

YWCA NORTHEAST INDIANA, INC.

FINANCIAL STATEMENTS

Years Ended December 31, 2018 and 2017

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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 statements of financial position as of December 31, 2018 and 2017, and the related statements of activities, functional expenses and cash flows for the years 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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.

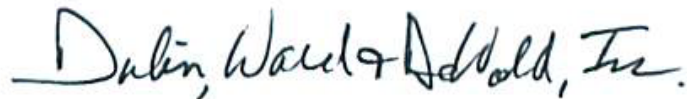
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of program service expenses and schedule of government funds received on page 27-29 are presented for purposes of additional analysis and are 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 audits 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.

A handwritten signature in black ink that reads "Dahn, Ward & Adbold, Inc." The signature is written in a cursive, flowing style.

Fort Wayne, Indiana
May 14, 2019

YWCA NORTHEAST INDIANA, INC.
STATEMENTS OF FINANCIAL POSITION
December 31, 2018 and 2017

	2018	2017
ASSETS		
Cash and cash equivalents	\$ 659,146	\$ 275,576
Claims receivable	339,475	217,454
Contributions receivable - net	252,550	441,929
Contributions receivable - capital campaign - net	84,433	312,784
Prepaid expenses	49,295	17,178
Investments	3,062,285	2,923,997
Land and building held for sale	-	260,838
Cash surrender value of life insurance	10,683	-
Beneficial interest	72,918	76,974
Cash restricted to purchase of equipment	16,185	30,290
Land, buildings and equipment - net of accumulated depreciation	<u>3,832,891</u>	<u>3,933,280</u>
Total Assets	<u><u>\$ 8,379,861</u></u>	<u><u>\$ 8,490,300</u></u>
LIABILITIES AND NET ASSETS		
Accounts payable	\$ 41,114	\$ 66,919
Accrued expenses	<u>158,919</u>	<u>99,002</u>
Total Liabilities	200,033	165,921
Net Assets:		
Without donor restrictions	6,688,644	6,987,747
With donor restrictions	<u>1,491,184</u>	<u>1,336,632</u>
Total Net Assets	<u><u>8,179,828</u></u>	<u><u>8,324,379</u></u>
Total Liabilities and Net Assets	<u><u>\$ 8,379,861</u></u>	<u><u>\$ 8,490,300</u></u>

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

YWCA NORTHEAST INDIANA, INC.
STATEMENTS OF ACTIVITIES
Years Ended December 31, 2018 and 2017

	Without Donor Restrictions	With Donor Restrictions	2018 Total
CHANGES IN NET ASSETS			
Support, Revenues and Gains:			
Contributions	\$ 254,370	\$ 720,565	\$ 974,935
United Way	1,575	168,375	169,950
Government funding - federal	931,126	-	931,126
Special events:			
Proceeds	155,098	-	155,098
Less direct benefits to donors	(11,321)	-	(11,321)
Program service fees	135,120	-	135,120
Trust and estate distributions	50,256	-	50,256
Investment income - net fees	60,250	22,329	82,579
Gain on disposal of land, building and equipment	-	-	-
Gain on investments	-	32,993	32,993
Miscellaneous	524,494	-	524,494
Net Assets Released From Restrictions	<u>686,645</u>	<u>(686,645)</u>	<u>-</u>
 Total Support, Revenues and Gains	 2,787,613	 257,617	 3,045,230
 Expenses and Losses:			
Program services:			
Shelter for Victims of Domestic Violence	980,448	-	980,448
Hope and Harriett House	774,026	-	774,026
Outreach	178,201	-	178,201
Racial Justice	22,479	-	22,479
Steps to Success	39,640	-	39,640
Education	157,938	-	157,938
Dress for Success	29,539	-	29,539
REACT	63,474	-	63,474
 Total Program Services	 <u>2,245,745</u>	 <u>-</u>	 <u>2,245,745</u>

(continued)

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

Without Donor Restrictions	With Donor Restrictions	2017 Total
\$ 211,010	\$ 754,463	\$ 965,473
10,158	172,433	182,591
516,076	-	516,076
143,106	-	143,106
(20,143)	-	(20,143)
44,732	-	44,732
72,150	-	72,150
43,357	13,739	57,096
50,400	-	50,400
284,140	87,112	371,252
18,982	-	18,982
729,059	(729,059)	-
<hr/>	<hr/>	<hr/>
2,103,027	298,688	2,401,715
890,607	-	890,607
434,152	-	434,152
118,883	-	118,883
42,886	-	42,886
21,031	-	21,031
139,281	-	139,281
-	-	-
-	-	-
<hr/>	<hr/>	<hr/>
1,646,840	-	1,646,840

