

**YWCA WEST CENTRAL MICHIGAN**

*FINANCIAL STATEMENTS*

*Years Ended September 30, 2014 and 2013*

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## INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS

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Board of Directors  
YWCA West Central Michigan  
Grand Rapids, Michigan

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of YWCA West Central Michigan which comprise the statements of financial position as of September 30, 2014 and 2013, and the related statements of activities and changes in net assets, 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 control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's 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 and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from 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 auditor's 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 the YWCA West Central Michigan as of September 30, 2014 and 2013, 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 Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated December 17, 2014, on our consideration of the YWCA West Central Michigan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the YWCA of West Central Michigan's internal control over financial reporting and compliance.

*Beene Garter LLP*

December 17, 2014  
Grand Rapids, Michigan

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**FINANCIAL STATEMENTS**

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	<u>2014</u>	<u>2013</u>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 564,870	\$ 492,672
Accounts receivable		
Trade less allowance for doubtful accounts of \$3,137 and \$3,054 for 2014 and 2013, respectively	16,324	20,957
Grants	679,949	186,107
Interest	9,147	13,291
Promises to give		
United Way	236,250	236,231
Promises to give, current maturities	1,088,617	631,588
Prepaid expenses	<u>127,794</u>	<u>102,844</u>
<b>TOTAL CURRENT ASSETS</b>	<b>2,722,951</b>	<b>1,683,690</b>
<b>Property and Equipment</b>	<b>2,730,047</b>	<b>2,285,009</b>
<b>Other Assets</b>		
Cash restricted for property and equipment	923,922	433,735
Promises to give, less current maturities	961,450	816,324
Replacement reserve	17,991	17,671
Restricted investments		
Permanent housing operating reserve escrow	295,430	311,484
Investments	998,255	835,985
Beneficial interest in perpetual endowment fund	44,754	41,011
Beneficial interests in outside trusts	<u>761,341</u>	<u>748,691</u>
	<u>4,003,143</u>	<u>3,204,901</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 9,456,141</u></b>	<b><u>\$ 7,173,600</u></b>

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# YWCA WEST CENTRAL MICHIGAN

## STATEMENTS OF FINANCIAL POSITION

September 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 412,404	\$ 95,099
Accrued liabilities	152,393	143,986
Security deposits	<u>12,229</u>	<u>7,367</u>
<b>TOTAL CURRENT LIABILITIES</b>	<b>577,026</b>	<b>246,452</b>
<b>Long-Term Debt</b>	<b><u>570,000</u></b>	<b><u>570,000</u></b>
<b>TOTAL LIABILITIES</b>	<b>1,147,026</b>	<b>816,452</b>
<b>Net Assets</b>		
Unrestricted		
Undesignated	2,327,532	1,974,770
Board designated - other	<u>201,661</u>	<u>201,086</u>
<b>Total Unrestricted</b>	<b>2,529,193</b>	<b>2,175,856</b>
Temporarily restricted	4,465,394	2,903,458
Permanently restricted	<u>1,314,528</u>	<u>1,277,834</u>
<b>TOTAL NET ASSETS</b>	<b><u>8,309,115</u></b>	<b><u>6,357,148</u></b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 9,456,141</u></b>	<b><u>\$ 7,173,600</u></b>

See accompanying notes

# YWCA WEST CENTRAL MICHIGAN

## STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended September 30, 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Public Support and Revenue</b>				
Contributions and nongovernment grants	\$ 208,109	\$ 101,800		\$ 309,909
Contributions to capital campaign, net of discount of \$-0-	-	1,388,595	20,300	1,408,895
In-kind contributions	34,923	179,635		214,558
United Way	25,768	315,000		340,768
Special events - less expenses of \$80,092 including in-kind expenses of \$8,324	108,789	191,572		300,361
Government grants	2,754,963			2,754,963
Income from outside trust funds	36,396			36,396
Program fees	332,732			332,732
Interest and dividend income, net of \$6,959 fees	4,823	24,529		29,352
Membership dues	300			300
Unrealized gain on revaluation of beneficial interest in outside trusts	-		12,650	12,650
Unrealized gain on revaluation of beneficial interests, Grand Rapids Community Foundation	-		3,744	3,744
Realized and unrealized gain on investments	-	67,245		67,245
Net assets released from restrictions				
Satisfaction of donor restrictions	232,388	(232,388)		-
Appropriation of endowment assets for expenditure	29,116	(29,116)		-
Expiration of time restrictions	444,936	(444,936)		-
<b>TOTAL PUBLIC SUPPORT AND REVENUE</b>	<b>4,213,243</b>	<b>1,561,936</b>	<b>36,694</b>	<b>5,811,873</b>
<b>Expenses</b>				
Program services				
Counseling programs	1,626,120	-	-	1,626,120
Housing	1,177,925	-	-	1,177,925
Youth programs	174,272	-	-	174,272
Center for Women	158,070	-	-	158,070
Special programs	28,719	-	-	28,719
Support services				
Management and general				
Management and general	384,166	-	-	384,166
Capital campaign	29,372	-	-	29,372
Fundraising				
Development and special events	142,137	-	-	142,137
Capital campaign	139,125	-	-	139,125
<b>TOTAL EXPENSES</b>	<b>3,859,906</b>	<b>-</b>	<b>-</b>	<b>3,859,906</b>
<b>CHANGE IN NET ASSETS</b>	<b>353,337</b>	<b>1,561,936</b>	<b>36,694</b>	<b>1,951,967</b>
Net Assets at Beginning of Year	2,175,856	2,903,458	1,277,834	6,357,148
<b>NET ASSETS AT END OF YEAR</b>	<b>\$ 2,529,193</b>	<b>\$ 4,465,394</b>	<b>\$ 1,314,528</b>	<b>\$ 8,309,115</b>

