

YWCA NORTHEAST INDIANA, INC.

FINANCIAL STATEMENTS

Year Ended December 31, 2009

With Summarized Information for December 31, 2008

TABLE OF CONTENTS

| | PAGE NO. |
|--------------------------------------------------|-----------------|
| ACCOUNTANTS' REPORT ON FINANCIAL STATEMENTS..... | 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..... | 8 |
| SUPPLEMENTAL FINANCIAL INFORMATION | |
| Schedule of Government Funds Received | 19 |



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INDEPENDENT AUDITOR'S 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, 2009, 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 2008 financial statements and in our report dated May 26, 2009, 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, 2009, 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.

The schedule of government funds received is presented for the purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements, and in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Dulin, Ward & DeWald, Inc.

Fort Wayne, Indiana
April 7, 2010

YWCA NORTHEAST INDIANA, INC.
STATEMENT OF FINANCIAL POSITION
December 31, 2009 with Summarized Information for December 31, 2008

| | 2009 | 2008 |
|--------------------------------------------------------------------|----------------------------|----------------------------|
| ASSETS | | |
| Cash | \$ 54,141 | \$ 78,577 |
| Accounts receivable | 83,986 | 51,714 |
| Pledges receivable - net | 182,145 | 322,911 |
| Prepaid expenses | 5,824 | 3,891 |
| Investments | 2,809,857 | 2,595,833 |
| Beneficial interest | 33,534 | 27,545 |
| Land, buildings and equipment - net of accumulated depreciation | <u>614,638</u> | <u>689,547</u> |
| Total Assets | <u><u>\$ 3,784,125</u></u> | <u><u>\$ 3,770,018</u></u> |
| LIABILITIES AND NET ASSETS | | |
| Lines of credit | \$ - | \$ 47,000 |
| Accounts payable | 36,516 | 46,067 |
| Accrued expenses | 13,271 | 17,323 |
| Mortgage note payable | <u>283,662</u> | <u>296,307</u> |
| Total Liabilities | 333,449 | 406,697 |
| Net Assets: | | |
| Unrestricted | 2,382,196 | 2,329,965 |
| Temporarily restricted | 788,355 | 753,231 |
| Permanently restricted | <u>280,125</u> | <u>280,125</u> |
| Total Net Assets | <u>3,450,676</u> | <u>3,363,321</u> |
| Total Liabilities and Net Assets | <u><u>\$ 3,784,125</u></u> | <u><u>\$ 3,770,018</u></u> |

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

YWCA NORTHEAST INDIANA, INC.
STATEMENT OF ACTIVITIES
Year Ended December 31, 2009 with Summarized
Information for the Year Ended December 31, 2008

| | Unrestricted | 2009 Temporarily Restricted | Permanently Restricted |
|--------------------------------------------------|--------------|-----------------------------------|---------------------------|
| CHANGES IN NET ASSETS | | | |
| Support, Revenues and Gains: | | | |
| Contributions | \$ 219,065 | \$ 304,784 | \$ - |
| United Way | 13,427 | 171,323 | - |
| Government funding - federal | - | 248,398 | - |
| Special events: | | | |
| Proceeds | 149,735 | - | - |
| Less direct benefits to donors | (8,247) | - | - |
| Program service fees | - | - | - |
| Trust and estate distributions | 55,400 | - | - |
| Investment income | 80,848 | 24,104 | - |
| Gain on disposal of land, building and equipment | - | - | - |
| Gain on investments | 304,546 | 105,478 | - |
| Miscellaneous | 1,347 | - | - |
| Net Assets Released From Restrictions: | | | |
| Satisfaction of program requirements | 827,179 | (827,179) | - |
| Satisfaction of time requirements | 125 | (125) | - |
| | <hr/> | <hr/> | <hr/> |
| Total Support, Revenues and Gains | 1,643,425 | 26,783 | - |
| Expenses and Losses: | | | |
| Program services: | | | |
| Shelter for Victims of Domestic Violence | 715,914 | - | - |
| Self-Sufficiency Program | - | - | - |
| Outreach | 306,170 | - | - |
| Racial Justice | 67,500 | - | - |
| Steps to Success | 75,869 | - | - |
| Education | 112,457 | - | - |
| | <hr/> | <hr/> | <hr/> |
| Total Program Services | 1,277,910 | - | - |