YWCA NORTHEAST INDIANA, INC.
STATEMENTS OF ACTIVITIES
Years Ended December 31, 2018 and 2017

	Without Donor Restrictions	With Donor Restrictions	2018 Total
(continued)			
Supporting services and other:			
Management and general	\$ 358,110	\$ -	\$ 358,110
Fundraising	191,897	-	191,897
Regional YWCA affiliation dues	11,654	-	11,654
Repayment of grant	-	-	-
Loss on disposal of land, building and equipment	41,246	-	41,246
Loss on investments	226,830	114,299	341,129
	<u>829,737</u>	<u>114,299</u>	<u>944,036</u>
Total Supporting Services and Other	<u>829,737</u>	<u>114,299</u>	<u>944,036</u>
Total Expenses and Losses	<u>3,075,482</u>	<u>114,299</u>	<u>3,189,781</u>
CHANGE IN NET ASSETS	(287,869)	143,318	(144,551)
NET ASSETS - beginning of year	6,987,747	1,336,632	8,324,379
RECLASSIFICATION	<u>(11,234)</u>	<u>11,234</u>	<u>-</u>
NET ASSETS - end of year	<u><u>\$ 6,688,644</u></u>	<u><u>\$ 1,491,184</u></u>	<u><u>\$ 8,179,828</u></u>

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

Without Donor Restrictions	With Donor Restrictions	2017 Total
\$ 295,139	\$ -	\$ 295,139
135,234	-	135,234
8,837	-	8,837
45,013	-	45,013
-	-	-
-	-	-
<hr/>	<hr/>	<hr/>
484,223	-	484,223
<hr/>	<hr/>	<hr/>
2,131,063	-	2,131,063
<hr/>	<hr/>	<hr/>
(28,036)	298,688	270,652
7,015,783	1,037,944	8,053,727
-	-	-
<hr/>	<hr/>	<hr/>
<u>\$ 6,987,747</u>	<u>\$ 1,336,632</u>	<u>\$ 8,324,379</u>

YWCA NORTHEAST INDIANA, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
Years Ended December 31, 2018 and 2017

	Supporting Services			
	Program Services	Management & General	Fund Raising	2018
Salaries	\$ 1,211,911	\$ 188,775	\$ 141,640	\$ 1,542,326
Employee health and retirement benefits	126,858	16,007	9,314	152,179
Payroll taxes	<u>106,314</u>	<u>16,075</u>	<u>11,460</u>	<u>133,849</u>
Total Salaries and Related Expenses	1,445,083	220,857	162,414	1,828,354
Occupancy	238,805	16,613	2,601	258,019
Professional fees	99,589	55,923	7,921	163,433
Client welfare	150,448	-	-	150,448
Equipment expense	34,887	6,574	3,566	45,027
Travel expense	32,991	1,527	1,622	36,140
Communications	16,924	5,198	1,382	23,504
Staff training and meeting	8,146	4,430	1,901	14,477
Supplies and program expense	6,201	3,607	340	10,148
Printing and publicity	3,206	5,205	440	8,851
Fund raising	6,687	-	2,103	8,790
Bad debt expense	-	7,764	-	7,764
Special events	25	376	7,080	7,481
Miscellaneous	774	5,188	-	5,962
Membership dues	1,671	747	257	2,675
Postage	1,464	363	203	2,030
Interest expense	-	84	-	84
Marketing	<u>-</u>	<u>30</u>	<u>-</u>	<u>30</u>
Total Expenses Before Depreciation	2,046,901	334,486	191,830	2,573,217
Depreciation	<u>198,844</u>	<u>23,624</u>	<u>67</u>	<u>222,535</u>
Total Expenses per Statement of Activities	2,245,745	358,110	191,897	2,795,752
Expenses included in support, revenue and gains:				
Cost of direct benefit to donors	-	-	11,321	11,321
Regional YWCA affiliation dues	<u>-</u>	<u>11,654</u>	<u>-</u>	<u>11,654</u>
Total Functional Expenses	<u>\$ 2,245,745</u>	<u>\$ 369,764</u>	<u>\$ 203,218</u>	<u>\$ 2,818,727</u>