See accompanying notes



# YWCA WEST CENTRAL MICHIGAN

## STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended September 30, 2013

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Public Support and Revenue</b>				
Contributions and nongovernment grants	\$ 265,559	\$ 27,167	\$ 100	\$ 292,826
Contributions to capital campaign, net of discount of \$21,161	-	1,394,579	250,000	1,644,579
In-kind contributions	19,814	2,105	-	21,919
United Way	25,176	314,974	-	340,150
Special events - less expenses of \$85,730, including in-kind expenses of \$16,369	125,302	127,404	-	252,706
Government grants	2,146,594	-	-	2,146,594
Income from outside trust funds	35,881	-	-	35,881
Program fees	355,394	-	-	355,394
Interest and dividend income, net of \$5,609 fees	844	25,599	-	26,443
Membership dues	350	-	-	350
Unrealized gain on revaluation of beneficial interest in outside trusts	-	-	24,145	24,145
Unrealized gain on revaluation of beneficial interests, Grand Rapids Community Foundation	-	-	2,563	2,563
Realized and unrealized gain on investments	-	57,348	-	57,348
Loss on disposal of property and equipment	(1,298)	-	-	(1,298)
Net assets released from restrictions				
Satisfaction of donor restrictions	186,722	(186,722)	-	-
Appropriation of endowment assets for expenditure	24,837	(24,837)	-	-
Expiration of time restrictions	388,036	(388,036)	-	-
<b>TOTAL PUBLIC SUPPORT AND REVENUE</b>	<b>3,573,211</b>	<b>1,349,581</b>	<b>276,808</b>	<b>5,199,600</b>
<b>Expenses</b>				
Program services				
Counseling programs	1,512,517	-	-	1,512,517
Housing	1,256,138	-	-	1,256,138
Youth programs	170,523	-	-	170,523
Center for Women	168,202	-	-	168,202
Special programs	20,228	-	-	20,228
Support services				
Management and general	352,589	-	-	352,589
Capital campaign	13,506	-	-	13,506
Fundraising				
Development and special events	156,815	-	-	156,815
Capital campaign	158,216	-	-	158,216
<b>TOTAL EXPENSES</b>	<b>3,808,734</b>	<b>-</b>	<b>-</b>	<b>3,808,734</b>
<b>CHANGE IN NET ASSETS</b>	<b>(235,523)</b>	<b>1,349,581</b>	<b>276,808</b>	<b>1,390,866</b>
Net Assets at Beginning of Year	2,411,379	1,553,877	1,001,026	4,966,282
<b>NET ASSETS AT END OF YEAR</b>	<b>\$ 2,175,856</b>	<b>\$ 2,903,458</b>	<b>\$ 1,277,834</b>	<b>\$ 6,357,148</b>

See accompanying notes

**YWCA WEST CENTRAL MICHIGAN**  
**STATEMENTS OF FUNCTIONAL EXPENSES**

Year Ended September 30, 2014

	Program Services						Supporting Services				Total	
							Management and General		Fundraising			
	Counseling Programs	Housing	Youth Programs	Center for Women	Special Programs	Total	Management and General	Building Occupancy	Capital Campaign	Development and Special Events		Capital Campaign
Salaries	\$ 1,010,725	\$ 457,989	\$ 99,159	\$ -	\$ 7,427	\$ 1,575,300	\$ 230,991	\$ 60,604	\$ 23,716	\$ 101,402	\$ 53,694	\$ 2,045,707
Payroll taxes	95,054	42,792	9,897	-	679	148,422	19,152	5,922	2,217	10,055	5,485	191,253
Employee benefits	129,013	76,571	12,619	-	1,018	219,221	28,147	9,236	3,439	8,790	4,032	272,667
Professional services	116,224	8,984	2,128	3,382	-	130,718	43,419	25,449	-	986	33,617	234,189
Food and household supplies	548	18,994	491	-	-	20,033	-	-	-	-	-	20,033
Operating supplies and expenses	34,692	27,677	5,136	2,249	1,949	71,703	10,382	5,511	-	4,740	7,639	99,975
Telephone	16,103	8,594	2,286	-	1	26,984	2,654	1,870	-	1,673	71	33,252
Postage	1,591	231	144	-	1	1,967	1,018	133	-	3,307	340	6,765
Utilities	-	18,968	-	-	-	18,968	-	109,427	-	-	-	128,395
Insurance	4,595	11,540	1,473	3,784	-	21,492	6,239	6,274	-	697	1,430	35,132
Repairs and maintenance	12,392	23,427	2,898	201	37	38,955	2,591	51,877	-	1,582	33	95,038
In-kind supplies and services	185	536	702	-	-	1,423	32,788	-	-	713	1,852	35,776
Publicity and promotion	2,648	1,325	1,521	-	3	5,497	-	-	-	6,271	3,399	15,167
Travel and vehicle expense	24,997	9,171	1,262	-	-	35,430	3,832	154	-	303	121	39,840
Conferences, training and dues	17,713	1,627	492	-	570	20,402	1,004	9	-	371	-	21,786
Direct client assistance	13,228	373,030	88	-	-	386,346	-	-	-	-	-	386,346
Scholarship to individuals	225	8,520	-	-	2,000	8,745	20	756	-	-	-	2,000
Property taxes	8,592	4,264	639	64	54	13,813	1,929	1,597	-	1,247	27,412	36,933
National YWCA support	1,488,525	1,094,340	141,135	9,680	13,739	2,747,419	384,166	278,821	29,372	142,137	139,125	3,721,040
Building occupancy allocation	100,902	34,656	24,300	107,978	10,985	278,821	-	(278,821)	-	-	-	-
Depreciation	36,693	48,929	8,637	40,412	3,995	138,666	-	-	-	-	-	138,666
	137,595	83,585	33,137	148,390	14,980	417,687	-	(278,821)	-	-	-	138,866
<b>Total Expenses</b>	<b>\$ 1,626,120</b>	<b>\$ 1,177,925</b>	<b>\$ 174,272</b>	<b>\$ 158,070</b>	<b>\$ 28,719</b>	<b>\$ 3,165,106</b>	<b>\$ 384,166</b>	<b>\$ -</b>	<b>\$ 29,372</b>	<b>\$ 142,137</b>	<b>\$ 139,125</b>	<b>\$ 3,859,906</b>

