

YWCA NORTHEAST INDIANA, INC.

FINANCIAL STATEMENTS

Years Ended December 31, 2016 and 2015

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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, 2016 and 2015, 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.

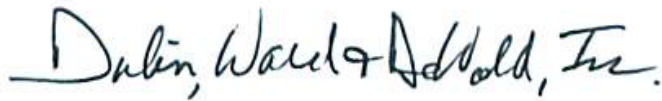
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in conformity 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 government funds received on page 25 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 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 cursive script that reads "Dublin, Ward & Adbold, Inc.".

Fort Wayne, Indiana
April 14, 2017

YWCA NORTHEAST INDIANA, INC.
STATEMENTS OF FINANCIAL POSITION
December 31, 2016 and 2015

	2016	2015
ASSETS		
Cash and cash equivalents	\$ 388,302	\$ 500,177
Claims receivable	165,298	194,974
Pledges receivable	222,135	344,230
Pledges receivable - capital campaign - net	1,051,927	1,029,054
Prepaid expenses	14,422	12,692
Investments	2,625,510	3,466,078
Land and building held for sale	260,838	-
Beneficial interest	69,127	66,181
Cash restricted for investment in land, buildings and equipment	8,431	222,614
Land, buildings and equipment - net of accumulated depreciation	<u>3,609,648</u>	<u>920,874</u>
Total Assets	<u>\$ 8,415,638</u>	<u>\$ 6,756,874</u>
LIABILITIES AND NET ASSETS		
Accounts payable	\$ 38,542	\$ 179,526
Accrued expenses	112,348	97,028
Note payable	<u>211,021</u>	<u>-</u>
Total Liabilities	361,911	276,554
Net Assets:		
Unrestricted	7,015,783	3,096,612
Board designated	<u>-</u>	<u>1,000,000</u>
Total unrestricted	7,015,783	4,096,612
Temporarily restricted	743,888	2,089,652
Permanently restricted	<u>294,056</u>	<u>294,056</u>
Total Net Assets	<u>8,053,727</u>	<u>6,480,320</u>
Total Liabilities and Net Assets	<u>\$ 8,415,638</u>	<u>\$ 6,756,874</u>

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

YWCA NORTHEAST INDIANA, INC.
STATEMENTS OF ACTIVITIES
Year Ended December 31, 2016 and 2015

	2016			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
CHANGES IN NET ASSETS				
Support, Revenues and Gains:				
Contributions	\$ 360,793	\$ 1,864,137	\$ -	\$ 2,224,930
United Way	14,098	191,178	-	205,276
Government funding - federal	608,284	-	-	608,284
Special events:				
Proceeds	130,974	-	-	130,974
Less direct benefits to donors	(25,235)	-	-	(25,235)
Program service fees	47,805	-	-	47,805
Trust and estate distributions	60,492	-	-	60,492
Investment income	65,052	18,196	-	83,248
Gain on disposal of equipment	4	-	-	4
Gain on investments	87,796	25,809	-	113,605
Miscellaneous	20,021	-	-	20,021
Net Assets Released From Restrictions:				
Satisfaction of purpose requirements	3,321,558	(3,321,558)	-	-
Satisfaction of time requirements	123,526	(123,526)	-	-
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Total Support, Revenues and Gains	4,815,168	(1,345,764)	-	3,469,404
Expenses and Losses:				
Program services:				
Shelter for Victims of Domestic				
Violence	649,745	-	-	649,745
Hope House	506,272	-	-	506,272
Outreach	164,562	-	-	164,562
Racial Justice	28,445	-	-	28,445
Steps to Success	30,434	-	-	30,434
Education	87,348	-	-	87,348
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Total Program Services	1,466,806	-	-	1,466,806

(continued)