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

Supporting Services

Program Services	Management & General	Fund Raising	2017
\$ 846,505	\$ 150,514	\$ 65,174	\$ 1,062,193
99,477	15,992	5,387	120,856
<u>76,630</u>	<u>14,541</u>	<u>5,454</u>	<u>96,625</u>
1,022,612	181,047	76,015	1,279,674
177,312	16,989	3,364	197,665
107,722	43,772	26,550	178,044
73,809	477	-	74,286
28,823	6,062	419	35,304
17,447	6,062	205	23,714
15,214	3,478	160	18,852
3,519	6,311	326	10,156
5,412	2,979	55	8,446
5,466	3,355	939	9,760
-	-	-	-
-	-	-	-
-	1,002	17,361	18,363
2,420	58	-	2,478
1,500	411	77	1,988
1,489	399	508	2,396
-	-	7,528	7,528
-	262	1,727	1,989
<u>1,462,745</u>	<u>272,664</u>	<u>135,234</u>	<u>1,870,643</u>
<u>184,095</u>	<u>22,475</u>	<u>-</u>	<u>206,570</u>
1,646,840	295,139	135,234	2,077,213
-	-	20,143	20,143
-	8,837	-	8,837
<u>\$ 1,646,840</u>	<u>\$ 303,976</u>	<u>\$ 155,377</u>	<u>\$ 2,106,193</u>

YWCA NORTHEAST INDIANA, INC.
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2018 and 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (144,551)	\$ 270,652
Adjustments to reconcile change in net assets to cash flows from operating activities:		
Depreciation	222,535	206,570
Increase (decrease) in present value discount	(9,100)	(3,080)
Reinvested investment income - net of fees	(80,929)	(55,961)
Reinvested beneficial interest income - net of fees	(1,650)	(1,136)
Net (gain) loss on investments	308,136	(371,252)
(Gain) loss on disposal of land, building and equipment	41,246	(50,400)
In-kind contribution of investments	(354,632)	-
In-kind contribution of land, building and equipment	(22,754)	(16,750)
Contribution of life insurance policy	(10,495)	-
Provision for bad debts	7,764	-
Cash contributions restricted for investment in land, building and equipment	-	(41,536)
Contributions receivable restricted for investment in land, building and equipment	-	(16,667)
Change in assets and liabilities:		
(Increase) decrease in:		
Claims receivable	(122,021)	(52,156)
Contributions receivable	187,083	(231,321)
Prepaid expenses	(32,117)	(2,756)
Cash surrender value of life insurance	(188)	-
Increase (decrease) in:		
Accounts payable	(25,805)	28,527
Accrued expenses	59,917	(13,496)
	22,439	(350,762)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(26,747)	-
Proceeds from sale of investments	21,590	122,015
Purchase of land, building and equipment	(97,891)	(672,452)
Proceeds from sale of land, building and equipment	218,091	209,400
	115,043	(341,037)

(continued)

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

YWCA NORTHEAST INDIANA, INC.
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2018 and 2017

	2018	2017
(continued)		
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from note payable	\$ -	\$ 450,147
Payment on note payable	-	(661,168)
Collection of contributions receivable restricted for investment in land, building and equipment	231,983	770,417
Cash contributions restricted for investment in land, building and equipment	-	41,536
	<u>231,983</u>	<u>600,932</u>
Cash Flows From Financing Activities	<u>231,983</u>	<u>600,932</u>
INCREASE (DECREASE) IN CASH CASH EQUIVALENTS	369,465	(90,867)
CASH, CASH EQUIVALENTS AND RESTRICTED CASH - beginning of year	<u>305,866</u>	<u>396,733</u>
CASH, CASH EQUIVALENTS AND RESTRICTED CASH - end of year	<u>\$ 675,331</u>	<u>\$ 305,866</u>

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

YWCA NORTHEAST INDIANA, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2018 and 2017

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

YWCA Northeast Indiana, Inc. (the YWCA) 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 YWCA is a nonprofit voluntary health and welfare organization, exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and has been classified as an organization that is not a private foundation under Section 509(a) of the Internal Revenue Code.

Adoption of New Accounting Standards

During 2018 the YWCA adopted ASU 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. The standard addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The YWCA has adjusted the presentation of these statements accordingly. Due to the adoption of these new standards, a reclassification was made to increase the net assets with donor restriction and decrease net assets without donor restriction for the reporting of unappropriated endowment earnings totaling \$11,234.

During 2018 the YWCA also adopted ASU 2016-18, Statement of Cash Flows (Topic 230) Restricted Cash. The standard requires entities to include restricted cash and restricted cash equivalents with cash and cash equivalents when reconciling beginning-of-period and end-of-period total cash. The YWCA has adjusted the presentation of these statements accordingly.

The ASU's have been applied retrospectively to all periods presented.

Net Asset Classifications

Net assets without donor restrictions are available for use at the discretion of the YWCA's management and the board of directors. From time to time the board designates a portion of these net assets for specific purposes which makes them unavailable for use at management's discretion.