See accompanying notes

**YWCA WEST CENTRAL MICHIGAN**  
**STATEMENTS OF FUNCTIONAL EXPENSES**

Year Ended September 30, 2013

	Program Services						Supporting Services				Total	
	Management and General						Fundraising					
	Counseling Programs	Housing	Youth Programs	Center for Women	Special Programs	Total	Management and General	Building Occupancy	Capital Campaign	Development and Special Events		Capital Campaign
Salaries	\$ 938,445	\$ 481,808	\$ 90,074	\$ -	\$ 3,947	\$ 1,514,274	\$ 211,343	\$ 68,280	\$ 11,560	\$ 104,765	\$ 62,583	\$ 1,972,805
Payroll taxes	81,510	41,967	8,043	-	365	131,885	18,542	6,074	1,072	9,297	4,829	171,699
Employee benefits	120,213	79,610	14,189	-	305	214,317	25,006	13,528	874	10,913	5,549	270,187
Professional services	99,890	7,497	1,602	3,236	400	112,625	47,331	14,429	-	3,496	77,902	265,783
Food and household supplies	1,485	16,069	608	-	-	18,162	-	-	-	-	-	18,162
Operating supplies and expenses	37,221	24,225	5,082	2,147	1,457	70,132	9,593	4,789	-	7,731	2,077	94,322
Telephone	16,467	8,090	2,289	-	-	26,846	2,584	1,543	-	1,246	69	32,288
Postage	1,235	532	144	-	1	1,902	878	2	-	4,041	130	6,953
Utilities	-	17,424	-	-	-	17,424	-	104,752	-	-	-	122,176
Insurance	4,712	13,848	1,759	3,618	-	23,937	4,865	2,986	-	598	-	32,386
Repairs and maintenance	13,892	42,605	3,228	-	19	59,744	3,148	71,568	-	2,217	2	136,679
In-kind supplies and services	549	1,304	-	-	-	1,853	17,232	-	-	729	2,105	21,919
Publicity and promotion	2,645	6,157	1,103	-	14	9,919	-	-	-	6,854	2,809	19,582
Travel and vehicle expense	17,676	8,790	3,056	-	21	29,543	6,111	208	-	617	7	36,486
Conferences, training and dues	13,818	3,737	1,718	-	382	19,655	4,022	14	-	1,022	154	24,867
Direct client assistance	7,899	403,339	243	-	-	411,471	-	-	-	2,000	-	413,471
Property taxes	-	8,556	-	-	-	8,556	-	872	-	-	-	9,428
National YWCA support	7,695	4,392	791	66	40	12,984	1,934	1,561	-	1,289	-	17,768
	<b>1,365,332</b>	<b>1,169,950</b>	<b>133,929</b>	<b>9,067</b>	<b>6,951</b>	<b>2,685,229</b>	<b>352,589</b>	<b>290,606</b>	<b>13,506</b>	<b>156,816</b>	<b>168,216</b>	<b>3,656,961</b>
Building occupancy allocation	106,425	33,081	26,460	115,040	9,600	290,606	-	(290,606)	-	-	-	-
Depreciation	40,760	53,107	10,134	44,095	3,677	151,773	-	-	-	-	-	151,773
	<b>147,185</b>	<b>86,188</b>	<b>36,594</b>	<b>159,135</b>	<b>13,277</b>	<b>442,379</b>	<b>-</b>	<b>(290,606)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>151,773</b>
<b>Total Expenses</b>	<b>\$ 1,512,517</b>	<b>\$ 1,256,138</b>	<b>\$ 170,523</b>	<b>\$ 168,202</b>	<b>\$ 20,228</b>	<b>\$ 3,127,608</b>	<b>\$ 352,589</b>	<b>\$ -</b>	<b>\$ 13,506</b>	<b>\$ 156,816</b>	<b>\$ 168,216</b>	<b>\$ 3,808,734</b>

See accompanying notes

# YWCA WEST CENTRAL MICHIGAN

## STATEMENTS OF CASH FLOWS

Years Ended September 30, 2014 and 2013

	2014	2013
<b>Cash Flows from Operating Activities</b>		
Increase in net assets	\$ 1,951,967	\$ 1,390,866
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Contributions received for long-term purposes, net of discount and bad debts	(1,419,951)	(1,469,407)
Depreciation	138,866	151,773
Unrealized gain on revaluation of beneficial interest in outside trusts	(12,650)	(24,145)
Unrealized gain on revaluation of beneficial interest, Grand Rapids Community Foundation	(3,743)	(2,563)
Realized and unrealized gain on investments	(67,245)	(57,348)
Loss on disposal of property and equipment	-	1,298
Changes in operating assets and liabilities		
Accounts receivable	(485,065)	(5,965)
Promises to give	(36,188)	(63,487)
Prepaid expenses	(24,950)	(17,265)
Accounts payable	(33,381)	66,417
Accrued liabilities	8,407	34,218
Security deposits	4,862	(3,646)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>20,929</b>	<b>746</b>
<b>Cash Flows from Investing Activities</b>		
Purchase of property and equipment	(233,218)	(47,943)
Proceeds from sale of investments	190,890	122,840
Purchases of investments	(286,951)	(117,573)
Increase in replacement reserve	(320)	-
Proceeds from sale of restricted investments	75,172	101,239
Purchases of restricted investments	(58,082)	(92,297)
<b>NET CASH USED BY INVESTING ACTIVITIES</b>	<b>(312,509)</b>	<b>(33,734)</b>

See accompanying notes

**YWCA WEST CENTRAL MICHIGAN**  
**STATEMENTS OF CASH FLOWS (CONTINUED)**

Years Ended September 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
<b>Cash Flows from Financing Activities</b>		
Proceeds from contributions receivable restricted for long-term purposes	<u>853,965</u>	<u>445,340</u>
<b>NET INCREASE IN CASH</b>	<b>562,385</b>	<b>412,352</b>
<b>Cash and Cash Equivalents at Beginning of Year</b>	<u>926,407</u>	<u>514,055</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u><b>\$ 1,488,792</b></u>	<u><b>\$ 926,407</b></u>
Cash and cash equivalents	<u>\$ 564,870</u>	<u>\$ 492,672</u>
Cash restricted for property and equipment	<u>923,922</u>	<u>433,735</u>
	<u><b>\$ 1,488,792</b></u>	<u><b>\$ 926,407</b></u>
<b>Noncash Transactions</b>		
Property and equipment included in accounts payable	<u><b>\$ 350,686</b></u>	<u><b>\$ -</b></u>

See accompanying notes

# YWCA WEST CENTRAL MICHIGAN

## NOTES TO FINANCIAL STATEMENTS

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September 30, 2014 and 2013

### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **Business Activity**

The YWCA West Central Michigan (YWCA) is primarily a provider of services to families in the Kent County area serving to eliminate racism, empower women and girls, and advocate for justice and equality. Services include counseling for individuals and families experiencing domestic violence, child sexual abuse and sexual assault, emergency shelter as well as transitional and permanent housing for domestic violence survivors, supervised visitation and exchange for families experiencing domestic violence and child abuse, medical forensic examinations for sexual assault patients, violence prevention programs for girls, and lease of space to organizations with similar missions on a short or long-term basis.