(continued)

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

2009
Total

2008
Total

\$ 523,849 \$ 784,010
184,750 200,556
248,398 291,984

149,735 151,104
(8,247) (9,251)

- 3,492
55,400 65,376

104,952 133,097
- 2,380

410,024 -
1,347 1,833

- -
- -

1,670,208 1,624,581

715,914 803,441

- 106,665

306,170 330,961

67,500 49,298

75,869 51,257

112,457 84,932

1,277,910 1,426,554

YWCA NORTHEAST INDIANA, INC.
STATEMENT OF ACTIVITIES
Year Ended December 31, 2009 with Summarized
Information for the Year Ended December 31, 2008

| | | 2009 | |
|--------------------------------------------|---------------------|-----------------------------------|-----------------------------------|
| | Unrestricted | Temporarily Restricted | Permanently Restricted |
| (continued) | | | |
| Supporting services and other: | | | |
| Management and general | \$ 229,960 | \$ 16,636 | \$ - |
| Fundraising | 46,416 | - | - |
| Regional YWCA affiliation dues | 11,931 | - | - |
| Loss on investments | - | - | - |
| Returned grant | - | - | - |
| | <hr/> | <hr/> | <hr/> |
| Total Supporting Services and Other | 288,307 | 16,636 | - |
| | <hr/> | <hr/> | <hr/> |
| Total Expenses and Losses | 1,566,217 | 16,636 | - |
| | <hr/> | <hr/> | <hr/> |
| CHANGE IN NET ASSETS | 77,208 | 10,147 | - |
| TRANSFER | (24,977) | 24,977 | - |
| NET ASSETS - beginning of year | 2,329,965 | 753,231 | 280,125 |
| | <hr/> | <hr/> | <hr/> |
| NET ASSETS - end of year | \$ 2,382,196 | \$ 788,355 | \$ 280,125 |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |

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

**2009
Total**

**2008
Total**

| | |
|------------|------------|
| \$ 246,596 | \$ 235,233 |
| 46,416 | 61,534 |
| 11,931 | 10,907 |
| - | 978,917 |
| - | 50,000 |

| | |
|----------------|------------------|
| <u>304,943</u> | <u>1,336,591</u> |
|----------------|------------------|

| | |
|------------------|------------------|
| <u>1,582,853</u> | <u>2,763,145</u> |
|------------------|------------------|

| | |
|--------|-------------|
| 87,355 | (1,138,564) |
|--------|-------------|

| | |
|---|---|
| - | - |
|---|---|

| | |
|------------------|------------------|
| <u>3,363,321</u> | <u>4,501,885</u> |
|------------------|------------------|

| | |
|----------------------------|----------------------------|
| <u><u>\$ 3,450,676</u></u> | <u><u>\$ 3,363,321</u></u> |
|----------------------------|----------------------------|

YWCA NORTHEAST INDIANA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2009 with Summarized
Financial Information for the Year Ended December 31, 2008