Net assets with donor restrictions consist of assets whose use is limited by donor-imposed time and/or purpose restrictions.

(continued)

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

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

Claims receivable are due from government and other significant funding sources. The YWCA provides an allowance for uncollectible accounts which is based upon historical collection experience and management's estimates of the losses that will be incurred in the collection of all receivables.

The YWCA 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.

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 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.

The YWCA reports gifts of cash and other assets as revenue with donor restrictions 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, the net assets are reclassified as net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

(continued)

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

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

Some net assets with donor restrictions include a stipulation that assets provided be maintained permanently (perpetual in nature) while permitting the YWCA to expend the income generated by the assets in accordance with the provisions of additional donor-imposed stipulations or a board approved spending policy. Investment earnings on these perpetual funds available for distribution are recorded in net assets without donor restrictions. Amounts charged to participants in excess of value for special events are recorded as revenue with donor restrictions to benefit the designated program. Program fees restricted by grants are recorded as revenue with donor restrictions.

Cash and Cash Equivalents

For the purposes of the statement of cash flows, the YWCA considers all highly liquid investments with a maturity of three months or less at the time of purchase to be cash equivalents.

Functional Expense Allocations

The costs of providing program and other activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses and program service expenses presents the natural classification detail of expenses by function. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. All allowable direct costs are charged directly to programs. The expenses that are allocated include the following:

Expense	Method of Allocation
Salaries and related	Time and effort
Occupancy	Specific usage
Communications	Specific usage
Printing and publicity	Specific usage or percentage of budget
Postage	Specific usage or percentage of budget
Equipment expense	Specific usage or percentage of budget

(continued)

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

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 YWCA follows the policy of providing depreciation on the straight-line method for financial reporting purposes over the estimated useful lives of the related assets.

Subsequent Events

Management has evaluated subsequent events through May 14, 2019, the date which the financial statements were available for issue.

Reclassification

Certain reclassifications have been made to conform prior years' statements to the current presentation. These reclassifications had no effect on previously reported operating results.

2. **CONTRIBUTIONS RECEIVABLE**

Contributions receivable as of December 31 consist of the following:

	2018	2017
Contributions receivable	\$ 337,983	\$ 773,424
Less allowance for uncollectible contributions receivable	-	8,611
Less unamortized present value discount (2.61%-3.32%)	<u>1,000</u>	<u>10,100</u>
Net contributions receivable	<u>\$ 336,983</u>	<u>\$ 754,713</u>
Amounts due in:		
Less than one year	\$ 306,483	\$ 352,830
One to five years	31,500	420,594
More than five years	<u>-</u>	<u>-</u>
	<u>\$ 337,983</u>	<u>\$ 773,424</u>

The YWCA has received notification of intentions to give in the amount of \$83,375 from the United Ways of Allen, DeKalb, Huntington, Noble and Wells counties. The expected funding is to be used for programs in 2019 and has not been recorded as an asset of the YWCA as of December 31, 2018.

3. LAND, BUILDINGS AND EQUIPMENT

Land, buildings and equipment at December 31 consist of the following:

	2018	2017
Land	\$ 41,065	\$ 41,065
Buildings and building improvements	4,491,689	4,455,312
Equipment	<u>819,772</u>	<u>764,547</u>
	5,352,526	5,260,924
Accumulated depreciation	<u>1,519,635</u>	<u>1,327,644</u>
	<u>\$ 3,832,891</u>	<u>\$ 3,933,280</u>

4. INVESTMENTS

Investments at December 31 are summarized as follows:

	2018	2017
Fixed income	\$ 917,478	\$ 816,495
Equities	1,916,786	1,904,899
Other	66,610	89,267
Real estate funds	<u>16,750</u>	<u>47,920</u>
	2,917,624	2,858,581
Cash and cash equivalents	<u>144,661</u>	<u>65,416</u>
	<u>\$ 3,062,285</u>	<u>\$ 2,923,997</u>

5. BENEFICIAL INTEREST

The beneficial interest totaling \$72,918 at December 31, 2018 and \$76,974 at December 31, 2017 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 YWCA has transferred assets to the Foundations and has specified itself as the beneficiary of the assets. The YWCA 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.

(continued)

5. BENEFICIAL INTEREST (continued)

Additionally, the Community Foundation of Greater Fort Wayne holds investment assets, with a value of \$33,417 at December 31, 2018 and \$35,893 at December 31, 2017, for the benefit of the YWCA for which the Foundation has retained variance power. These assets are not recorded as assets of the YWCA.