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

2015

Unrestricted	Temporarily Restricted	Permanently Restricted	Total
\$ 240,270	\$ 1,719,804	\$ -	\$ 1,960,074
6,279	198,573	-	204,852
509,971	-	-	509,971
156,834	-	-	156,834
(20,345)	-	-	(20,345)
22,818	-	-	22,818
65,250	-	-	65,250
80,239	20,460	-	100,699
400	-	-	400
-	-	-	-
9,591	-	-	9,591
678,422	(678,422)	-	-
130,000	(130,000)	-	-
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1,879,729	1,130,415	-	3,010,144
700,121	-	-	700,121
260,531	-	-	260,531
253,425	-	-	253,425
14,168	-	-	14,168
34,077	-	-	34,077
94,306	-	-	94,306
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1,356,628	-	-	1,356,628

YWCA NORTHEAST INDIANA, INC.
STATEMENTS OF ACTIVITIES
Year Ended December 31, 2016 and 2015

	2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Supporting Services and Other:				
Management and general	\$ 263,999	\$ -	\$ -	\$ 263,999
Fundraising	157,489	-	-	157,489
Regional YWCA affiliation dues	7,703	-	-	7,703
Loss on investments	-	-	-	-
Total Supporting Services and Other	429,191	-	-	429,191
Total Expenses and Losses	1,895,997	-	-	1,895,997
 CHANGE IN NET ASSETS BEFORE ACQUISITION	 2,919,171	 (1,345,764)	 -	 1,573,407
 CONTRIBUTION RECEIVED IN ACQUISITION OF HOPE HOUSE, INC.	 -	 -	 -	 -
CHANGE IN NET ASSETS	2,919,171	(1,345,764)	-	1,573,407
NET ASSETS - beginning of year	4,096,612	2,089,652	294,056	6,480,320
NET ASSETS - end of year	\$ 7,015,783	\$ 743,888	\$ 294,056	\$ 8,053,727

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

2015

Unrestricted	Temporarily Restricted	Permanently Restricted	Total
\$ 240,584	\$ -	\$ -	\$ 240,584
88,521	-	-	88,521
8,410	-	-	8,410
<u>84,537</u>	<u>38,568</u>	<u>-</u>	<u>123,105</u>
<u>422,052</u>	<u>38,568</u>	<u>-</u>	<u>460,620</u>
<u>1,778,680</u>	<u>38,568</u>	<u>-</u>	<u>1,817,248</u>
101,049	1,091,847	-	1,192,896
<u>448,909</u>	<u>27,230</u>	<u>13,931</u>	<u>490,070</u>
549,958	1,119,077	13,931	1,682,966
<u>3,546,654</u>	<u>970,575</u>	<u>280,125</u>	<u>4,797,354</u>
<u>\$ 4,096,612</u>	<u>\$ 2,089,652</u>	<u>\$ 294,056</u>	<u>\$ 6,480,320</u>

YWCA NORTHEAST INDIANA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2016

	Program Services			
	Shelter for Victims of Domestic Violence	Hope House	Outreach	Racial Justice
Salaries	\$ 346,449	\$ 324,336	\$ 94,000	\$ 22,113
Employee health and retirement benefits	31,687	47,843	12,688	2,916
Payroll taxes	<u>30,333</u>	<u>27,072</u>	<u>8,662</u>	<u>1,720</u>
Total Salaries and Related Expenses	408,469	399,251	115,350	26,749
Occupancy	72,959	32,374	16,250	802
Professional fees	23,078	24,195	8,494	614
Client welfare	66,326	18,599	3,427	-
Equipment expense	7,832	6,951	3,149	193
Travel expense	3,031	1,259	10,337	4
Capital campaign	-	-	-	-
Telephone	4,827	6,088	2,348	26
Printing and publicity	1,550	831	1,066	7
Supplies and program expense	765	3,459	385	7
Marketing	-	-	-	-
Staff training and meeting	438	350	394	6
Postage	1,496	51	536	23
Membership dues	540	1,034	272	14
Interest expense	-	-	-	-
Miscellaneous	<u>19</u>	<u>188</u>	<u>3</u>	<u>-</u>
Total Expenses Before Depreciation	591,330	494,630	162,011	28,445
Depreciation	<u>58,415</u>	<u>11,642</u>	<u>2,551</u>	<u>-</u>
Total Expenses	<u><u>\$ 649,745</u></u>	<u><u>\$ 506,272</u></u>	<u><u>\$ 164,562</u></u>	<u><u>\$ 28,445</u></u>