| | Program Services | | | |
|------------------------------------------------|-------------------------------------------------------------|-------------------|---------------------------|-----------------------------|
| | Shelter for Victims of Domestic Violence | Outreach | Racial Justice | Steps to Success |
| Salaries | \$ 465,956 | \$ 215,442 | \$ 43,377 | \$ 48,631 |
| Employee health and retirement benefits | 38,634 | 27,904 | 7,733 | 8,571 |
| Payroll taxes | 42,107 | 17,650 | 3,614 | 3,971 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total Salaries and Related Expenses | 546,697 | 260,996 | 54,724 | 61,173 |
| Professional fees | 24,677 | 9,071 | 1,582 | 4,806 |
| Occupancy | 51,016 | 8,558 | 1,114 | 1,279 |
| Client welfare | 19,841 | 1,205 | - | 4,862 |
| Equipment expense | 9,079 | 3,038 | 898 | 656 |
| Interest expense | - | - | - | - |
| Travel expense | 4,515 | 10,367 | 64 | 1,491 |
| Special events | 4 | - | - | 9 |
| Printing and publicity | 5,434 | 2,941 | 1,657 | 478 |
| Telephone | 6,155 | 2,839 | 393 | 695 |
| Miscellaneous | 562 | 1,071 | 6,738 | - |
| Staff training and meeting | 2,559 | 716 | 230 | 229 |
| Supplies and program expense | 1,678 | 325 | 30 | 47 |
| Postage | 219 | 60 | 3 | 9 |
| Membership dues | 1,057 | 370 | 56 | 128 |
| Property taxes | 76 | 31 | 11 | 7 |
| Bad debt expense | - | - | - | - |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total Expenses Before Depreciation | 673,569 | 301,588 | 67,500 | 75,869 |
| Depreciation | 42,345 | 4,582 | - | - |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total Expenses | <u>\$ 715,914</u> | <u>\$ 306,170</u> | <u>\$ 67,500</u> | <u>\$ 75,869</u> |

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

Supporting Services

Totals

| Education | Management & General | Fund Raising | 2009 | 2008 |
|-------------------|-------------------------------------|-------------------------|---------------------|---------------------|
| \$ 80,991 | \$ 99,068 | \$ 21,887 | \$ 975,352 | \$ 1,019,223 |
| 9,152 | 13,659 | 2,084 | 107,737 | 110,510 |
| 6,748 | 10,382 | 1,931 | 86,403 | 97,446 |
| <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| 96,891 | 123,109 | 25,902 | 1,169,492 | 1,227,179 |
| 1,587 | 41,252 | 3,124 | 86,099 | 94,988 |
| 2,172 | 8,298 | 2,023 | 74,460 | 127,274 |
| - | - | - | 25,908 | 31,266 |
| 1,303 | 6,874 | 1,083 | 22,931 | 19,587 |
| - | 21,679 | - | 21,679 | 21,592 |
| 2,580 | 2,547 | 49 | 21,613 | 22,598 |
| 1,732 | 21 | 10,789 | 12,555 | 25,322 |
| 2,826 | 1,664 | 1,126 | 16,126 | 13,886 |
| 1,570 | 3,475 | 173 | 15,300 | 17,348 |
| - | (183) | - | 8,188 | 1,640 |
| 421 | 3,223 | 135 | 7,513 | 9,384 |
| 1,017 | 2,673 | 1,720 | 7,490 | 9,967 |
| 65 | 2,895 | 121 | 3,372 | 2,352 |
| 282 | 599 | 171 | 2,663 | 3,646 |
| 11 | 488 | - | 624 | 4,337 |
| - | - | - | - | 14,191 |
| <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| 112,457 | 218,614 | 46,416 | 1,496,013 | 1,646,557 |
| - | 27,982 | - | 74,909 | 76,764 |
| <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| <u>\$ 112,457</u> | <u>\$ 246,596</u> | <u>\$ 46,416</u> | <u>\$ 1,570,922</u> | <u>\$ 1,723,321</u> |

YWCA NORTHEAST INDIANA, INC.
STATEMENT OF CASH FLOWS
Year Ended December 31, 2009 with Summarized Information
for the Year Ended December 31, 2008

| | 2009 | 2008 |
|-------------------------------------------------------------------------------------------|------------------|------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Change in net assets | \$ 87,355 | \$ (1,138,564) |
| Adjustments to reconcile change in net assets to cash flows from operating activities: | | |
| Depreciation | 74,909 | 76,764 |
| Net (gain) loss on investments | (410,024) | 978,917 |
| Gain on disposal of land, building and equipment | - | (2,380) |
| Change in beneficial interest | (5,989) | 7,455 |
| Provision for bad debts | - | 14,191 |
| Change in assets and liabilities: | | |
| (Increase) decrease in: | | |
| Accounts receivable | (32,272) | 3,971 |
| Pledges receivable | 140,766 | (99,117) |
| Prepaid expenses | (1,933) | 15,624 |
| Increase (decrease) in: | | |
| Accounts payable | (9,551) | 18,118 |
| Accrued expenses | (4,052) | (36,116) |
| Deferred income | - | (770) |
| | (160,791) | (161,907) |
| Cash Flows From Operating Activities | (160,791) | (161,907) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of investments | (833,820) | (1,222,148) |
| Proceeds from sale of investments | 1,029,820 | 1,407,309 |
| Purchase of land, building and equipment | - | (17,868) |
| Investment in beneficial interest | - | (35,000) |
| | 196,000 | 132,293 |
| Cash Flows From Investing Activities | 196,000 | 132,293 |