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 YWCA'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 portfolios.

(continued)

6. FAIR VALUE MEASUREMENT (continued)

Fair value of assets and liabilities measured on a recurring basis at December 31, 2018 are as follows:

	Level 1	Level 3
Investments:		
Fixed income:		
Government obligations	\$ 14,687	\$ -
Corporate obligations	16,551	-
Domestic mutual funds	11,104	-
International mutual funds	49,888	-
Exchange - traded funds	168,753	-
Mutual funds - fixed income	656,495	-
Equities:		
Consumer discretionary	107,192	-
Consumer staples	38,345	-
Energy	40,210	-
Financials	114,645	-
Health care	127,852	-
Industrials	79,314	-
Information technology	162,609	-
Materials	18,449	-
Real estate	11,411	-
Telecommunications services	64,583	-
Utilities	30,828	-
International equities	18,029	-
Domestic mutual funds	58,308	-
International mutual funds	66,454	-
Exchange - traded funds	440,811	-
Mutual funds - equity	537,746	-
Other	66,610	-
Real estate funds	16,750	-
Beneficial interest	<u>-</u>	<u>72,918</u>
	<u>\$ 2,917,624</u>	<u>\$ 72,918</u>

(continued)

6. FAIR VALUE MEASUREMENT (continued)

Fair value of assets and liabilities measured on a recurring basis at December 31, 2017 are as follows:

	Level 1	Level 3
Investments:		
Fixed income:		
Government obligations	\$ 26,952	\$ -
Corporate obligations	28,446	-
Domestic mutual funds	16,007	-
International mutual funds	28,011	-
Exchange - traded funds	133,347	-
Mutual funds - fixed income	583,732	-
Equities:		
Consumer discretionary	128,051	-
Consumer staples	49,253	-
Energy	42,938	-
Financials	158,273	-
Health care	121,630	-
Industrials	112,909	-
Information technology	201,489	-
Materials	35,249	-
Real estate	14,063	-
Telecommunications services	9,844	-
Utilities	21,712	-
International equities	22,081	-
Domestic mutual funds	55,820	-
International mutual funds	64,972	-
Exchange - traded funds	415,130	-
Mutual funds - equity	451,485	-
Other	89,267	-
Real estate funds	47,920	-
Beneficial interest	<u>-</u>	<u>76,974</u>
	<u>\$ 2,858,581</u>	<u>\$ 76,974</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:

	Beneficial Interest	
	2018	2017
Balance – beginning of year	\$ 76,974	\$ 69,127
Contributions	-	-
Total gains and losses included in earnings:		
Interest and dividends	2,723	1,924
Unrealized gain/(loss)	(6,784)	5,922
Realized gain/(loss)	1,077	789
Investment fees	<u>(1,072)</u>	<u>(788)</u>
	(4,056)	7,847
Disbursements	<u>-</u>	<u>-</u>
Balance – end of year	<u>\$ 72,918</u>	<u>\$ 76,974</u>

7. LINE OF CREDIT

The YWCA has a \$200,000 revolving line of credit with 1st Source Bank to be drawn upon as needed, bearing interest at the greater of .25% above the prime rate or 4.0% (5.5% at December 31, 2018). The authorization is secured by real estate. No amount was outstanding as of December 31, 2018 and 2017.

8. RETIREMENT PLAN

The YWCA 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 YWCA 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 \$29,712 for 2018 and \$46,971 for 2017.

9. NET ASSETS

Net assets with donor restrictions are restricted as follows:

	2018	2017
Subject to time requirements:		
Contributions receivable	\$ 165,000	\$ 323,500
Unappropriated endowment earnings	<u>596,923</u>	<u>500,897</u>
Total subject to time requirements	761,923	824,397
Subject to purpose requirements:		
Organizational effectiveness	17,000	-
Staff development	10,000	10,000
Capital improvement and replacement	16,185	30,290
Human services	99,999	98,500
Hope House operations	<u>76,000</u>	<u>79,389</u>
Total subject to purpose requirements	219,184	218,179
Endowment subject to the organizations spending policy and appropriations:		
Investment in perpetuity	<u>510,077</u>	<u>294,056</u>
 Total net assets with donor restrictions	 <u>\$ 1,491,184</u>	 <u>\$ 1,336,632</u>

Net assets without donor restrictions are as follows:

	2018	2017
Undesignated	\$ 4,853,978	\$ 4,979,323
Board designated – operating reserve	<u>1,844,138</u>	<u>2,008,424</u>
	 <u>\$ 6,688,644</u>	 <u>\$ 6,987,747</u>

(continued)

9. NET ASSETS (continued)

Net assets were released from restrictions by incurring expenses satisfying the restricted purposes or by occurrence of the passage of time or other events specified by donors. Net assets released from net assets with donor restrictions are as follows:

	2018	2017
Time requirements	\$ 158,500	\$ 130,000
Programming requirements	472,634	501,239
Capital improvements	33,921	81,242
Endowment	<u>21,590</u>	<u>16,578</u>
Net assets released from restrictions	<u>\$ 686,645</u>	<u>\$ 729,059</u>

10. RELATED PARTIES

During 2018, the YWCA purchased consulting services totaling \$500 from a company owned by a member of its Board of Directors.

