

***YOUNG WOMEN'S CHRISTIAN ASSOCIATION
OF THE CENTRAL CAROLINAS, INC.***

***FINANCIAL STATEMENTS
JUNE 30, 2018***

***YOUNG WOMEN’S CHRISTIAN ASSOCIATION
OF THE CENTRAL CAROLINAS, INC.***

**Table of Contents
June 30, 2018**

	Page
Independent Auditors’ Report	1
Audited Consolidated Financial Statements:	
Consolidated Statement of Financial Position.....	2
Consolidated Statement of Activities	3
Consolidated Statement of Functional Expenses	4
Consolidated Statement of Cash Flows.....	5
Notes to Consolidated Financial Statements	6-16

C. DEWITT FOARD & COMPANY, P.A.

CERTIFIED PUBLIC ACCOUNTANTS
817 EAST MOREHEAD STREET SUITE 100
CHARLOTTE, NORTH CAROLINA 28202
TELEPHONE: 704-372-1515 FACSIMILE: 704-372-6066

PHILLIP G. WILSON
TERRY W. LANCASTER

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Young Women's Christian Association of Central Carolinas, Inc.
Charlotte, North Carolina

We have audited the accompanying financial statements of Young Women's Christian Association of Central Carolinas, Inc. (the "Organization" - a nonprofit corporation), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 in the first paragraph present fairly, in all material respects, the financial position of Young Women's Christian Association of Central Carolinas, Inc., as of June 30, 2018 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Organization's 2017 financial statements, and our report dated November 6, 2017, expressed an unmodified opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

C. DeWitt Foard & Company, P.A.
October 2, 2018

**YOUNG WOMEN'S CHRISTIAN ASSOCIATION
OF THE CENTRAL CAROLINAS, INC.**

Consolidated Statement of Financial Position

June 30, 2018, With Prior Year Comparative Totals

	<u>2018</u>	<u>2017</u>
<u>ASSETS</u>		
Cash	\$ 938,895	\$ 685,115
Receivables:		
Promises to give, net	1,099,499	1,190,464
Accounts	81,385	67,771
Prepaid expenses	2,730	3,276
Assets held for long-term use:		
Investments	6,390,602	6,155,840
Cash and cash equivalents	458,462	1,166,890
Accrued income receivable	23,179	21,830
Property and equipment, net	4,704,148	3,987,210
<u>TOTAL ASSETS</u>	<u>\$ 13,698,900</u>	<u>\$ 13,278,396</u>
 <u>LIABILITIES AND NET ASSETS</u>		
Liabilities:		
Accounts payable and accrued expenses	\$ 142,205	\$ 212,404
Deferred income	96,310	104,740
Capital lease obligations	-	28,473
Accrued interest expense	418,652	386,652
Notes payable	742,747	747,854
Total Liabilities	1,399,914	1,480,123
Net Assets:		
Unrestricted	7,861,308	6,271,956
Temporarily restricted	4,437,678	5,526,317
Total Net Assets	12,298,986	11,798,273
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>\$ 13,698,900</u>	<u>\$ 13,278,396</u>

**YOUNG WOMEN'S CHRISTIAN ASSOCIATION
OF THE CENTRAL CAROLINAS, INC.**

Consolidated Statement of Activities

Year Ended June 30, 2018, With Prior Year Comparative Totals

	Unrestricted	Temporarily Restricted	Totals	
			2018	2017
<u>SUPPORT AND REVENUE</u>				
Support:				
United Way	\$ 10,380	\$ 725,000	\$ 735,380	\$ 890,013
Contributions and grants	865,775	475,309	1,341,084	1,769,151
Governmental agencies	342,066	-	342,066	358,678
Revenue:				
Program fees	942,833	-	942,833	828,853
Investment income	471,921	16,163	488,084	654,133
Rental income, net of \$14,239 of expenses	7,004	-	7,004	7,234
Loss on disposal of assets	(48,164)	-	(48,164)	(43,490)
Other income	8,597	-	8,597	8,433
Net Assets Released from Restrictions:				
Satisfaction of time restrictions	892,207	(892,207)	-	-
Satisfaction of program restrictions	1,412,904	(1,412,904)	-	-
TOTAL SUPPORT AND REVENUE	4,905,523	(1,088,639)	3,816,884	4,473,005
<u>EXPENSES</u>				
Program services	2,606,952	-	2,606,952	2,517,661
Management and general	358,885	-	358,885	350,741
Fundraising	350,334	-	350,334	302,959
TOTAL EXPENSES	3,316,171	-	3,316,171	3,171,361
CHANGE IN NET ASSETS	1,589,352	(1,088,639)	500,713	1,301,644
NET ASSETS, BEGINNING	6,271,956	5,526,317	11,798,273	10,496,629
NET ASSETS, ENDING	\$ 7,861,308	\$ 4,437,678	\$ 12,298,986	\$ 11,798,273