(continued)

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

YWCA NORTHEAST INDIANA, INC.
STATEMENT OF CASH FLOWS
Year Ended December 31, 2009 with Summarized Information
for the Year Ended December 31, 2008

| | 2009 | 2008 |
|---------------------------------------------|-------------------------|-------------------------|
| (continued) | | |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Reduction of long-term debt | \$ (12,645) | \$ (11,061) |
| Net increase (decrease) in lines of credit | <u>(47,000)</u> | <u>47,000</u> |
| Cash Flows From Financing Activities | <u>(59,645)</u> | <u>35,939</u> |
| INCREASE (DECREASE) IN CASH | (24,436) | 6,325 |
| CASH - beginning of year | <u>78,577</u> | <u>72,252</u> |
| CASH - end of year | <u><u>\$ 54,141</u></u> | <u><u>\$ 78,577</u></u> |

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

YWCA NORTHEAST INDIANA, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2009

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

On January 1, 2009, the Association adopted FASB ASC 740-10, formerly FIN 48-3, "Accounting for Uncertainty in 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, 2007, 2008 and 2009. 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.

Investments

Investments are reported at fair value. Substantially all of the investments have readily determinable values. Fair values are determined by brokerage statements from reputable brokerage firms.

(continued)

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

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.

Advertising

Advertising costs are charged to operations as incurred.

(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, 2008, 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 7, 2010, the date which the financial statements were available for issue.

2. **PLEDGES RECEIVABLE**

All pledges receivable are due within one year.

The Association has received notification of intentions to give in the amount of \$219,060 from the United Ways of Allen, DeKalb, Huntington and Wells counties. The expected funding is to be used for programs in 2010 and 2011 and has not been recorded as an asset of the Association as of December 31, 2009.

3. **INVESTMENTS**

Investments are summarized as follows:

| | Market | Cost |
|---------------------------|------------------|------------------|
| Other investments: | | |
| Cash and cash equivalents | \$ 133,343 | \$ 133,343 |
| Government obligations | 144,839 | 136,510 |
| Corporate obligations | 147,324 | 137,944 |
| Mutual funds | 13,425 | 13,415 |
| Equities | <u>1,637,484</u> | <u>1,674,235</u> |
| Total other investments | 2,076,415 | 2,095,447 |

(continued)

3. INVESTMENTS (continued)

| | Market | Cost |
|------------------------------------|-------------------------|-------------------------|
| Restricted for endowment: | | |
| Cash and cash equivalents | \$ 40,485 | \$ 40,485 |
| Government obligations | 26,679 | 25,225 |
| Corporate obligations | 101,221 | 94,982 |
| Mutual funds | 66,294 | 65,013 |
| Equities | 468,637 | 438,409 |
| Other investments | <u>30,126</u> | <u>35,628</u> |
| Total restricted for endowment | <u>733,442</u> | <u>699,742</u> |
| Total investments | <u>\$ 2,809,857</u> | <u>\$ 2,795,189</u> |

4. BENEFICIAL INTEREST

The beneficial interest totaling \$33,534 at December 31, 2009 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 Foundation.

Additionally, the Community Foundation of Greater Fort Wayne holds investment assets, with a value of \$3,202, for the benefit of the Association for which the Foundation has retained variance power. These assets are not recorded as assets of the Association.

