| | |
|--------------------------------------|-------------------|
| Future period operations | \$ 120,000 |
| Shelter and domestic violence | 23,096 |
| Shelter land, building and equipment | 1,060 |
| Endowment | <u>520,581</u> |
| | <u>\$ 664,737</u> |

9. 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.

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

(continued)

9. **ENDOWMENT** (continued)

Endowment Net Asset Composition by Type of Fund as of December 31, 2012

| | Donor Restricted Endowment |
|------------------------|---------------------------------------|
| Unrestricted | \$ - |
| Temporarily restricted | 520,581 |
| Permanently restricted | <u>280,125</u> |
| Total funds | <u>\$ 800,706</u> |

Changes in Endowment Net Assets for the Year Ended December 31, 2012

| | Unrestricted | Temporarily Restricted | Permanently Restricted | Total |
|------------------------------------------------------|--------------|---------------------------|---------------------------|-------------------|
| Endowment net assets - beginning of year | \$ - | \$ 470,369 | \$ 280,125 | \$ 750,494 |
| Investment return: | | | | |
| Investment income | - | 12,729 | - | 12,729 |
| Net appreciation (realized and unrealized) | - | 56,906 | - | 56,906 |
| Fees | <u>-</u> | <u>(4,861)</u> | <u>-</u> | <u>(4,861)</u> |
| Total investment loss | - | 64,774 | - | 64,774 |
| Appropriation of endowment assets for expenditure | <u>-</u> | <u>(14,562)</u> | <u>-</u> | <u>(14,562)</u> |
| Endowment net assets - end of year | <u>\$ -</u> | <u>\$ 520,581</u> | <u>\$ 280,125</u> | <u>\$ 800,706</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

(continued)

9. ENDOWMENT (continued)

Temporarily Restricted Net Assets

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

| | |
|------------------------------|------------|
| Without purpose restrictions | \$ 520,581 |
|------------------------------|------------|

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.

10. 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 \$35,654 for 2012.

11. RENTAL EXPENSE UNDER OPERATING LEASES

The Association leases office equipment under an operating lease expiring in 2017. Total rental expense for the year ended December 31, 2012 was \$6,320.

Minimum future rental payments under noncancelable operating leases having initial or remaining terms in excess of one year as of December 31, 2012 for each of the next five years and in the aggregate are:

| | |
|---------------------|------------------|
| 2013 | \$ 3,564 |
| 2014 | 3,564 |
| 2015 | 3,564 |
| 2016 | 3,564 |
| 2017 | 2,970 |
| 2018 and thereafter | <u>-</u> |
| | <u>\$ 17,226</u> |

Additionally, the Organization rents office equipment on a month-to-month basis. Total rental expense under cancelable operating leases was \$420 for 2012.

12. ADVERTISING COSTS

Advertising costs are charged to operations when incurred. The cost of advertising charged to operations in 2012 was \$10,234.

13. 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.

14. STATEMENT OF CASH FLOWS SUPPLEMENTAL DISCLOSURES

Cash used in operating activities for interest amounted to \$33 in 2012.

15. 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:

| | |
|------------------------|----------|
| Printing and publicity | \$ 1,545 |
| Client welfare | 5,731 |
| Occupancy | 4,313 |
| Professional services | 6,162 |

Management and general:

| | |
|------------------------|-----|
| Printing and publicity | 355 |
|------------------------|-----|

Fundraising:

| | |
|------------------------|-------|
| Printing and publicity | 5,549 |
|------------------------|-------|

Gift cards

1,267

\$ 24,922

YWCA NORTHEAST INDIANA, INC.
SCHEDULE OF GOVERNMENT FUNDS RECEIVED
Year Ended December 31, 2012

| 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: | | | |
| Emergency Shelter Grants Program | 14.231 | ES-011-053 ES-012-057 | \$ 40,090 |
| Passed through City of Fort Wayne | 14.231 | N/A | 8,250 |
| 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 09SSBG0022 & | 72,233 |
| Social Services Block Grant | 93.667 | 11SSBG0028 | 74,463 |
| U.S. Department of Justice: | | | |
| Passed through Indiana Criminal Justice Institute: | | | |
| Crime Victim Assistance | 16.575 | 11VANP018 & D3137777 | 33,564 |
| Violence Against Women Formal Grants | 16.588 | 10STV084 & D3-13-7753-4 | 23,083 |
| Domestic Violence Prevention and Treatment | N/A | D3-12-6656 & 11DV0040 | 44,467 |
| Heartland Human Care Services, Inc. Northern Tier Anti-trafficking Consortium | 93.598 | NTAC subcontract 5031 | 868 |
| Total Government Funds Received | | | <u><u>\$ 297,018</u></u> |

See independent auditors' report.