**YOUNG WOMEN'S CHRISTIAN ASSOCIATION
OF THE CENTRAL CAROLINAS, INC.**

**Consolidated Statement of Functional Expenses
Year Ended June 30, 2018 With Prior Year Comparative Totals**

	Program Services						Total Program Services	Management and General	Fundraising	Totals	
	Youth Programs	Health and Fitness	Women In Transition	Families Together	Renaissance West Community Initiative	Racial Justice				2018	2017
PERSONNEL											
Salaries and wages	\$ 662,402	\$ 281,066	\$ 193,645	\$ 86,559	\$ 84,584	\$ -	\$ 1,308,256	\$ 200,442	\$ 166,006	\$ 1,674,704	\$ 1,521,675
Benefits and taxes	101,347	32,885	27,222	13,470	11,126	-	186,050	40,315	26,950	253,315	248,515
Total Personnel	763,749	313,951	220,867	100,029	95,710	-	1,494,306	240,757	192,956	1,928,019	1,770,190
OTHER EXPENSES											
Occupancy	112,682	174,181	204,155	60,570	-	-	551,588	37,211	18,988	607,787	619,885
Contracted services	17,798	5,483	57,865	14,404	30	9	95,589	35,233	35,541	166,363	144,471
Program supplies and activities	43,293	13,857	12,308	5,465	-	5,068	79,991	-	4,707	84,698	88,716
Insurance	25,361	5,944	5,912	4,970	1,612	-	43,799	10,904	1,723	56,426	60,467
Special events	-	-	-	-	-	-	-	-	55,318	55,318	49,289
Interest	-	280	39,470	9,423	-	-	49,173	580	-	49,753	51,011
Phone and data service	11,198	4,216	2,202	3,529	658	-	21,803	1,956	1,656	25,415	25,850
Program transportation	24,343	-	-	-	-	-	24,343	-	-	24,343	33,604
Publications	-	4,242	-	-	-	-	4,242	-	14,375	18,617	16,409
Regional dues	6,139	3,469	3,551	1,600	589	-	15,348	2,294	-	17,642	18,148
Office supplies and equipment	3,768	1,129	1,238	186	1,099	44	7,464	6,347	1,558	15,369	16,803
Professional fees	-	-	567	-	-	-	567	14,338	-	14,905	21,952
Financial and bank fees	108	8,016	76	9	-	2	8,211	2,507	3,593	14,311	15,200
Advertising	-	4,133	-	-	-	-	4,133	-	5,995	10,128	5,851
Staff development	2,278	997	887	404	-	-	4,566	856	1,774	7,196	10,126
Meals	2,200	371	72	39	104	44	2,830	2,635	972	6,437	6,669
Postage and freight	-	474	-	-	-	-	474	2,033	1,768	4,275	3,994
Local mileage reimbursement	2,871	28	83	-	-	-	2,982	209	221	3,412	3,714
Travel	-	-	-	-	-	-	-	731	-	731	2,005
Other	1,338	409	982	707	23	-	3,459	953	494	4,906	5,007
Total Other Expenses	253,377	227,229	329,368	101,306	4,115	5,167	920,562	118,787	148,683	1,188,032	1,199,171
TOTAL EXPENSES BEFORE DEPRECIATION EXPENSE											
DEPRECIATION EXPENSE	1,017,126	541,180	550,235	201,335	99,825	5,167	2,414,868	359,544	341,639	3,116,051	2,969,361
Depreciation and amortization	23,461	46,843	51,808	69,972	-	-	192,084	13,580	8,695	214,359	216,012
TOTAL EXPENSES	1,040,587	588,023	602,043	271,307	99,825	5,167	2,606,952	373,124	350,334	3,330,410	3,185,373
Less - amounts deducted against support and revenue	-	-	-	-	-	-	-	14,239	-	14,239	14,012
NET EXPENSES	\$ 1,040,587	\$ 588,023	\$ 602,043	\$ 271,307	\$ 99,825	\$ 5,167	\$ 2,606,952	\$ 358,885	\$ 350,334	\$ 3,316,171	\$ 3,171,361