11 IN-KIND CONTRIBUTIONS

The YWCA recognized contributions of certain goods and services received at the fair value of those goods and services as follows:

	2018	2017
Program services:		
Occupancy	\$ -	\$ 1,858
Supplies and program expense	7,807	3,027
Management and general:		
Supplies and program expense	-	694
Special events	-	6,037
Life insurance policy	10,495	-
Land, building and equipment	22,754	-
Investments	<u>354,632</u>	<u>-</u>
Total in-kind contributions	<u>\$ 395,688</u>	<u>\$ 11,616</u>

12. ENDOWMENT

The YWCA 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 YWCA classifies as permanent endowment (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 a permanent endowment is classified as net assets with donor restrictions 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 YWCA 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 YWCA 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 YWCA
- (7) The investment policies of the YWCA

(continued)

12. **ENDOWMENT** (continued)

Endowment Net Asset Composition by Type of Fund as of December 31:

	Donor Restricted Endowment	
	2018	2017
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	\$ 510,077	\$ 294,056
Accumulated investment earnings	<u>596,923</u>	<u>500,897</u>
Total with donor restrictions	1,107,000	794,953
Total without donor restrictions	<u>-</u>	<u>11,234</u>
	<u>\$ 1,107,000</u>	<u>\$ 806,187</u>

Changes in Endowment Fund Net Assets for the Year Ended December 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment fund net assets - beginning of year	\$ 11,234	\$ 794,953	\$ 806,187
Contributions	-	381,380	381,380
Investment return:			
Investment income	-	29,346	29,346
Net appreciation (depreciation) - realized and unrealized	-	(81,305)	(81,305)
Fees	<u>-</u>	<u>(7,024)</u>	<u>(7,024)</u>
Total investment return	-	(58,983)	(58,983)
Appropriation of endowment fund assets for expenditure	-	(21,584)	(21,584)
Reclassification	<u>(11,234)</u>	<u>11,234</u>	<u>-</u>
Endowment net assets - end of year	<u>\$ -</u>	<u>\$ 1,107,000</u>	<u>\$ 1,107,000</u>

(continued)

12. **ENDOWMENT** (continued)

Changes in Endowment Fund Net Assets for the Year Ended December 31, 2017

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment fund net assets - beginning of year	\$ 7,997	\$ 710,680	\$ 718,677
Investment return:			
Investment income	918	20,862	21,780
Net appreciation (depreciation) - realized and unrealized	2,471	87,112	89,583
Fees	<u>(152)</u>	<u>(7,123)</u>	<u>(7,275)</u>
Total investment return	3,237	100,851	104,088
Appropriation of endowment fund assets for expenditure	<u>-</u>	<u>(16,578)</u>	<u>(16,578)</u>
Endowment net assets - end of year	<u>\$ 11,234</u>	<u>\$ 794,953</u>	<u>\$ 806,187</u>

Description of Amounts Classified as Permanent Endowment and Net Assets with Donor Restrictions (Endowment Only)

Permanent Endowment	2018	2017
The portion of perpetual endowment funds that is required to be retained permanently either by explicit donor stipulation or by UPMIFA	\$ 510,077	\$ 294,056
Net assets with donor restrictions		
The portion of perpetual endowment funds subject to a time restriction under UPMIFA:		
Without purpose restrictions	\$ 596,923	\$ 500,897

Return Objectives and Risk Parameters

The YWCA 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 YWCA's needs over the long term; produce sufficient income to meet the needs of the YWCA;

(continued)

12. ENDOWMENT (continued)

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 YWCA 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 YWCA 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 YWCA 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 YWCA considered the long-term expected return on its endowment.

13. ADVERTISING COSTS

Advertising costs are charged to operations when incurred. The cost of advertising charged to operations was \$948 in 2018 and \$241 in 2017.

14. CREDIT RISKS, CONCENTRATIONS AND CONTINGENCIES

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

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

The YWCA maintains cash accounts in a local bank. Cash balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per bank. As of December 31, 2018, deposits in excess of the insured amount totaled \$444,280.