#### **Transformation Campaign**

The Board and staff have been actively engaged in major capital renovations. Promises to give and restricted contributions related to this campaign are recorded within the financial statements. As of September 30, 2014, the YWCA is near completion of renovations on one facility, and in the preliminary phases on the second. All related capital activity is recorded as construction in process.

#### **Financial Statement Format**

The YWCA is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

#### **Basis of Accounting**

The financial statements have been prepared on the accrual basis of accounting.

#### **Cash and Cash Equivalents**

Cash equivalents consist of money market funds. Cash and cash equivalents are held primarily at four financial institutions. From time to time, the YWCA's cash balances may exceed federally insured limits.

# YWCA WEST CENTRAL MICHIGAN

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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September 30, 2014 and 2013

### Accounts Receivable

Trade accounts receivable and grants receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Changes in the valuation allowance have not been material to the financial statements.

Grant revenue is recognized under the terms of each grant, typically when expenditures are made or service is provided. A grant receivable is recorded when the YWCA has not yet received funds for a portion of the earned revenue.

### Promises to Give

Unconditional promises to give are recognized as revenue in the period the promise is made and as assets, decreases of liabilities or expenses depending on the form of the benefits to be received. Unconditional promises to give expected to be collected in periods in excess of one year are recognized at the present value of estimated future cash flows at the time the promise is received using discount rates that approximate the YWCA's blended borrowing rate. The discount utilized at September 30, 2014 is 2%. Management annually reviews these balances to determine the net realizable value of the promise.

Promises to give are stated at the amount management expects to collect from outstanding balances, discounted to present value. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts, past credit history with donors and the donors' current financial condition. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to promises to give. Changes in the valuation allowance have not been material to the financial statements.

# YWCA WEST CENTRAL MICHIGAN

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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September 30, 2014 and 2013

### Property and Equipment

Property and equipment are stated at cost, if purchased. Donations of property and equipment are recorded as support at estimated fair value at the time received. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the YWCA reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service. The YWCA follows the practice of capitalizing, at cost, all expenditures for fixed assets in excess of \$5,000. Depreciation is computed using the straight-line method over the estimated useful life of the asset.

### Investments

Investments are reported at fair value, as disclosed in Note 5. Realized and unrealized gains and losses are presented in the statement of activities as a change in temporarily restricted net assets until appropriated for expenditure.

### Security Deposits

The YWCA records security deposits received from its tenants and deposits received from Supporting Housing participants. Deposits may be refunded as the participants successfully complete the Supportive Housing program.

### Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Donor restricted contributions are reported as restricted support and are then reclassified to unrestricted net assets upon expiration of the donor restrictions. If the restriction will be met in the same reporting period, the support will be recorded as unrestricted. Contributions are reported as revenue at the time the contribution is promised.

### Donated Services and Materials

Donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by the individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at fair value in the period received. Donated services were recorded in the amount of \$35,785 and \$22,457 at September 30, 2014 and 2013, respectively.

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# YWCA WEST CENTRAL MICHIGAN

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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September 30, 2014 and 2013

In addition, many other volunteers have contributed significant amounts of time to the YWCA without compensation. These contributions, although clearly substantial, are not recognized as contributions in the financial statements since the recognition criteria were not met. During the years ended September 30, 2014 and 2013, donated services of approximately \$46,000 and \$54,000, respectively, did not meet the recognition criteria, but were used as matching revenue for various funding sources.

During the years ended September 30, 2014 and 2013 donated goods and materials of \$187,097 and \$15,832 respectively, were recorded. Included in the \$187,097 is \$177,783 relating to the Transformation Campaign that will be capitalized when the asset is placed in service.

### Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited as detailed in the statements of functional expenses.

### Income Taxes

The Internal Revenue Service has determined that the YWCA is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, the YWCA qualifies for the charitable contribution deduction and has been classified as an organization that is not a private foundation under Section 509(a)(2).

Tax positions taken are assessed for uncertainty and a provision may be recorded if a tax position is not likely to be sustained upon examination.

With limited exceptions, YWCA is no longer subject to tax audits by federal authorities for years prior to 2010.

### Subsequent Events

Management has evaluated significant events or transactions occurring subsequent to September 30, 2014 for potential recognition or disclosure in these financial statements. The evaluation was performed through December 17, 2014 the date the financial statements were available for issuance. Subsequent events are disclosed in Note 8.

# YWCA WEST CENTRAL MICHIGAN

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2014 and 2013

### Use of Estimates

Management uses estimates and assumptions in preparing these financial statements in accordance with U.S. generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

### **NOTE 2 - PROMISES TO GIVE**

Promises to give are as follows:

	2014	2013
Receivable in less than one year	\$ 1,327,675	\$ 868,801
Less allowance for doubtful promises	(2,808)	(982)
Net receivable in less than one year	1,324,867	867,819
Receivable in one to five years	1,015,092	855,966
Less discount on long term promises	(32,794)	(32,794)
Less allowance for doubtful promises	(20,848)	(6,848)
Net receivable in one to five years	961,450	816,324
	\$ 2,286,317	\$ 1,684,143

### **NOTE 3 - PROPERTY AND EQUIPMENT**

Property and equipment consist of the following:

	2014	2013
Building and land improvements	\$ 5,084,291	\$ 5,084,291
Equipment	589,224	602,397
Construction in progress	675,536	91,637
	6,349,051	5,778,325
Accumulated depreciation	(3,619,004)	(3,493,316)
	\$ 2,730,047	\$ 2,285,009

Construction in process consists of costs related to the two renovation projects in conjunction with the Transformation Campaign.