**YOUNG WOMEN'S CHRISTIAN ASSOCIATION
OF THE CENTRAL CAROLINAS, INC.**

**Consolidated Statement of Cash Flows
Year Ended June 30, 2018, With Prior Year Comparative Totals**

	<u>2018</u>	<u>2017</u>
<u>OPERATING ACTIVITIES</u>		
Change in net assets	\$ 500,713	\$ 1,301,644
Adjustments to reconcile change in net assets to cash flows from operating activities:		
Depreciation and amortization expense	214,359	216,012
Amortization of loan discount	16,893	17,187
Loss on disposal of equipment	48,164	43,490
Contributions restricted for long-term purposes	(52,474)	(686,363)
Realized and unrealized gains on investments	(389,789)	(562,919)
(Increase) decrease in operating assets:		
Promises to give	90,965	(78,674)
Accounts receivable	(13,614)	3,060
Prepaid expenses	546	(1,124)
Accrued income receivable	(1,349)	2,587
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	(70,199)	99,852
Deferred income	(8,430)	40,615
Accrued interest expense	32,000	32,000
	<u>367,785</u>	<u>427,367</u>
<u>Cash Flows From Operating Activities</u>		
<u>INVESTING ACTIVITIES</u>		
Purchase of property and equipment	(979,459)	(402,782)
Proceeds from sale of investments	3,146,213	1,278,835
Purchase of investments	(2,991,188)	(1,182,507)
	<u>(824,434)</u>	<u>(306,454)</u>
<u>Cash Flows From Investing Activities</u>		
<u>FINANCING ACTIVITIES</u>		
Principal paid on notes and capital lease obligations	(50,473)	(46,229)
Contributions restricted for long-term purposes	52,474	686,363
	<u>2,001</u>	<u>640,134</u>
<u>Cash Flows From Financing Activities</u>		
CHANGE IN CASH	(454,648)	761,047
CASH, BEGINNING	1,852,005	1,090,958
CASH, ENDING	\$ 1,397,357	\$ 1,852,005
<u>SUPPLEMENTAL INFORMATION</u>		
Interest expense paid	<u>\$ 860</u>	<u>\$ 1,823</u>

YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF THE CENTRAL CAROLINAS, INC.

Notes to Consolidated Financial Statements

June 30, 2018

NOTE 1 - ORGANIZATION AND PURPOSE

Nature of activities

The Young Women's Christian Association of the Central Carolinas, Inc. (the "Organization") was incorporated on October 27, 1955, under the laws of the State of North Carolina. The Organization is a member agency of the United Way of Central Carolinas, Inc. (the "United Way") and receives a substantial portion of its support in the form of allocations from the United Way. Other funding sources include private and governmental grants and contributions from the general public. The following is a summary of programs provided by the Organization:

- Youth Programs YWCA Central Carolinas Youth Programs provide year-round afterschool and full day summer programming at no cost to the families of 345 high-poverty youth in Kindergarten through 5th grade. We serve youth throughout Mecklenburg and Union Counties in public housing communities, County Park and Recreation facilities, public schools and the YWCA building. The purpose of the program is improving academics with a focus on literacy, keeping children safe in at-risk environments, and providing holistic support to meet the needs of the families and encourage parent engagement. In 2017-18, more than two times the number of students scored on grade level in reading in spring 2018 compared to fall 2017 (25% in the fall versus 54% in the spring) in our Mecklenburg County centers. At our Union County centers, nearly two times the number of students scored on grade level in reading in spring 2018 compared to fall 2017 (23% in the fall versus 44% in the spring).
- Health and Fitness YWCA's Sarah Belk Gambrell Health and Fitness Center provides health and fitness activities for 1,000 community members, including free memberships for participants in Women In Transition and Families Together and free swimming lessons for Youth Program participants. The center features a heated indoor pool, weight and cardio facilities, water and land-based fitness classes, an outdoor fitness trail and access to personal training services. In addition, specialty classes such as a triathlon training program (YDub Tri-Club) and fee-based swim lessons generate additional income for the center.
- Women In Transition (WIT) Women In Transition provides safe, affordable housing and comprehensive support services for women who have experienced homelessness. The goal is to provide temporary affordable housing, access to community resources and intensive case management needed to help them become economically stable and permanently housed. In 2017-18, 83% of graduates exited the program into permanent housing; and 95% established/maintained better financial stability.
- Families Together Families Together provides safe, affordable housing and comprehensive support services for families with children that have experienced homelessness. Families must earn between 20%-50% of Area Median Income upon program entry (maximum of \$37,050 annually for a family of four). Last year, 100% of families exited the program into permanent housing. For families one year post-exit, 100% remained permanently housed. Youth Programs provide academically-based year round out-of-school time services for children in Families Together. Families with preschool children participate in the Nurturing Parenting program designed to address the parenting concerns of individual families.