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

Supporting Services

Steps to Success	Education	Management & General	Fund Raising	2016
\$ 20,768	\$ 57,287	\$ 146,112	\$ 95,791	\$ 1,106,856
308	7,265	16,911	7,843	127,461
1,704	5,071	11,970	7,706	94,238
22,780	69,623	174,993	111,340	1,328,555
3,692	5,182	8,830	2,284	142,373
1,119	3,388	21,958	17,221	100,067
185	485	35	-	89,057
915	1,376	5,554	403	26,373
1,000	4,568	2,439	151	22,789
-	-	-	21,000	21,000
172	415	2,039	198	16,113
168	1,860	4,435	3,199	13,116
21	112	1,845	162	6,756
-	-	6,013	-	6,013
4	44	4,560	79	5,875
138	182	1,377	513	4,316
18	113	896	48	2,935
-	-	19	882	901
-	-	631	9	850
30,212	87,348	235,624	157,489	1,787,089
222	-	28,375	-	101,205
<u>\$ 30,434</u>	<u>\$ 87,348</u>	<u>\$ 263,999</u>	<u>\$ 157,489</u>	<u>\$ 1,888,294</u>

YWCA NORTHEAST INDIANA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2015

	Program Services			
	Shelter for Victims of Domestic Violence	Hope House	Outreach	Racial Justice
Salaries	\$ 407,304	\$ 164,191	\$ 161,627	\$ 10,115
Employee health and retirement benefits	36,987	20,828	16,425	1,207
Payroll taxes	40,048	11,604	15,152	867
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Total Salaries and Related Expenses	484,339	196,623	193,204	12,189
Professional fees	39,896	15,593	13,211	746
Occupancy	59,807	23,916	17,713	774
Client welfare	50,296	10,566	3,950	-
Capital campaign	-	-	-	-
Travel expense	5,829	847	13,160	-
Equipment expense	7,578	1,539	3,499	363
Printing and publicity	5,230	233	2,239	40
Telephone	4,759	3,615	2,353	-
Staff training and meeting	1,528	40	-	-
Supplies and program expense	1,029	2,036	371	19
Membership dues	816	593	507	19
Miscellaneous	33	-	38	-
Postage	1,031	26	371	18
Marketing	-	-	-	-
Income tax	-	235	-	-
Special events	81	-	66	-
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Total Expenses Before Depreciation	662,252	255,862	250,682	14,168
Depreciation	37,869	4,669	2,743	-
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Total Expenses	<u>\$ 700,121</u>	<u>\$ 260,531</u>	<u>\$ 253,425</u>	<u>\$ 14,168</u>

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

Supporting Services

Steps to Success	Education	Management & General	Fund Raising	2015
\$ 16,658	\$ 60,430	\$ 111,328	\$ 28,565	\$ 960,218
2,002	7,904	13,106	2,365	100,824
<u>2,230</u>	<u>5,806</u>	<u>8,174</u>	<u>2,732</u>	<u>86,613</u>
20,890	74,140	132,608	33,662	1,147,655
3,844	4,603	47,998	11,027	136,918
4,498	5,142	10,151	1,896	123,897
244	102	-	1,350	66,508
-	-	-	36,000	36,000
2,293	4,182	2,038	236	28,585
819	864	4,634	836	20,132
482	3,842	1,369	1,752	15,187
189	538	2,161	188	13,803
279	391	5,260	872	8,370
75	189	986	533	5,238
76	178	930	40	3,159
-	-	2,502	-	2,573
101	120	424	101	2,192
-	-	968	-	968
-	-	-	-	235
<u>13</u>	<u>15</u>	<u>-</u>	<u>28</u>	<u>203</u>
33,803	94,306	212,029	88,521	1,611,623
<u>274</u>	<u>-</u>	<u>28,555</u>	<u>-</u>	<u>74,110</u>
<u>\$ 34,077</u>	<u>\$ 94,306</u>	<u>\$ 240,584</u>	<u>\$ 88,521</u>	<u>\$ 1,685,733</u>

