

YWCA of Asheville and Western North Carolina, Inc.
Asheville, North Carolina

Financial Statements and Supplementary Information
Years Ended June 30, 2017 and 2016

And

Independent Auditor's Report

YWCA of Asheville and Western North Carolina, Inc.
Asheville, North Carolina

Years Ended June 30, 2017 and 2016

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**YWCA of Asheville and Western North Carolina, Inc.
Asheville, North Carolina**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
YWCA of Asheville and Western North Carolina, Inc.

We have audited the accompanying financial statements of YWCA of Asheville and Western North Carolina, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities 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. Those standards require that we plan and perform the audit 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 YWCA of Asheville and Western North Carolina, Inc. as of June 30, 2017 and 2016, 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.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses on page 19 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Sullivan & Sullivan PLLC
Asheville, NC
November 16, 2017

YWCA of Asheville and Western North Carolina, Inc.
 Statements of Financial Position

June 30,	2017	2016
<u>Assets</u>		
Cash	\$ 292,817	\$ 417,545
Investments	458,314	167,061
Accounts receivable, net	74,321	75,812
Grants receivable, net	14,891	24,913
Promises to give, net	270,054	196,226
Prepaid expenses and other current assets	29,150	29,007
Property and equipment, net	3,010,716	2,996,356
Investments restricted for endowment	708,403	627,058
Total assets	4,858,666	4,533,978
 <u>Liabilities and Net Assets</u>		
Liabilities:		
Accounts payable	\$ 49,244	\$ 26,648
Accrued expenses	109,551	62,099
Accrued compensated absences	47,306	47,575
Deferred income	7,559	6,248
Obligations under capital leases	28,976	-
Total liabilities	242,636	142,570
 Net assets:		
Unrestricted	4,168,818	3,960,333
Temporarily restricted	105,849	89,712
Permanently restricted	341,363	341,363
Total net assets	4,616,030	4,391,408
Total liabilities and net assets	\$ 4,858,666	\$ 4,533,978

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

YWCA of Asheville and Western North Carolina, Inc.
Statement of Activities

Year Ended June 30, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
Support and Revenue:				
Public and institutional support				
United Way	\$ -	\$ 188,470	\$ -	\$ 188,470
Governmental grants	-	247,336	-	247,336
Contributions and grants	527,506	422,810	-	950,316
Total public and institutional support	527,506	858,616	-	1,386,122
Revenue				
Program service fees	1,986,639	-	-	1,986,639
Other Income	39,754	54,924	-	94,678
Total revenue	2,026,393	54,924	-	2,081,317
Net assets released from restriction	897,403	(897,403)	-	-
Total support and revenue	3,451,302	16,137	-	3,467,439
Expenses:				
Program services				
Empowering Women	420,214	-	-	420,214
Promoting Health	868,966	-	-	868,966
Nurturing Children	1,470,468	-	-	1,470,468
Total program services	2,759,648	-	-	2,759,648
Management and general	213,358	-	-	213,358
Fundraising	269,811	-	-	269,811
Total expenses	3,242,817	-	-	3,242,817
Increase (decrease) in net assets	208,485	16,137	-	224,622
Net assets, beginning of year	3,960,333	89,712	341,363	4,391,408
Net assets, end of year	4,168,818	105,849	341,363	4,616,030

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

YWCA of Asheville and Western North Carolina, Inc.
Statement of Activities

Year Ended June 30, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
Support and Revenue:				
Public and institutional support				
United Way	\$ -	\$ 200,954	\$ -	\$ 200,954
Governmental grants	-	276,853	-	276,853
Contributions and grants	360,769	316,457	250	677,476
Total public and institutional support	360,769	794,264	250	1,155,283
Revenue				
Program service fees	1,729,109	-	-	1,729,109
Other Income	3,686	(15,214)	-	(11,528)
Total revenue	1,732,795	(15,214)	-	1,717,581
Net assets released from restriction	824,843	(824,843)	-	-
Total support and revenue	2,918,407	(45,793)	250	2,872,864
Expenses:				
Program services				
Empowering Women	327,445	-	-	327,445
Promoting Health	852,008	-	-	852,008
Nurturing Children	1,276,929	-	-	1,276,929
Total program services	2,456,382	-	-	2,456,382
Management and general	165,972	-	-	165,972
Fundraising	241,926	-	-	241,926
Total expenses	2,864,280	-	-	2,864,280
Increase (decrease) in net assets	54,127	(45,793)	250	8,584
Net assets, beginning of year	3,906,206	135,505	341,113	4,382,824
Net assets, end of year	3,960,333	89,712	341,363	4,391,408