***YOUNG WOMEN'S CHRISTIAN ASSOCIATION
OF THE CENTRAL CAROLINAS, INC.***

Notes to Consolidated Financial Statements

June 30, 2018

NOTE 1 - ORGANIZATION AND PURPOSE, continued

Nature of activities, continued

- Renaissance West Community Initiative YWCA Central Carolinas is contracted to provide high-quality case management to families living in public housing at Renaissance West Community Initiative (RWCI). YWCA's director of Families Together leads two case managers as they provide support to the 65 families enrolled in the Charlotte Housing Authority's Family Self-Sufficiency program, who live in public housing there, while also providing support to the senior citizens who now call this community home.
- Racial Justice YWCA's Racial Justice initiative is designed to bring together community members who desire conversation leading to the understanding of racial and social justice issues dividing our community. Sessions developed by YWCA and in conjunction with community partners use topic experts to clearly define the issues and bring inequities to the forefront of concerned citizens. In the coming year, we plan to accelerate our racial justice programming. Our YWCA, along with the other five YWCAs in North Carolina, is part of a new three-state advocacy pilot being initiated by YWCA USA. The other two states selected are California and Michigan. All YWCA associations within these three states are committing to developing and implementing an advocacy campaign strategy focused on ending racial profiling and the criminalization of people of color. At the core of our mission – eliminating racism, empowering women, and promoting peace, justice, freedom and dignity for all – is the belief that no one should suffer from institutional and structural racism. Laws, policies and practices that perpetuate the criminalization of people of color are devastating to communities. This new pilot program will influence our upcoming forums and events over the next year as we work to highlight these issues and how they affect our local community.

Consolidated entity

Young Women's Christian Association of the Central Carolinas Endowment, Inc. ("Endowment") was incorporated on January 18, 2007, under the laws of the State of North Carolina. The purpose of the Endowment is to generate financial support, own, and manage capital assets for the Organization. The Endowment operates as a separate legal entity. However, a majority of the Endowment's Board of Directors are appointed by members of the Organization's Board of Directors. Due to the Organization's control of the Endowment, the accompanying consolidated financial statements include the activities of both entities. Significant affiliated transactions are eliminated when the separate financial statements are consolidated.

***YOUNG WOMEN'S CHRISTIAN ASSOCIATION
OF THE CENTRAL CAROLINAS, INC.***
Notes to Consolidated Financial Statements
June 30, 2018

NOTE 1 - ORGANIZATION AND PURPOSE, continued

Consolidated entity, continued

The Endowment has adopted investment and spending policies for its assets that attempt to provide a predictable stream of funding for supported programs while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well diversified asset mix, which includes equity and debt securities, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make annual distributions while growing the funds. Actual returns in any given year will vary.

Under current policy, the Endowment Board of Directors may annually distribute up to four percent of the Endowment market value, averaged over the prior three years. There are no minimum distribution requirements. It shall be the responsibility of the Board, in consultation with the Investment Manager, to periodically review the spending policy against actual returns in order to make necessary adjustments. Income available for spending is determined by a total return approach. During the year the Board approved a distribution of \$234,000.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The Organization prepares its financial statements on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles (GAAP). The Organization is required under GAAP to report information regarding its financial position and activities according to three classes of net assets:

Unrestricted net assets – Unrestricted net assets are those currently available for use in the day-to-day operation of the Organization and those resources invested in property, equipment, and the Endowment that have not been restricted by donors.

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. During the year, the Organization had no permanently restricted net assets.

Contributions and grants

The Organization reports contributions and grants of cash and other assets as 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 the purpose of the 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.