YWCA NORTHEAST INDIANA, INC.
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2016 and 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 1,573,407	\$ 1,682,966
Adjustments to reconcile change in net assets to cash flows from operating activities:		
Depreciation	101,205	74,110
Increase (decrease) in present value discount	(8,906)	3,186
Reinvested investment income - net fees	(61,580)	(74,149)
Reinvested beneficial interest income - net fees	(559)	(1,005)
Net (gain) loss on investments	(113,605)	123,105
(Gain) loss on disposal of equipment	(4)	(400)
Cash contributions restricted for investment in land, building and equipment	(616,667)	(220,288)
Pledges restricted for investment in land, building and equipment	(918,419)	(1,098,751)
Contribution received in acquisition of Hope House, Inc.	-	(490,070)
Change in assets and liabilities:		
(Increase) decrease in:		
Claims receivable	29,676	(144,272)
Pledges receivable	122,095	89,301
Prepaid expenses	(1,730)	4,677
Increase (decrease) in:		
Accounts payable	(140,984)	153,501
Accrued expenses	15,320	21,020
	(20,751)	122,931
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	1,013,366	23,026
Change in cash restricted for investment in land, building and equipment	214,183	(159,118)
Purchase of land, building and equipment	(3,050,813)	(236,021)
Cash received in acquisition of Hope House, Inc.	-	256,400
Proceeds from sale of equipment	-	400
	(1,823,264)	(115,313)

(continued)

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

YWCA NORTHEAST INDIANA, INC.
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2016 and 2015

	2016	2015
(continued)		
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from note payable	\$ 211,021	\$ -
Collection of pledges restricted for investment in land, building and equipment	904,452	131,143
Cash contributions restricted for investment in land, building and equipment	<u>616,667</u>	<u>220,288</u>
Cash Flows From Financing Activities	<u>1,732,140</u>	<u>351,431</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(111,875)	359,049
CASH AND CASH EQUIVALENTS - beginning of year	<u>500,177</u>	<u>141,128</u>
CASH AND CASH EQUIVALENTS - end of year	<u><u>\$ 388,302</u></u>	<u><u>\$ 500,177</u></u>

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

YWCA NORTHEAST INDIANA, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015

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 qualifies for the 50% charitable contributions deduction limitation. The YWCA has been classified as an organization that is not a private foundation under Section 509(a) of the Internal Revenue Code.

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 managements 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.

(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.

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.

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.

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. It is not the YWCA'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.

Subsequent Events

Management has evaluated subsequent events through April 14, 2017, the date which the financial statements were available for issue.

2. PLEDGES RECEIVABLE

Pledges receivable as of December 31 consist of the following:

	2016	2015
Pledges receivable	\$ 1,293,300	\$ 1,412,586
Less allowance for uncollectible pledges	6,058	17,216
Less unamortized present value discount (2.61%-3.32%)	<u>13,180</u>	<u>22,086</u>
Net pledges receivable	<u>\$ 1,274,062</u>	<u>\$ 1,373,284</u>
Amounts due in:		
Less than one year	\$ 996,284	\$ 1,017,981
One to five years	297,016	394,605
More than five years	<u>-</u>	<u>-</u>
	<u>\$ 1,293,300</u>	<u>\$ 1,412,586</u>

The YWCA has received notification of intentions to give in the amount of \$72,183 from the United Ways of Allen, DeKalb, Huntington, Noble, Wells and Whitley counties. The expected funding is to be used for programs in 2017 and has not been recorded as an asset of the YWCA as of December 31, 2016.