# YWCA WEST CENTRAL MICHIGAN

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2014 and 2013

### NOTE 4 - RESTRICTED INVESTMENTS

The YWCA received a loan from Michigan State Housing Development Authority (MSHDA) (see Note 9) during 2007 that required the YWCA to establish an operating reserve escrow. The funds are to be used for operating expenses associated with the permanent housing program. The operating reserve escrow account and the replacement reserve are to be maintained for the entire term of the program, or until all funds have been exhausted. The YWCA's operating reserve escrow may exceed federally insured limits.

### NOTE 5 - INVESTMENTS

Investments are recorded at fair value. A hierarchy is used to evaluate investments that prioritize the use of inputs to various valuation techniques.

The three levels of the fair value hierarchy, with Level 1 given the highest priority, are as follows:

Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 – quoted prices in markets that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly.

Level 3 – significant unobservable inputs which may include the YWCA's own assumptions in determining fair value.

Investments consist of the following as of September 30:

	2014		
	Cost	Market	Accumulated Appreciation (Depreciation)
Cash and cash equivalents	\$ 44,091	\$ 44,091	\$ -
US Equity Securities	375,236	563,392	188,156
International Equities	85,148	91,320	6,172
Fixed Income	280,270	277,897	(2,373)
Alternatives	18,810	21,555	2,745
	<u>\$ 803,555</u>	<u>\$ 998,255</u>	<u>\$ 194,700</u>

## YWCA WEST CENTRAL MICHIGAN

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2014 and 2013

	2013		
	Cost	Market	Accumulated Appreciation
Cash and cash equivalents	\$ 56,967	\$ 56,967	\$ -
US Equity Securities	333,790	462,518	128,728
International Equities	79,674	89,504	9,830
Fixed Income	201,723	207,154	5,431
Alternatives	19,135	19,842	707
	\$ 691,289	\$ 835,985	\$ 144,696

Restricted investments consist of:

	2014		
	Cost	Market	Accumulated Appreciation (Depreciation)
Cash and cash equivalents	\$ 77,370	\$ 77,370	\$ -
Certificates of deposit	103,000	103,469	469
Asset backed securities	123,168	114,591	(8,577)
	\$ 303,538	\$ 295,430	\$ (8,108)

	2013		
	Cost	Market	Accumulated Appreciation (Depreciation)
Cash and cash equivalents	\$ 77,850	\$ 77,850	\$ -
Certificates of deposit	105,000	105,317	317
Asset backed securities	137,851	128,317	(9,534)
	\$ 320,701	\$ 311,484	\$ (9,217)

# YWCA WEST CENTRAL MICHIGAN

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2014 and 2013

For the valuation of certain cash and cash equivalents, certificates of deposit, U.S. equity securities, international securities, fixed income and alternative investments at September 30, 2014 and 2013, the YWCA used quoted prices in principal active markets for identical assets as of the valuation date (Level 1).

For the valuation of asset backed securities, the YWCA's investment advisor provides period valuation using quoted prices for identical or similar assets in markets that are not active (Level 2).

For the valuation of the perpetual endowment fund and the beneficial interest in outside trusts at September 30, 2014 and 2013, the YWCA used significant unobservable inputs including information from fund managers based on quoted market prices or other valuation methods (Level 3). Management reviews and evaluates the values provided by the fund manager and agrees with the valuation methods and assumptions used in determining the fair value.

Assets measured at fair value at September 30, 2014 and 2013, on a recurring basis consist of the following:

	<u>2014</u>	<u>2013</u>
Investments	\$ 998,255	\$ 835,985
Restricted investments	295,430	311,484
Beneficial interest in perpetual endowment fund	44,754	41,011
Beneficial interest in outside trusts	761,341	748,691
	<u>\$ 2,099,780</u>	<u>\$ 1,937,171</u>

# YWCA WEST CENTRAL MICHIGAN

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2014 and 2013

The following table sets forth information about the YWCA's fair value of investments and level within the fair value hierarchy at which the YWCA's investments are measured at September 30:

	2014			Total
	Based on			
	Level 1 Quoted Prices in Active Markets	Level 2 Other Observable Inputs	Level 3 Unobservable Inputs	
Cash and cash equivalents	\$ 121,461	\$ -	\$ -	\$ 121,461
Certificates of deposit	103,469	-	-	103,469
<b>Fixed income</b>				
U.S. government agencies	27,127	-	-	27,127
Corporate	216,661	-	-	216,661
High Yield	20,730	-	-	20,730
International	13,380	-	-	13,380
<b>US Equity</b>				
Energy	41,054	-	-	41,054
Materials	19,734	-	-	19,734
Industrials	80,099	-	-	80,099
Consumer	65,445	-	-	65,445
Healthcare	75,233	-	-	75,233
Financials	98,976	-	-	98,976
Technology	100,513	-	-	100,513
Telecommunications	9,998	-	-	9,998
Utilities	7,477	-	-	7,477
Mid cap	17,597	-	-	17,597
Small Cap	47,264	-	-	47,264
<b>Alternatives</b>				
Real estate	21,555	-	-	21,555
<b>International equities</b>				
Developed markets	67,963	-	-	67,963
Emerging markets	23,358	-	-	23,358
Asset backed securities	-	114,591	-	114,591
Beneficial interest in perpetual endowment fund	-	-	44,754	44,754
Beneficial interest in outside trusts	-	-	761,341	761,341
	<u>\$ 1,179,094</u>	<u>\$ 114,591</u>	<u>\$ 806,095</u>	<u>\$ 2,099,780</u>