***YOUNG WOMEN'S CHRISTIAN ASSOCIATION
OF THE CENTRAL CAROLINAS, INC.***
Notes to Consolidated Financial Statements
June 30, 2018

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Donated services, goods, property and equipment

Donated services are reported as contributions when the services (a) create or enhance non-financial assets or (b) would be purchased if they had not been provided by contribution, require specialized skills, and are provided by individuals possessing those skills. Donated goods, if significant, are included in support at fair value. During the year, the Organization recorded \$3,780 of donated services and \$3,200 of donated goods.

In addition many individuals, including members of the Board of Directors, volunteer their time and perform a variety of tasks that assist the Organization with specific assistance programs and various assignments. The value of this contributed time is not reflected in these financial statements since it does not meet the above recognition criteria.

Donated facilities

The Organization receives donated space for certain program related activities at various locations. The fair value of the rent has been calculated at \$79,380 for the year and has been reflected in the financial statements as a contribution with a like amount included in occupancy expense.

Promises to give

In accordance with GAAP, the Organization recognizes unconditional promises to give as support in the period the promise is received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Accounts receivable

Accounts receivable are unsecured and consist primarily of amounts due for program services provided. Management considers all accounts receivable to be collectible based on its evaluation of the individual accounts; therefore, no allowance for doubtful accounts has been provided.

Property and equipment

Purchased fixed assets are carried at cost and donated fixed assets are recorded at their fair market value at the date of the gift, both subject to a \$1,000 capitalization policy. Depreciation is provided using the straight-line method over the estimated useful lives. Maintenance, repair costs, and minor replacements are charged to expense as incurred. When assets are retired or otherwise disposed of, the costs and accumulated depreciation are removed from the accounts and any gain or loss is reflected in current operations.

Investments

Investments are reported at fair value in accordance with GAAP.

Deferred income

Deferred income represents fees or other payments received in advance of providing related services or fulfilling contract terms. Such amounts are not recorded as income until the services are provided or contractual obligations are fulfilled.

***YOUNG WOMEN'S CHRISTIAN ASSOCIATION
OF THE CENTRAL CAROLINAS, INC.***

Notes to Consolidated Financial Statements

June 30, 2018

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Functional allocation of expenses

Expenses are allocated to program services, management and general, and fundraising based on management's estimates of time spent and various allocation methods appropriate to the type of expense.

Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of support, revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income tax status

The Organization and the Endowment are not-for-profit corporations that are exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code with respect to exempt function income. Both entities are not classified as a private foundation.

Prior-year comparative totals

The financial statements include certain prior-year summarized information, which is presented for comparative purposes only. Accordingly, such information should be read in conjunction with the Organization's June 30, 2017 financial statements, from which the summarized information was derived. Certain prior-year amounts may have been reclassified to conform to the presentation in the current-year financial statements.

NOTE 3 - PROMISES TO GIVE

Promises to give at year-end are expected to be collected as follows:

Year ended June 30:		
2019		\$ 948,305
2020		79,857
2021		76,840
2022		1,120
2023		1,100
Thereafter		<u>5,900</u>
Total		1,113,122
Deduct:		
Allowance for doubtful accounts	\$ 13,080	
Present value discount at 1.5 percent	<u>543</u>	<u>13,623</u>
Total		<u>\$ 1,099,499</u>

**YOUNG WOMEN'S CHRISTIAN ASSOCIATION
OF THE CENTRAL CAROLINAS, INC.**

Notes to Consolidated Financial Statements

June 30, 2018

NOTE 3 - PROMISES TO GIVE, continued

Promises to give as of year-end include \$725,000 of United Way allocations for the subsequent year. No amounts have been included in the above allowance for doubtful accounts for this promise to give based on historical experience.