3. LAND, BUILDINGS AND EQUIPMENT

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

	2016	2015
Land	\$ 54,665	\$ 101,003
Buildings and building improvements	4,023,915	1,365,227
Equipment	<u>586,373</u>	<u>456,272</u>
	4,664,953	1,922,502
Accumulated depreciation	<u>1,141,948</u>	<u>1,212,798</u>
	3,523,005	709,704
Construction in process	<u>86,643</u>	<u>211,170</u>
	<u>\$ 3,609,648</u>	<u>\$ 920,874</u>

4. INVESTMENTS

Investments at December 31 are summarized as follows:

	2016	2015
Fixed income	\$ 796,277	\$ 1,064,235
Equities	1,645,363	2,207,588
Other	69,232	49,705
Real estate funds	<u>30,070</u>	<u>49,519</u>
	2,540,942	3,371,047
Cash and cash equivalents	<u>84,568</u>	<u>95,031</u>
	<u>\$ 2,625,510</u>	<u>\$ 3,466,078</u>

5. BENEFICIAL INTEREST

The beneficial interest totaling \$69,127 at December 31, 2016 and \$66,181 at December 31, 2015 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.

Additionally, the Community Foundation of Greater Fort Wayne holds investment assets, with a value of \$31,172 at December 31, 2016 and \$29,684 at December 31, 2015, 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.

(continued)

6. FAIR VALUE MEASUREMENT (continued)

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, 2016 are as follows:

	Level 1	Level 3
Investments:		
Fixed income:		
Government obligations	\$ 20,633	\$ -
Corporate obligations	23,638	-
Domestic mutual funds	32,779	-
International mutual funds	25,924	-
Exchange - traded funds	132,548	-
Mutual funds - fixed income	560,755	-
Equities:		
Consumer discretionary	105,496	-
Consumer staples	51,762	-
Energy	42,140	-
Financials	131,453	-
Health care	98,704	-
Industrials	97,940	-
Information technology	145,328	-
Materials	19,725	-
Real estate	13,057	-
Telecommunications services	12,544	-
Utilities	18,370	-
International equities	21,909	-
Domestic mutual funds	66,486	-
International mutual funds	47,112	-
Exchange - traded funds	402,687	-
Mutual funds - equity	370,650	-
Other	69,232	-
Real estate funds	30,070	-
Beneficial interest	<u>-</u>	<u>69,127</u>
	<u>\$ 2,540,942</u>	<u>\$ 69,127</u>

(continued)

6. FAIR VALUE MEASUREMENT (continued)

Fair value of assets and liabilities measured on a recurring basis at December 31, 2015 are as follows:

	Level 1	Level 3
Investments:		
Fixed income:		
Government obligations	\$ 19,765	\$ -
Corporate obligations	20,796	-
Domestic mutual funds	16,039	-
International mutual funds	17,154	-
Exchange - traded funds	173,610	-
Mutual funds - fixed income	816,871	-
Equities:		
Consumer discretionary	186,724	-
Consumer staples	99,069	-
Energy	49,026	-
Financials	199,775	-
Health care	159,302	-
Industrials	164,013	-
Information technology	217,038	-
Materials	48,340	-
Telecommunications services	19,412	-
Utilities	27,934	-
International equities	17,780	-
Domestic mutual funds	64,640	-
International mutual funds	76,539	-
Exchange - traded funds	378,684	-
Mutual funds - equity	499,312	-
Complementary strategies	49,705	-
Real estate funds	49,519	-
Beneficial interest	<u>-</u>	<u>66,181</u>
	<u>\$ 3,371,047</u>	<u>\$ 66,181</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	
	2016	2015
Balance – beginning of year	\$ 66,181	\$ 46,733
Acquisition of Hope House	-	22,277
Contributions	-	-
Total gains and losses included in earnings:		
Interest and dividends	1,443	1,849
Unrealized gain/(loss)	2,948	(3,658)
Realized gain/(loss)	(561)	(176)
Investment fees	<u>(884)</u>	<u>(844)</u>
	2,946	(2,829)
Disbursements	<u>-</u>	<u>-</u>
Balance – end of year	<u>\$ 69,127</u>	<u>\$ 66,181</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% (4.0% at December 31, 2016). The authorization is secured by real estate. No amount was outstanding as of December 31, 2016 and 2015.