# YWCA WEST CENTRAL MICHIGAN

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2014 and 2013

	2013			Total
	Based on			
	Level 1	Level 2	Level 3	
	Quoted Prices in Active Markets	Other Observable Inputs	Unobservable Inputs	
Cash and cash equivalents	\$ 134,817	\$ -	\$ -	\$ 134,817
Certificates of deposit	105,317	-	-	105,317
Fixed income				
U.S. government agencies	28,267	-	-	28,267
Corporate	154,273	-	-	154,273
Preferred stocks	10,490	-	-	10,490
International	14,124	-	-	14,124
US Equity				
Energy	36,601	-	-	36,601
Materials	19,464	-	-	19,464
Industrials	57,278	-	-	57,278
Consumer	53,464	-	-	53,464
Healthcare	62,565	-	-	62,565
Financials	75,620	-	-	75,620
Technology	86,523	-	-	86,523
Telecommunications	9,335	-	-	9,335
Utilities	6,678	-	-	6,678
Mid Cap	15,372	-	-	15,372
Small Cap	39,618	-	-	39,618
Alternatives				
Real estate	19,842	-	-	19,842
International equities				
Developed markets	67,028	-	-	67,028
Emerging markets	22,476	-	-	22,476
Asset backed securities	-	128,317	-	128,317
Beneficial interest in perpetual endowment fund	-	-	41,011	41,011
Beneficial interest in outside trusts	-	-	748,691	748,691
	<u>\$ 1,019,152</u>	<u>\$ 128,317</u>	<u>\$ 789,702</u>	<u>\$ 1,937,171</u>

# YWCA WEST CENTRAL MICHIGAN

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2014 and 2013

Following is a reconciliation of activity for the years ended September 30, 2014 and 2013 for assets measured at fair value based on significant unobservable (Level 3) information:

	<u>Level 3 Investments</u>
<b>Balance at September 30, 2012</b>	<b>\$ 762,995</b>
Unrealized gains	29,353
Net additions, purchases, sales, and maturities	<u>(2,646)</u>
<b>Balance at September 30, 2013</b>	<b>789,702</b>
Unrealized gains	19,133
Net additions, purchases, sales, and maturities	<u>(2,740)</u>
<b>Balance at September 30, 2014</b>	<b><u>\$ 806,095</u></b>

### **NOTE 6 - BENEFICIAL INTEREST IN PERPETUAL ENDOWMENT FUND, GRAND RAPIDS COMMUNITY FOUNDATION**

The YWCA is the beneficiary under an agency endowment agreement administered by a local community foundation. Under this agreement, the YWCA is entitled to the earnings from the assets in perpetuity, but has no right to the principal. The fair market value of the underlying investment is recorded in the YWCA's statement of financial position. On an annual basis, the asset is revalued based on changes in market value. This revaluation is treated as permanently restricted in the statement of activities. Distributions from the Foundation are recorded as investment income on the statement of activities.

The Board of Trustees of the Grand Rapids Community Foundation shall have the power to modify any restriction or condition on the distribution of funds for any specified charitable purposes or to a specified organization if, in the sole judgment of the Board, such restriction or condition becomes, in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community served.



# YWCA WEST CENTRAL MICHIGAN

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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September 30, 2014 and 2013

The Grand Rapids Community Foundation maintains variance power and legal ownership of agency endowment funds and as such continues to report the funds as assets of the Foundation. However, in accordance with U.S. generally accepted accounting principles, an asset has been established for the fair value of the funds on the statement of financial position of the YWCA West Central Michigan.

### **NOTE 7 - BENEFICIAL INTERESTS IN OUTSIDE TRUSTS**

The YWCA is an income beneficiary of several outside perpetual trusts having market values that aggregate \$2,006,506 and \$1,974,828 at September 30, 2014 and 2013, respectively. The YWCA's participation in the income of each perpetual trust ranges from 20% to 50%.

The value of the beneficial interest recorded by the YWCA is based on the fair value of the assets held by the trusts. Annual distributions from the trusts are recorded as investment income. Adjustments in the value of the beneficial interest are recorded as changes in permanently restricted net assets in the statement of activities.

### **NOTE 8 - LINE OF CREDIT**

The YWCA has an unsecured line of credit agreement with a bank, that provides for borrowings up to \$200,000, with interest payable at the bank's prime rate (3.25% at September 30, 2014) less one-half percent, with a floor of 4.0%. The note expires in July 2015. There were no borrowings on the line of credit as of September 30, 2014 or 2013.

The YWCA has a secured \$500,000 construction line of credit with a bank with interest payable at the bank's prime rate (3.25% at September 30, 2014) plus one percent, with a floor of 4.25%. The line was due November 22, 2014 and is secured by the primary real estate mortgage on 25 Sheldon and by assignment of Federal Home Loan Bank of Indianapolis grant proceeds in an amount not less than \$500,000. There were no borrowings on this line of credit as of September 30, 2014 or September 30, 2013. Subsequent to year end, the YWCA withdrew \$500,000 on the line to help relinquish the burden of costs associated with the renovation of one of its facilities. The outstanding balance on the line of credit was then paid off in full when the proceeds from the Federal Home Loan Bank grant were received. See Note 18.

### **NOTE 9 - LONG-TERM DEBT**

Long-term debt consists of a note payable to MSHDA bearing no interest. The note is due in May 2057 and is secured by certain real estate with a net book value of approximately \$596,000 at September 30, 2014. The loan document and funding agreement specify certain restrictions and various covenants.

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# YWCA WEST CENTRAL MICHIGAN

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2014 and 2013

### NOTE 10 - RESTRICTIONS ON ASSETS

Temporarily restricted net assets consisting of cash, investments, promises to give, and construction in process are as follows:

	2014	2013
Permanent housing	\$ 295,430	\$ 311,484
Sponsorships for future events	183,347	121,731
Endowment fund - includes the total investment return from the permanently restricted endowment fund	652,375	597,854
United Way allocation	236,250	236,231
Capital campaign	3,009,919	1,608,991
Grants for future time periods	88,073	27,167
	\$ 4,465,394	\$ 2,903,458

Permanently restricted net assets, consisting of investments and beneficial interests, are as follows:

	2014	2013
Endowment fund - cash and cash equivalents	\$ -	\$ 37,501
Endowment fund - pledges receivable	162,550	212,500
Endowment fund - includes the principal amount of permanently restricted gifts and bequests from donors	345,880	238,131
Beneficial interests in outside trusts	761,344	748,691
Beneficial interest in perpetual endowment fund	44,754	41,011
	\$ 1,314,528	\$ 1,277,834

# YWCA WEST CENTRAL MICHIGAN

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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September 30, 2014 and 2013

### **NOTE 11 - ENDOWMENT FUND**

The YWCA follows guidance provided by the Financial Accounting Standards Board (FASB) to determine the accounting disclosure treatment of funds held in endowments (both donor restricted and board-designated funds) and subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). UPMIFA is a model act approved by the Uniform Law Commission (ULC; formerly known as the National Conference of Commissioners on Uniform State Laws) and enacted by the State of Michigan in September 2009 that serves as a guideline for states to use in enacting legislation.