NOTE 4 - PROPERTY AND EQUIPMENT

The principal categories and estimated useful lives of property and equipment at year-end are as follows:

	<u>Estimated Useful Lives</u>	
Buildings and improvements	10-40 years	\$ 8,022,512
Furniture and equipment	3-10 years	1,184,970
Land improvements	10 years	330,573
Land		<u>736,953</u>
		10,275,008
Less - accumulated depreciation		<u>5,570,860</u>
		<u><u>\$ 4,704,148</u></u>

NOTE 5 - INVESTMENTS

The balance at year-end consisted of the following assets held in an investment account at US Trust/Bank of America:

Equities and equity mutual funds	\$ 4,536,221
Bond portfolio	<u>1,854,381</u>
	<u><u>\$ 6,390,602</u></u>

Investment income for the year is comprised of the following:

Interest and dividends	\$ 140,716
Realized and unrealized gain on investments	<u>389,789</u>
	530,505
Less – fees	<u>42,421</u>
Total	<u><u>\$ 488,084</u></u>

***YOUNG WOMEN'S CHRISTIAN ASSOCIATION
OF THE CENTRAL CAROLINAS, INC.***

Notes to Consolidated Financial Statements

June 30, 2018

NOTE 5 - INVESTMENTS, continued

The Organization is the income beneficiary of various accounts held in trust for which the trustee has variance power over the distribution of the assets. Accordingly, no amounts are reflected in the accompanying financial statements related to the value of these accounts. Income is recorded as the Organization receives payments, due to the uncertainty of the timing and amounts that will be received.

NOTE 6 - LINE OF CREDIT

The Organization has a \$500,000 revolving line of credit with a local bank, secured by a second deed of trust on the Organization's property located on Park Road. Interest only is due monthly at the LIBOR rate plus two percent, limited to a floor of 5 percent and a ceiling of 7 percent, with any outstanding principal balance due June 15, 2019. This line of credit is renewable annually. There was no outstanding principal balance as of year-end.

NOTE 7 - NOTES PAYABLE

Notes payables at year-end consist of the following obligations:

A balance of \$145,807 related to an interest-free loan from the North Carolina Housing Finance Agency (the Agency) with a value of \$174,626 that is presented net of a present value discount of \$28,819. Since the note bears no interest, a present value discount has been computed utilizing a discount rate of five percent. Repayment of principal is due at a rate of \$1,833 per month. This loan is secured by a third deed of trust on the Organization's property located on Park Road.

A balance of \$196,940 related to an interest-free loan from the Agency with a face value of \$500,000 that is presented net of a present value discount of \$303,060. Since the note bears no interest, a present value discount has been computed utilizing a discount rate of five percent. This loan is secured by a deed of trust on the Organization's eleven townhome units located on Park Road constructed as part of the Families Together initiative. Principal is due February 1, 2038; however, the Organization may refinance the loan interest-free for an additional thirty years as long as the use of the property continues as originally proposed. This property is to be used to provide housing for homeless families with minor children. Any change in the use of the property could cause the entire loan balance to become due and payable immediately. The Organization has also assigned its interest in tenant leases related to the Families Together Program as a condition of this loan.

A balance of \$400,000 on a note from the Charlotte-Mecklenburg Housing Partnership, Inc. (the Partnership) secured by a fourth lien on the Organization's property located on Park Road. Interest accrues on this loan at a rate of eight percent per annum. Payment of the interest is deferred until the loan's maturity date of November 4, 2034; however, any outstanding principal and deferred interest will be forgiven at the maturity date unless 1) the property secured by the loan is transferred or 2) the WIT program is discontinued, at which time all outstanding principal and deferred interest will be due and payable. Accrued interest payable at year-end is \$418,652. The Organization has also assigned its interest in tenant leases related to the WIT program to the Partnership as a condition of this loan.

**YOUNG WOMEN'S CHRISTIAN ASSOCIATION
OF THE CENTRAL CAROLINAS, INC.**
Notes to Consolidated Financial Statements
June 30, 2018

NOTE 7 - NOTES PAYABLE, continued

Future maturities of the above notes are as follows:

During the year ending June 30,		
2019	\$	22,000
2020		22,000
2021		22,000
2022		22,000
2023		22,000
Thereafter		<u>632,747</u>
	\$	<u><u>742,747</u></u>

NOTE 8 - LEASE OBLIGATIONS

The Organization leases equipment and vehicles under capital and operating leases. During the year, the Organization made total payments of \$29,333 related to capital leases and \$23,249 related to operating lease payments. Capital lease obligations were fulfilled during the year. Future minimum rental payments due under operation leases at year-end are as follows:

Year ending June 30,		
2019	\$	23,145
2020		16,155
2021		16,155
2022		15,773
2023		15,392
2024		<u>2,445</u>
	\$	<u><u>89,065</u></u>