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

YWCA of Asheville and Western North Carolina, Inc.
 Statements of Cash Flows

Years Ended June 30,	2017	2016
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ 224,622	\$ 8,584
Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	132,129	139,530
(Gain) loss on disposal/sales of assets	-	1,049
(Increase) decrease in investment activity	3,649	(6,863)
(Increase) decrease in Endowment activity	(87,373)	24,582
Investment fees paid from investments	11,125	5,720
(Increase) decrease in assets:		
Accounts receivable	1,491	(11,684)
Grants receivable	10,022	(14,582)
Promises to give	(73,828)	(51,728)
Prepaid expenses	(143)	(7,866)
(Increase) decrease in liabilities:		
Accounts payable	22,596	(2,975)
Accrued expenses	47,452	13,265
Accrued compensated absences	(269)	6,699
Deferred Income	1,311	1,794
Net cash provided (used) by operating activities	292,784	105,525
Cash flows from investing activities:		
Purchase of investments	(300,000)	(160,949)
Proceeds from sale of investments	-	405,487
Purchase of property and equipment	(146,488)	(31,866)
Net cash provided (used) for investing activities	(446,488)	212,672
Cash flows from financing activities:		
Increase (decrease) in capital lease obligation	28,976	(1,570)
Net cash provided (used) for financing activities	28,976	(1,570)
Net increase (decrease) in cash and cash equivalents	(124,728)	316,627
Cash and cash equivalents, beginning of year	417,545	100,918
Cash and cash equivalents, end of year	<u>\$ 292,817</u>	<u>\$ 417,545</u>

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

YWCA of Asheville and Western North Carolina, Inc.

Notes to Financial Statements

June 30, 2017 and 2016

Note A – Organization and summary of significant accounting policies:

Organization

YWCA of Asheville and Western North Carolina, Inc. (the "Organization" or "YWCA") is a North Carolina non-profit organization whose mission is eliminating racism, empowering women, and promoting peace, freedom, justice, and dignity for all. Its programs meet the needs of area women and families by bridging gaps in education, childcare, achievement, earning power, and health and wellness.

The YWCA's programs include:

Empowering Women: The YWCA provides support and guidance for young mothers, education and counseling on adolescent pregnancy prevention, and assistance to help low income women become more economically secure.

Promoting Health: The YWCA provides instruction for aquatics and a health & fitness center. The Organization also operates three preventative health and fitness projects: the Diabetes Wellness Project, which focuses on empowering those with diabetes through exercise; the Diabetes Prevention Project, which focuses on ways to prevent diabetes in high-risk individuals through exercise; and the Salsa, Sabor y Salud Program, which educates the Latino community about nutrition and exercise.

Nurturing Children: The YWCA provides early learning (child care), primary enrichment (after school programs and youth summer camps) and empowerment childcare (short-term childcare).

Basis of Accounting:

The accompanying financial statements of the YWCA of Asheville and Western North Carolina, Inc. have been prepared on the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America as applicable to not-for-profit organizations.

The Organization follows FASB ASC 958-205 and FASB ASC 958-605.

In accordance with FASB ASC 958-605, contributions received are recorded as unrestricted, temporarily restricted and permanently restricted, depending on the existence and/or nature of any donor restrictions. When a donor makes a promise to give that is substantially unconditional, the promise to give is recorded as a contribution.

Under FASB ASC 958-205, the Organization is required to report information regarding its financial position and activities according to three classes of net assets:

YWCA of Asheville and Western North Carolina, Inc.

Notes to Financial Statements - Continued

June 30, 2017 and 2016

Note A – Organization and summary of significant accounting policies – continued:

Unrestricted net assets consist of all resources of the Organization which have no donor-imposed restrictions. Unrestricted net assets consist of assets (including land, buildings, and equipment) and public support and revenue available and used for current operations and expenditures for current programs, equipment replacement, or other specific purposes. The Organization's governing board may, at their discretion, designate unrestricted net assets for a specified purpose. Support restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the same reporting period in which the contribution is recognized.

Temporarily restricted net assets consist of contributions received whose use by the Organization is limited by donor-imposed stipulations that expire by passage of time or can be fulfilled by actions of the Organization. When a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as assets released from restrictions.

Permanently restricted net assets consist of contributions received from donors whose use by the Organization is restricted to investment in perpetuity. Income from the investment of permanently restricted net assets is classified as unrestricted or temporarily restricted.

Advertising

Advertising costs are expensed as incurred. Advertising expense for the years ended June 30, 2017 and 2016 were \$32,069 and \$30,029, respectively.

Tax-exempt status

The Organization is exempt from income taxes as a not-for-profit corporation under Internal Revenue Service Code Section 501(c)(3). YWCA is not a private foundation. Accordingly, the financial statements do not reflect a provision for income taxes. The Organization is subject to a tax on income from any unrelated business.

The Organization has also elected to have 501(h) status, which establishes clear guidelines for lobbying expenditures by defining what percentage of an organization's budget may be spent on lobbying without threatening its tax-exempt status.

Uncertain tax positions

The Organization follows the recognition requirements of FASB ASC 740-10. Under this provision, income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more-likely-than-not be sustained upon examination by taxing authorities. The Organization has analyzed tax positions taken for filing with the Internal Revenue Service and the state of North Carolina. The Organization believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on the Organization's financial condition, results of operations or cash flows. Accordingly, the Organization has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at June 30, 2017.