The YWCA West Central Michigan's endowment funds consist of funds held at two financial institutions. The endowment was established for the support and maintenance of programs and services of the YWCA West Central Michigan that are associated with home and family life. It includes both donor restricted endowment funds and funds designated by the Board of Directors to function as endowment. As required by generally accepted accounting principles (GAAP), net assets associated with the 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.

#### **Funds with Deficiencies**

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor or the State Prudent Management of Institutional Funds Act (SPMIFA) requires the YWCA to retain as a fund of perpetual duration. In accordance with GAAP, there were no such deficiencies that resulted in the invasion of the principal balance as of September 30, 2014 and 2013.

#### **Return Objectives and Risk Parameters**

Over the investment horizon (five (5) to seven (7) years) established in the YWCA West Central Michigan policy, it is the goal of the aggregate Fund assets to meet or exceed a weighted benchmark using the following preferred target asset allocation: equities, sixty (60) percent; fixed income securities, thirty (30) percent; cash and cash equivalents, five (5) percent; and alternative asset classes, five (5) percent. The YWCA West Central Michigan realizes that there are many ways to define risk. Management requires that any person or organization involved in the process of managing the Fund assets understands how it defines risk so that the assets are managed in a manner consistent with the Fund's objectives and investment strategy as designed in the policy. The YWCA West Central Michigan defines risk as the probability of not meeting the Fund's objectives. The YWCA understands that in order to achieve its objectives for Fund assets, the Fund will experience volatility in returns and fluctuations of market value.

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# YWCA WEST CENTRAL MICHIGAN

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2014 and 2013

### Strategies Employed for Achieving Objectives

In order to meet its needs, the investment strategy of the Fund is to emphasize total return; that is, the aggregate return from capital appreciation and dividend and interest income.

Specifically, the primary objective in the investment management for Fund assets shall be income and growth. The secondary objective in the investment management of Fund assets shall be the preservation of purchasing power after spending - to achieve returns in excess of the rate of inflation plus spending over the stated investment horizon in order to preserve purchasing power of Fund assets. Risk control is an important element in the investment of Fund assets.

### Spending Policy and How the Investment Objectives Relate to Spending Policy

The YWCA has a board approved total return spending policy that allows the operating fund to receive and recognize investment earnings originating from the endowment fund. The board approved a spending policy target of three (3) percent of aggregate portfolio market value using a moving average method of the five (5) periods ending December 31 prior to the fiscal year in which the funds will be spent. The annual distribution amount may be withdrawn in one or more installments during the fiscal year.

Endowment net asset composition by type of fund as of September 30:

	2014		
	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ -	\$ 508,431	\$ 508,431
Board-designated endowment funds	652,375	-	652,375
<b>Total Funds</b>	<b>\$ 652,375</b>	<b>\$ 508,431</b>	<b>\$ 1,160,806</b>

  

	2013		
	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ -	\$ 488,131	\$ 488,131
Board-designated endowment funds	597,854	-	597,854
<b>Total Funds</b>	<b>\$ 597,854</b>	<b>\$ 488,131</b>	<b>\$ 1,085,985</b>

# YWCA WEST CENTRAL MICHIGAN

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2014 and 2013

Changes in endowment net assets for the years ended September 30:

	2014		Total
	Temporarily Restricted	Permanently Restricted	
Endowment net assets, beginning of the year	\$ 597,854	\$ 488,131	\$ 1,085,985
Contributions	-	20,300	20,300
Investment return:			
Investment income	24,389	-	24,389
Net appreciation (realized and unrealized)	66,207	-	66,207
Investment fees	(6,959)	-	(6,959)
<b>Total Investment Return</b>	<b>83,637</b>	<b>20,300</b>	<b>103,937</b>
Appropriation of endowment assets for expenditures	(29,116)	-	(29,116)
<b>Endowment Net Assets, End of Year</b>	<b>\$ 652,375</b>	<b>\$ 508,431</b>	<b>\$ 1,160,806</b>
	2013		
	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of the year	\$ 534,516	\$ 238,031	\$ 772,547
Contributions	-	250,100	250,100
Investment return:			
Investment income	25,098	-	25,098
Net depreciation (realized and unrealized)	68,686	-	68,686
Investment fees	(5,609)	-	(5,609)
<b>Total Investment Return</b>	<b>88,175</b>	<b>250,100</b>	<b>338,275</b>
Appropriation of endowment assets for expenditures	(24,837)	-	(24,837)
<b>Endowment Net Assets, End of Year</b>	<b>\$ 597,854</b>	<b>\$ 488,131</b>	<b>\$ 1,085,985</b>

UPMIFA requires accumulation of investment returns that have not been appropriated for expenditure to be classified as temporarily restricted.

# YWCA WEST CENTRAL MICHIGAN

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2014 and 2013

### NOTE 12 - CONDITIONAL PROMISE TO GIVE

As of September 30, 2013, the YWCA had received an award of a conditional promise to give of \$265,000 by a foundation restricted for the capital campaign. The funding was conditional upon the YWCA raising 80% of the capital campaign goal, equating to approximately \$4.2 million. The YWCA met those conditions in the current year, and the revenue and promise to give have been recorded at September 30, 2014. The YWCA received the \$265,000 subsequent to year end.

### NOTE 13 - MAJOR FUNDING SOURCES

The YWCA, which operates exclusively in the State of Michigan, receives a substantial portion of its funding and support through government funding and United Way.