8. NOTE PAYABLE

The YWCA has a \$2,500,000 bridge financing arrangement with 1st Source Bank to be drawn upon as needed to provide construction funding for a capital improvement project until campaign pledges are collected. The note is payable in monthly interest only installments and quarterly paydowns from the collection of pledges, bears interest at .25% above prime (4.0% at December 31, 2016) and is secured by capital campaign pledges. Draws on the bridge financing arrangement totaled \$211,021 at December 31, 2016. Capital campaign pledges totaled \$1,051,927 at December 31, 2016.

Interest charged to operations from the bridge financing arrangement totaled \$901 for 2016.

9. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are restricted for the following purposes:

	2016	2015
Future period operations	\$ 130,000	\$ 253,526
Shelter and domestic violence	188,833	217,854
Capital improvements	-	1,217,324
Equipment purchases	8,431	8,431
Unappropriated endowment earnings	<u>416,624</u>	<u>392,517</u>
	<u>\$ 743,888</u>	<u>\$ 2,089,652</u>

Unrestricted net assets in the amount of \$1,000,000 at December 31, 2015 have been designated by the Board of Directors for capital improvements as part of an ongoing capital campaign.

10. 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 \$48,973 for 2016 and \$37,724 for 2015.

11. ADVERTISING COSTS

Advertising costs are charged to operations when incurred. The cost of advertising charged to operations was \$75 in 2016 and \$5,500 in 2015.

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 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 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	
	2016	2015
Unrestricted	\$ 7,997	\$ 7,195
Temporarily restricted	416,624	392,517
Permanently restricted	<u>294,056</u>	<u>294,056</u>
 Total funds	 <u>\$ 718,677</u>	 <u>\$ 693,768</u>

Changes in Endowment Net Assets for the Year Ended December 31, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets - beginning of year	\$ 7,195	\$ 392,517	\$ 294,056	\$ 693,768
Investment return:				
Investment income	549	18,196	-	18,745
Net appreciation (realized and unrealized)	408	25,809	-	26,217
Fees	<u>(155)</u>	<u>(5,871)</u>	<u>-</u>	<u>(6,026)</u>
Total investment return	802	38,134	-	38,936
Appropriation of endowment assets for expenditure	<u>-</u>	<u>14,027</u>	<u>-</u>	<u>14,027</u>
Endowment net assets - end of year	<u>\$ 7,997</u>	<u>\$ 416,624</u>	<u>\$ 294,056</u>	<u>\$ 718,677</u>

(continued)

12. **ENDOWMENT** (continued)

Changes in Endowment Net Assets for the Year Ended December 31, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets - beginning of year	\$ -	\$ 440,979	\$ 280,125	\$ 721,104
Acquisition of Hope House	8,346	-	13,931	22,277
Investment return:				
Investment income	507	20,460	-	20,967
Net depreciation (realized and unrealized)	(1,565)	(38,568)	-	(40,133)
Fees	<u>(93)</u>	<u>(7,328)</u>	<u>-</u>	<u>(7,421)</u>
Total investment return	(1,151)	(25,436)	-	(26,587)
Appropriation of endowment assets for expenditure	<u>-</u>	<u>23,026</u>	<u>-</u>	<u>23,026</u>
Endowment net assets - end of year	<u>\$ 7,195</u>	<u>\$ 392,517</u>	<u>\$ 294,056</u>	<u>\$ 693,768</u>

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

Permanently Restricted Net Assets	2016	2015
The portion of perpetual endowment funds that is required to be retained permanently either by explicit donor stipulation or by UPMIFA	\$ 294,056	\$ 294,056
Temporarily Restricted Net Assets		
The portion of perpetual endowment funds subject to a time restriction under UPMIFA:		
Without purpose restrictions	\$ 416,624	\$ 392,517

(continued)

12. ENDOWMENT (continued)

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; 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. RENTAL EXPENSE UNDER OPERATING LEASES

The YWCA leases office equipment under an operating lease expiring in 2017. Total rental expense was \$3,984 for the year ended December 31, 2016 and \$4,671 for the year ended December 31, 2015.