5. FAIR VALUE OF FINANCIAL INSTRUMENTS

Assets measured at fair value on a recurring basis are comprised of the following:

| | |
|---------------------|---------------------|
| Investments | \$ 2,809,857 |
| Beneficial interest | <u>33,534</u> |
| | <u>\$ 2,843,391</u> |

(continued)

5. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

Fair value was determined as follows:

| | Quoted Prices in Active Markets | Unobservable Inputs |
|---------------------|------------------------------------|------------------------|
| Investments | \$ 2,809,857 | \$ - |
| Beneficial interest | <u>-</u> | <u>33,534</u> |
| | <u>\$ 2,809,857</u> | <u>\$ 33,534</u> |

For all investments, fair value is determined by reference to quoted market prices and other relevant information generated by market transactions. The fair value of beneficial interest in assets held by the Community Foundations is based upon the Association's proportionate share of the Community Foundations' pooled investments portfolio. The Association's management reviews the valuations and returns in comparison to industry benchmarks and other information provided by the Foundations.

Following is a reconciliation of activity for assets measured at fair value based on significant unobservable inputs for the year ending December 31, 2009:

| | |
|----------------------------------------------|------------------|
| Beginning balance - January 1, 2009 | \$ 27,545 |
| Contributions to fund | - |
| Total gains and losses included in earnings: | |
| Interest and dividends | 837 |
| Unrealized gain | 5,535 |
| Realized gain | 55 |
| Investment fees | <u>(438)</u> |
| Ending balance - December 31, 2009 | <u>\$ 33,534</u> |

6. LAND, BUILDINGS AND EQUIPMENT

Land, buildings and equipment consist of the following:

| | |
|-------------------------------------|-------------------|
| Land | \$ 86,903 |
| Buildings and building improvements | 1,151,092 |
| Equipment | <u>295,548</u> |
| | 1,533,543 |
| Accumulated depreciation | <u>918,905</u> |
| | <u>\$ 614,638</u> |

7. LINES 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 prime rate (3.25% as of December 31, 2009). The authorization is secured by real estate. No amount was outstanding as of December 31, 2009.

The Association also has \$500,000 of non-revolving credit authorizations with UBS Financial Services, to be drawn upon as needed, bearing interest at a variable rate. The authorization is secured by investments. No amounts were drawn on this authorization as of December 31, 2009.

The amount of interest charged to operations was \$2,997 in 2009.

8. MORTGAGE NOTE PAYABLE

The mortgage note payable in the amount of \$283,662 at December 31, 2009 is due to First Source Bank in monthly installments of \$2,625, including interest at 6.4%. The note is due May 2013 and is secured by real estate.

Maturities on the mortgage note payable are as follows:

| | | |
|------|----|---------|
| 2010 | \$ | 13,778 |
| 2011 | \$ | 14,686 |
| 2012 | \$ | 15,654 |
| 2013 | \$ | 239,544 |

The amount of interest charged to operations was \$18,682 in 2009.

9. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are restricted for the following purposes:

| | | |
|-------------------|----|----------------|
| Shelter | \$ | 48,038 |
| Domestic violence | | 100,000 |
| Outreach program | | 50,000 |
| Future periods | | 127,000 |
| Other | | 10,000 |
| Endowment | | <u>453,317</u> |
| | \$ | <u>788,355</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. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Directors of 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 Organization 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 Organization 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)

10. ENDOWMENT (continued)

Endowment Net Asset Composition by Type of Fund as of December 31, 2009

| | Donor Restricted Endowment |
|------------------------|---------------------------------------|
| Unrestricted | \$ - |
| Temporarily restricted | 453,317 |
| Permanently restricted | <u>280,125</u> |
| Total funds | <u>\$ 733,442</u> |

Changes in Endowment Net Assets for the Year Ended December 31, 2009

| | Unrestricted | Temporarily Restricted | Permanently Restricted | Total |
|------------------------------------------------------|--------------|---------------------------|---------------------------|-------------------|
| Endowment net assets - beginning of year | \$ (190,287) | \$ 315,393 | \$ 280,125 | \$ 405,231 |
| Repayment of borrowed endowment funds | 190,287 | 24,978 | - | 215,265 |
| Investment return: | | | | |
| Investment income | - | 24,104 | - | 24,104 |
| Net appreciation (realized and unrealized) | - | 105,478 | - | 105,478 |
| Fees | <u>-</u> | <u>(4,668)</u> | <u>-</u> | <u>(4,668)</u> |
| Total investment return | - | 124,914 | - | 124,914 |
| Appropriation of endowment assets for expenditure | <u>-</u> | <u>(11,968)</u> | <u>-</u> | <u>(11,968)</u> |
| Endowment net assets - end of year | <u>\$ -</u> | <u>\$ 453,317</u> | <u>\$ 280,125</u> | <u>\$ 733,442</u> |