Major funding sources for the YWCA for the years ending September 30 are as follows:

	2014	
	% Revenue	% Receivable
<b>Funds originating through</b>		
State Department of Human Services	12%	2%
U.S. Department of Health and Human Services	10%	1%
Federal Home Loan Bank of Indiannapolis	9%	17%
Private Foundation	3%	20%
		2013
	% Revenue	% Receivable
Funds originating through		
U.S. Department of Justice	10%	3%
State Department of Human Services	12%	3%
Private Foundation	14%	34%
United Way	7%	12%

While certain of the arrangements under which the YWCA receives funding are for multiple years, most of these arrangements are one year contracts that are renewed annually. Due to uncertainties associated with the current economic conditions in the United States and, to a greater degree, the State of Michigan, specifically future federal and state governmental appropriations, the continuation of funding from these sources may be impacted. If governmental funding of the YWCA's services was significantly decreased or eliminated, the YWCA would need to substantially reduce service offerings and eliminate costs and/or find alternative funding sources.

# YWCA WEST CENTRAL MICHIGAN

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2014 and 2013

### NOTE 14 - RETIREMENT PLAN

The YWCA participates in The Young Women's Christian Associate Retirement Fund, Inc. Plan (Plan), a cash balance defined benefit retirement plan administered by the Board of Trustees of the YWCA Retirement Fund (Fund). The Fund is a multi-employer plan that provides retirement benefits under Section 401(a) of the Internal Revenue Code (Code) to employees of YWCAs throughout the United States. The sole requirement for participation is that an employee has completed at least 1,000 hours of service each year in two twelve month periods, commencing on the first date of employment. Contributions to the Plan by the YWCA were equal to 5% of employee compensation for the year ended September 30, 2013. Participants are fully vested in all YWCA contributions. The YWCA has no obligation beyond making the required payments to the plan.

During the year ended September 30, 2014, the YWCA Retirement Fund Incorporated provided contribution relief to the YWCA West Central Michigan. This relief program was effective for contribution liability from May 1, 2014 - December 31, 2014 wherein the Retirement Fund Incorporated funded 75% of the employer's contribution obligation. Between May and September 2014, the Retirement Fund Incorporated contributed \$21,610 to the YWCA employee plans through this relief program.

Specific plan information for the YWCA is not available from the Plan's administrator. In the event the Plan is underfunded with respect to paying benefits to the YWCA's employees, and the Plan terminates, the Pension Benefit Guaranty Corporation will take over the Plan and payment of pension benefits, up to the insured limits.

Plan attributes as of December 31, 2013 per the annual funding notice are as follows:

	The Young Women's Christian Association Retirement Fund
Fair market value of plan assets	\$ 464,267,659
Actuarial present value of accumulated Plan benefits	\$ 293,861,709
Funded ratio	158%

# YWCA WEST CENTRAL MICHIGAN

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2014 and 2013

Contributions to the plan are made by the YWCA based on the salaries of eligible employees. Retirement contributions amounted to \$48,644 and \$65,934 for the years ended September 30, 2014 and 2013, respectively. Additionally, the YWCA participates in a 403(b) Tax Deferred Account which allows participants to make voluntary contributions to the plan.

### NOTE 15 - LEASES

The YWCA leases various apartments for tenants in connection with the Transitional Housing Program. Total lease expense was \$182,396 and \$95,911 for the years ended September 30, 2014 and 2013, respectively. The leases expire at various dates through 2015. Future minimum rental payments under agreements are \$118,033 for the year ending September 30, 2015.

The YWCA is the lessor of various housing units and building space. Total tenant rental income was \$80,279 and \$77,260 for the years ended September 30, 2014 and 2013, respectively. The leases expire at various dates through 2014. The cost and accumulated depreciation for the housing units under leasing agreements for the year ended September 30, 2014 totaled \$720,439 and \$124,483, respectively. The cost and accumulated depreciation for the housing units under leasing agreement for the year ended September 30, 2013 totaled \$720,439 and \$106,465, respectively.

Future minimum lease payments to be received under existing lease agreements are \$1,740 for the year ending September 30, 2014.

### NOTE 16 - PASS-THROUGH EXPENDITURES AND IN-HOUSE TRANSFERS

The YWCA pays dues to the YWCA USA. In connection with the calculation of dues, certain expenses are excluded. The following is a list of excludable pass-through expenditures and in-house charge backs.

	<u>2014</u>	<u>2013</u>
<b>Pass-through Expenditures</b>		
Specific assistance to consumers	\$ 408,378	\$ 431,633
Subrecipient pass-through professional services	57,600	-
<b>In-house Charge Backs</b>		
Capital campaign expenses	168,497	171,722
YWCA staff wellness	5,013	4,764
	<u>173,510</u>	<u>176,486</u>
<b>TOTAL RECONCILING EXPENSES</b>	<u>\$ 639,488</u>	<u>\$ 608,119</u>



# YWCA WEST CENTRAL MICHIGAN

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2014 and 2013

Specific terms of these grants are as follows:

<u>Received</u>	<u>Property Funded</u>	<u>Amount</u>	<u>Period</u>
May-07	Permanent housing units (HOME funds-Kent County)	\$ 393,560	15 years

The YWCA used the proceeds of these grants to cover acquisition and rehabilitation costs not paid by other sources of funding.

In September 2013, the YWCA was awarded a \$500,000 grant from the Federal Home Loan Bank of Indianapolis (FHLBI). The funds were to be used in the capital campaign renovation project mentioned in Note 1. The YWCA has supplied all the information required in the grant document, and has received the grant proceeds shortly after year end. The agreement has various contingencies such as the continued specific use of the property for at least fifteen years, and notifying FHLBI of any intentions to sell the property. Management has agreed to the terms and conditions of the agreement and has intentions to remain compliant through the required period. Revenue will be recorded concurrent with the spending of qualified FHLBI funds.

### NOTE 19 - COMMITMENTS

In conjunction with the Transformation campaign, the YWCA has entered into contracts for architecture and construction projects which remain open as of September 30, 2014. The contracted amount is approximately \$843,000. As of September 30, 2014, approximately \$570,000 of costs under these contracts has been incurred and is included in construction in progress in Note 3. Remaining commitments on these contracts approximate \$273,000.

Prior to year end the YWCA entered into a purchasing contract for a new phone system at one of their facilities. As of September 30, 2014 approximately \$23,000 of the total contracted price of \$46,000 has been paid, and the remainder will be due upon completion of the installation.

### NOTE 20 - RECLASSIFICATION

Certain reclassifications were made to the 2013 financial statements in order to conform to the 2014 presentation.