Minimum future rental payments under noncancelable operating leases having initial or remaining terms in excess of one year as of December 31, 2016 for each of the next five years and in the aggregate are:

2017	\$	3,320
2018 and thereafter		<u>-</u>
	\$	<u>3,320</u>

(continued)

13. RENTAL EXPENSE UNDER OPERATING LEASES (continued)

Additionally, the YWCA rents office equipment on a month-to-month basis. Total rental expense under cancelable operating leases was \$780 for 2016 and \$420 for 2015.

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, 2016, deposits in excess of the insured amount totaled \$360,834.

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. In the next 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. STATEMENT OF CASH FLOWS SUPPLEMENTAL DISCLOSURES

Cash used in operating activities includes income taxes paid of \$235 in 2015.

Cash used in operating activities includes interest paid of \$901 in 2016.

Noncash investing and financing activities for 2015 include receipt of non-cash assets and liabilities from the acquisition of Hope House, Inc. as follows:

Pledges receivable	\$	51,281
Prepaid expenses		3,878
Beneficial interest		22,277
Land, building and equipment		166,365
Accounts payable		(4,339)
Accrued liabilities		<u>(5,792)</u>
	\$	<u>233,670</u>

16. IN-KIND CONTRIBUTIONS

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

	2016	2015
Program services:		
Client welfare	\$ 8,860	\$ 4,618
Occupancy	4,900	5,735
Printing and publicity	-	5,490
Management and general:		
Client welfare	-	250
Fundraising:		
Client welfare	-	1,350
Occupancy	-	25
Direct benefit	<u>-</u>	<u>5,260</u>
	<u>\$ 13,760</u>	<u>\$ 22,728</u>

17. ACQUISITION OF HOPE HOUSE, INC.

On July 1, 2015 the YWCA acquired Hope House, Inc. (a nonprofit organization). The YWCA's acquisition of Hope House was the result of both organizations recognition of their similarity of missions and the clients which they serve. As a result of this acquisition, the YWCA recognized assets at their fair market value and assumed related liabilities. The fair market value of assets acquired was \$500,201 and liabilities assumed was \$10,131. The excess of assets acquired over liabilities assumed of \$490,070 was recorded as a contribution in the statement of activities. Donor restrictions on the use of assets received as part of this contribution include temporary restrictions of \$27,230 for the operations of Hope House and permanent restrictions of \$13,931 for endowment.

18. COMMITMENTS

The YWCA has entered into a construction contract in the amount of \$3,547,046 with an unrelated party for the construction or rehabilitation of real property. Payments on the contract as of December 31, 2016 totaled \$3,343,722.

YWCA NORTHEAST INDIANA, INC.
SCHEDULE OF GOVERNMENT FUNDS RECEIVED
Year Ended December 31, 2016

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Revenue Recognized
U.S. Department of Housing and Urban Development: Continuum of Care Program	14.267	\$ 15,154
Passed through Indiana Housing and Community Development Authority: Emergency Shelter Grants Program	14.231	60,186
Passed through City of Fort Wayne: Community Development Block Grant	14.228	22,084
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	71,821
Social Services Block Grant	93.667	29,971
U.S. Department of Justice: Passed through Indiana Criminal Justice Institute: Crime Victim Assistance	16.575	123,341
Violence Against Women Formal Grants	16.588	15,269
Domestic Violence Prevention and Treatment	N/A	191,192
Indiana Department of Child Services	N/A	<u>79,266</u>
Total Government Funds Received		<u><u>\$ 608,284</u></u>

See independent auditors' report.