(continued)

10. ENDOWMENT (continued)

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 | \$ 453,317 |
|------------------------------|------------|

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 Organization's needs over the long term; produce sufficient income to meet the needs of the Organization; 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 Organization considered the long-term expected return on its endowment.

11. RETIREMENT PLAN

The Association sponsors a cash balance defined benefit plan 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. Retirement benefit expense was \$48,012 for 2009.

12. RENTAL EXPENSE UNDER OPERATING LEASES

The Association leases office equipment under an operating leases expiring in 2013. Total rental expense for the year ended December 31, 2009 was \$7,080.

Minimum future rental payments under noncancelable operating leases having initial or remaining terms in excess of one year as of December 31, 2009 for each of the next five years and in the aggregate are:

| | | |
|---------------------|----|---------------|
| 2010 | \$ | 7,080 |
| 2011 | | 7,080 |
| 2012 | | 7,080 |
| 2013 | | 7,080 |
| 2014 and thereafter | | <u>-</u> |
| | \$ | <u>28,320</u> |

Additionally, the Organization rents office equipment on a month-to-month basis. Total rental expense under cancelable operating leases was \$240 for 2009.

13. CREDIT RISK AND CONCENTRATIONS

The Association receives a significant amount of its public support from the federal government. 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 \$21,736 in 2009.

15. IN-KIND CONTRIBUTIONS

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

Program services:

| | | |
|------------------------------------|----|-------|
| In-kind donation of facility space | \$ | 5,931 |
| In-kind donation of training | | 800 |

Management and general:

| | | |
|---------------------------------------|--|-----|
| In-kind donation of printing | | 42 |
| In-kind donation of training supplies | | 136 |

Fundraising:

| | | |
|-------------------------------|--|------------|
| In-kind professional services | | 3,400 |
| In-kind publicity | | 3,280 |
| In-kind supplies | | <u>506</u> |

\$ 14,095

YWCA NORTHEAST INDIANA, INC.
SCHEDULE OF GOVERNMENT FUNDS RECEIVED
Year Ended December 31, 2009

| 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: Emergency Shelter Grants Program | 14.231 | N/A | \$ 13,965 |
| Passed through Indiana Housing and Community Development Authority: Emergency Shelter Grants Program | 14.231 | ES-008-086 ES-009-083 | 18,155 |
| U.S. Department of Health and Human Services: Passed through Indiana Family and Social Services Administration: Family Violence Prevention and Services Grants for Battered Women's Shelter | 93.671 | F1-7-02-07-0T-0552 | 40,878 |
| Social Services Block Grant | 93.667 | F1-7-02-07-5B-0552 | 26,355 |
| Passed through Indiana Criminal Justice Institute: Family Violence Prevention and Services Grants for Battered Women's Shelter | 93.671 | D3-10-4844 | 17,499 |
| Social Services Block Grant | 93.667 | F1-0-02-10-5B-0552 | 40,490 |
| U.S. Department of Justice: Passed through Indiana Criminal Justice Institute: Crime Victim Assistance | 16.575 | 08-VA-010 & 09-VA-010 | 34,391 |
| Violence Against Women Formal Grants | 16.588 | 08-ST-036 & 09-ST-038 | 22,562 |
| Indiana Family and Social Services Administration: Domestic Violence Prevention and Treatment | N/A | F1-7-02-07-0F-0552 | 15,175 |
| Indiana Criminal Justice Institute: Domestic Violence Prevention and Treatment | N/A | F1-0-02-10-0F-0552 | <u>18,928</u> |
| Total Government Funds Received | | | <u><u>\$ 248,398</u></u> |

See accountants' report.