(continued)

14. CREDIT RISKS, CONCENTRATIONS AND CONTINGENCIES (continued)

During 2016, the YWCA entered into an affordable housing program agreement with the Federal Home Loan Bank of Indianapolis (FHLBI) to partially fund the construction and renovation of a building housing the crisis shelter and program and administrative offices. For 15 years, if the building is disposed of or used for a purpose other than what was set forth in the agreement, the funds received, including interest, are required to be returned to FHLBI.

15. RENTAL EXPENSE UNDER OPERATING LEASES

The YWCA leases office space and equipment under operating leases expiring in 2022. Total rental expense was \$61,986 for the year ended December 31, 2018 and \$6,528 for the year ended December 31, 2017.

Minimum future rental payments under noncancelable operating leases having initial or remaining terms in excess of one year as of December 31, 2018 for each of the next five years and in the aggregate are:

2019	\$ 130,717
2020	16,717
2021	11,717
2022	2,358
2023 and thereafter	<u>-</u>
	<u>\$ 161,509</u>

Additionally, the YWCA rents office equipment on a month-to-month basis. Total rental expense under cancelable operating leases was \$420 for 2018 and \$420 for 2017.

16. STATEMENT OF CASH FLOWS SUPPLEMENTAL DISCLOSURES

Cash used in operating activities includes interest paid of \$-0- in 2018 and \$7,528 in 2017.

Noncash investing and financing activity includes in-kind contribution of land, building and equipment totaling \$22,754 in 2018 and \$16,750 in 2017. Also, the YWCA received in-kind investments totaling \$354,632 in 2018.

(continued)

16. STATEMENT OF CASH FLOWS SUPPLEMENTAL DISCLOSURES (continued)

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported in the statement of financial position that sum to the total of the same such amounts shown in the statement of cash flows.

	2018	2017
Cash and cash equivalents	\$ 659,146	\$ 275,576
Cash restricted for purchase of equipment	<u>16,185</u>	<u>30,290</u>
Total cash, cash equivalents and restricted cash	<u>\$ 675,331</u>	<u>\$ 305,866</u>

17. AVAILABILITY AND LIQUIDITY

The following represents YWCA Northeast Indiana, Inc.'s financial assets at December 31, 2018 and 2017:

Financial assets at year-end:	2018	2017
Cash, cash equivalents and restricted cash	\$ 675,331	\$ 305,866
Claims receivable	339,475	217,454
Contributions receivable	252,550	441,929
Contributions receivable – capital campaign	84,433	312,784
Investments	<u>3,062,285</u>	<u>2,923,997</u>
Total financial assets	4,414,074	4,202,030
Less amounts not available to be used within one year:		
Permanent endowment	510,077	294,056
Unappropriated endowment	596,923	500,897
Time – capital campaign	31,500	312,784
Time – operating	-	158,500
Purchase requirements	16,185	30,290
Organizational effectiveness	17,000	10,000
Board designated net assets	<u>1,844,138</u>	<u>2,008,424</u>
Total assets not to be used in one year	<u>3,015,823</u>	<u>3,314,951</u>
Financial assets available to meet general expenditures within one year	<u>\$ 1,398,251</u>	<u>\$ 887,079</u>

17. AVAILABILITY AND LIQUIDITY (continued)

The YWCA maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities and other obligations come due. To help manage unanticipated liquidity needs the YWCA has a line of credit of \$250,000 which it can draw upon. Additionally, the YWCA has board designated net assets without donor restrictions that, while the YWCA does not intend to spend these for purposes other than those identified, the amounts could be made available for current operations, if necessary.

YWCA NORTHEAST INDIANA, INC.
SCHEDULE OF PROGRAM SERVICES EXPENSES
Year Ended December 31, 2018

	Shelter for Victims of Domestic Violence	Hope and Harriett House	Outreach	Racial Justice
Salaries	\$ 491,541	\$ 382,312	\$ 108,475	\$ 16,968
Employee health and retirement benefits	47,794	45,889	11,993	1,780
Payroll taxes	44,787	32,911	10,417	1,392
	<hr/>	<hr/>	<hr/>	<hr/>
Total Salaries and Related Expenses	584,122	461,112	130,885	20,140
Occupancy	98,170	120,070	8,030	385
Client welfare	85,150	60,941	3,135	-
Professional fees	27,012	57,399	6,771	1,134
Equipment expense	17,500	10,596	3,087	432
Travel expense	3,818	6,992	14,613	4
Communications	5,309	5,851	2,591	272
Staff training and meeting	2,184	4,182	561	35
Fund raising	-	-	4,922	-
Supplies and program expense	2,461	2,521	355	37
Printing and publicity	150	876	180	-
Membership dues	476	581	113	14
Postage	702	367	195	15
Miscellaneous	-	169	-	-
Special events	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenses Before Depreciation	827,054	731,657	175,438	22,468
Depreciation	153,394	42,369	2,763	11
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenses	<u>\$ 980,448</u>	<u>\$ 774,026</u>	<u>\$ 178,201</u>	<u>\$ 22,479</u>

See independent auditors' report.