***YOUNG WOMEN'S CHRISTIAN ASSOCIATION
OF THE CENTRAL CAROLINAS, INC.***

Notes to Consolidated Financial Statements

June 30, 2018

NOTE 9 - NET ASSETS

Temporarily restricted net assets at year-end are available for the following purposes or periods:

United Way annual allocation for year ending June 30, 2019	\$ 725,000
Promises to give in future years, net	194,827
More than a Roof Campaign:	
Facilities maintenance	843,716
Expansion of programs	1,800,000
Unlocking the Future Campaign:	
Locker room renovations	112,097
Discount on interest-free loans	331,420
Youth Programs – Facility	88,257
Women In Transition and Families Together – facility maintenance	225,473
Women In Transition and Families Together	59,565
Families Together furniture	50,000
1902 Society	2,234
Swim lessons	4,840
Orange Crush Swim Team Sponsorship	249
	<u>\$ 4,437,678</u>

Net assets of the consolidated entities for the year consist of the following:

	<u>YWCA</u>	<u>Endowment</u>	<u>Total</u>
Beginning	\$ 11,798,273	\$ -	\$ 11,798,273
Change in net assets	<u>500,711</u>	<u>-</u>	<u>500,711</u>
Ending	<u>\$ 12,298,984</u>	<u>\$ -</u>	<u>\$ 12,298,984</u>

NOTE 10 - RETIREMENT PLAN

The Organization provides retirement benefits for eligible employees as a participating employer-sponsor of the Organization Retirement Fund Inc. (the Fund) established by the YWCA USA. Contributions to the Fund amounted to \$47,736 during the year ended. The actuarial present value of the benefit obligation and fair value of plan assets are not available separately for each employer who participates in the Fund.

***YOUNG WOMEN'S CHRISTIAN ASSOCIATION
OF THE CENTRAL CAROLINAS, INC.***

Notes to Consolidated Financial Statements

June 30, 2018

NOTE 11 - FAIR VALUE MEASUREMENTS

Current accounting standards require fair value of financial instruments to be determined based on the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants. It establishes a three-level valuation hierarchy based upon observable and unobservable inputs, as follows:

Level 1 - Fair value is based on quoted prices in active markets for identical assets or liabilities.

Level 2 - Fair value is based on observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 - Fair value is based on unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The Organization's investments are classified as Level 1 assets.

NOTE 12 - CONCENTRATION OF CREDIT RISK

Cash

Cash held in bank accounts is insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). The Organization regularly maintains balances in excess of insured limits. The total cash held by the Organization at year-end includes \$669,240 in excess of insured limits covered by the FDIC.

Investments

Investments are insured by the Securities Investor Protection Corporation up to \$500,000. The Organization invests in a variety of investments, which are subject to fluctuations in market values and expose the Organization to a certain degree of investment risk.

Support and revenue

During the year, the Organization received approximately 19 percent of its total support and revenue from United Way of Central Carolinas and at year-end approximately 66 percent of the total promises to give is receivable from United Way of Central Carolinas. This funding is granted on an annual basis and is applied for or renegotiated each year. This concentration of revenue represents a significant risk that operations could be impacted should this funding source reduce or discontinue their funding of the Organization.

The Organization operates in a small geographic area and receives funding from a limited number of sources and is therefore sensitive to changes in the local economy.

***YOUNG WOMEN'S CHRISTIAN ASSOCIATION
OF THE CENTRAL CAROLINAS, INC.***
Notes to Consolidated Financial Statements
June 30, 2018

NOTE 13 - CONTINGENCIES

Grants from governmental agencies can be subject to special audits by the funding agencies. Such audits could result in claims against the Organization for disallowed costs or noncompliance with grantor restrictions. No provision has been made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined at this date.

NOTE 14 - UNLOCKING THE FUTURE CAMPAIGN

During the year ended June 30, 2018, the YWCA finalized its multi-year campaign known as "Unlocking the Future" to raise \$1 million to be used to support strategic goals of the fitness center, including a complete renovation of locker room facilities. During the year ended June 30, 2018, the YWCA recognized expenses of \$801,936 related to this campaign, including \$40,126 of non-capitalized campaign expenses.

NOTE 15 - SUBSEQUENT EVENTS

The Organization has evaluated subsequent events from the date of the statement of financial position through the date of the independent auditors' report, which is the date the financial statements were available to be issued. During this period, no material recognizable subsequent events were identified.