Steps to Success	Education	Dress for Success	REACT	2018
\$ 27,317	\$ 114,719	\$ 19,492	\$ 51,087	\$ 1,211,911
2,692	11,780	240	4,690	126,858
2,183	9,531	1,544	3,549	106,314
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
32,192	136,030	21,276	59,326	1,445,083
664	5,272	5,573	641	238,805
1,222	-	-	-	150,448
1,016	4,548	351	1,358	99,589
490	2,681	100	1	34,887
1,491	4,941	256	876	32,991
332	1,544	462	563	16,924
71	639	141	333	8,146
1,765	-	-	-	6,687
69	313	427	18	6,201
46	1,644	264	46	3,206
44	79	52	312	1,671
9	144	32	-	1,464
-	-	605	-	774
-	25	-	-	25
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
39,411	157,860	29,539	63,474	2,046,901
229	78	-	-	198,844
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<u>\$ 39,640</u>	<u>\$ 157,938</u>	<u>\$ 29,539</u>	<u>\$ 63,474</u>	<u>\$ 2,245,745</u>

YWCA NORTHEAST INDIANA, INC.
SCHEDULE OF PROGRAM SERVICES EXPENSES
Year Ended December 31, 2017

	Shelter for Victims of Domestic Violence	Hope House	Outreach	Racial Justice
Salaries	\$ 415,721	\$ 230,938	\$ 57,905	\$ 31,490
Employee health and retirement benefits	42,664	32,118	8,888	4,017
Payroll taxes	37,116	21,268	6,191	2,464
	<hr/>	<hr/>	<hr/>	<hr/>
Total Salaries and Related Expenses	495,501	284,324	72,984	37,971
Occupancy	99,685	53,615	14,465	840
Professional fees	35,302	50,843	11,518	2,030
Client welfare	56,601	17,194	14	-
Equipment expense	10,873	12,478	2,392	1,305
Travel expense	2,260	1,094	8,653	81
Communications	6,734	4,361	2,163	331
Staff training and meeting	1,792	1,277	116	57
Supplies and program expense	730	1,719	2,652	14
Printing and publicity	1,620	1,179	505	231
Special events	-	-	-	-
Miscellaneous	2,277	143	-	-
Membership dues	616	468	305	18
Postage	681	285	350	8
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenses Before Depreciation	714,672	428,980	116,117	42,886
Depreciation	175,935	5,172	2,766	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenses	<u>\$ 890,607</u>	<u>\$ 434,152</u>	<u>\$ 118,883</u>	<u>\$ 42,886</u>

See independent auditors' report.

Steps to Success	Education	2017
\$ 13,063	\$ 97,388	\$ 846,505
217	11,573	99,477
1,231	8,360	76,630
<hr/>	<hr/>	<hr/>
14,511	117,321	1,022,612
2,480	6,227	177,312
2,045	5,984	107,722
-	-	73,809
615	1,160	28,823
592	4,767	17,447
394	1,231	15,214
7	270	3,519
23	274	5,412
89	1,842	5,466
-	-	-
-	-	2,420
16	77	1,500
37	128	1,489
<hr/>	<hr/>	<hr/>
20,809	139,281	1,462,745
222	-	184,095
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<u>\$ 21,031</u>	<u>\$ 139,281</u>	<u>\$ 1,646,840</u>

YWCA NORTHEAST INDIANA, INC.
SCHEDULE OF GOVERNMENT FUNDS RECEIVED
Year Ended December 31, 2018

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA 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	\$ 54,273
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	93.671	90,561
Social Services Block Grant	93.667	27,750
U.S. Department of Justice: Passed through Indiana Criminal Justice Institute: Crime Victim Assistance	16.575	196,664
Violence Against Women Formal Grants	16.588	22,469
Domestic Violence Prevention and Treatment	N/A	186,156
Indiana Department of Child Services	N/A	<u>353,253</u>
Total Government Funds Received		<u><u>\$ 931,126</u></u>

See independent auditors' report.