The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Organization believes it is no longer subject to income tax examinations for years prior June 30, 2014.

YWCA of Asheville and Western North Carolina, Inc.

Notes to Financial Statements - Continued

June 30, 2017 and 2016

Note A – Organization and summary of significant accounting policies – continued:

In-kind contributions

Donated materials and equipment are reflected as contributions in the accompanying financial statements at their estimated fair market value at date of receipt.

Donated services are recognized as contributions in accordance with criteria outlined in FASB ASC 958-605. If the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by persons who possess those skills, and would otherwise be purchased by the Organization, a contribution is recorded at the fair value of the services.

During the years ended June 30, 2017 and 2016, the Organization benefited from numerous volunteer hours that are not recognized as contributions in the accompanying financial statements, since the criteria for recording under FASB ASC 958-605 were not met. The estimated fair value of these services was \$139,234 and \$145,062 for the years ended June 30, 2017 and 2016 respectively.

Cash and cash equivalents

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

Investments

The Organization accounts for investment activity in accordance with requirements of FASB ASC 958-320-50. According to FASB ASC 958-320-50, the Organization is required to report investments in equity securities that have readily determinable values and all investments in debt securities at fair market values.

Accounts receivable and credit policies

Accounts are charged an allowance account as they are deemed uncollectible based upon a periodic review of the accounts. At June 30, 2017 and 2016, the balance in allowance for uncollectible accounts was \$11,657 and \$2,228.

Property and equipment

Prior to January 1, 1975, the YWCA had not carried the value of its property and equipment in its financial statements and provided for no depreciation thereon. The value of the land and existing buildings at January 1, 1975, was estimated by the architect supervising the building additions at that date and should approximate historical cost. The valuation of furniture, equipment, and vehicles acquired prior to January 1, 1975, should approximate historical cost. Additions since that date are recorded at cost or, if donated, at the approximate fair value at the date of donation. Additions and betterments greater than \$500 are capitalized and costs of maintenance and repairs are charged to operations as incurred.

Property and equipment are depreciated on a straight-line basis. The estimated useful lives of the assets are as follows:

	<u>Life</u>
Buildings and improvements	7 -50 years
Furniture and equipment	3 - 15 years
Vehicles	5 -7 years

YWCA of Asheville and Western North Carolina, Inc.

Notes to Financial Statements – Continued

June 30, 2017 and 2016

Note A – Organization and summary of significant accounting policies – continued:

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Although these estimates are based on management's knowledge of current events and actions it may undertake in the future, they may ultimately differ from actual results.

Fair Value Measurements and Disclosures

The Organization follows FASB ASC 820 *Fair Value Measurements and Disclosures*, which establish a fair value hierarchy to increase consistency and comparability in fair value measurements and related disclosures. The fair value hierarchy is based on inputs to valuation techniques used to measure fair value that are either observable or unobservable. Observable inputs reflect assumptions market participants would use in pricing an asset or liability based on market data obtained from independent sources while unobservable inputs reflect a reporting entity's pricing based upon its own market assumptions.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

Level 1 – Quoted prices are available in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2 – Inputs are other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 – Inputs are unobservable for the asset or liability.

All investments held at a Community Foundation are considered level 3 inputs. The Community Foundation provides the fair market value of investments on quarterly statements provided to the Organization. All investments held at First Citizens Bank are considered level 1 inputs.

Reclassifications

Certain amounts for 2016 have been reclassified to conform to current year presentation.

YWCA of Asheville and Western North Carolina, Inc.

Notes to Financial Statements – Continued

June 30, 2017 and 2016

Note B – Investments:

Investments are carried at fair market value, with any income recorded as revenue during the year earned. As of June 30, 2017, the investment accounts consisted of the following:

	Cost	Fair Market Value	Unrealized Appreciation
Investments, level 1	\$ 448,191	\$ 458,314	\$ 10,123
Holly Home Fund Endowment, level 3	40,618	72,133	31,515
Janirve Endowment, level 3	300,000	374,334	74,334
Janirve Reserve Fund, level 3	210,500	261,936	51,436
	\$ 999,309	\$ 1,166,717	\$ 167,408

Investments as of June 30, 2016 are as follows:

	Cost	Fair Market Value	Unrealized Appreciation
Investments, level 1	\$ 157,436	\$ 167,061	\$ 9,625
Holly Home Fund Endowment, level 3	40,618	64,576	23,958
Janirve Endowment, level 3	300,000	330,754	30,754
Janirve Reserve Fund, level 3	210,500	231,728	21,228
	\$ 708,554	\$ 794,119	\$ 85,565

Note C – Endowments:

The Organization's endowment consists of assets transferred to the Community Foundation of Western North Carolina (CFWNC). As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported on the existence or absence of donor-imposed restrictions. The Holly Home Fund Endowment and the Janirve Endowment consist of permanently restricted contributions and earnings on those contributions if the earnings are not allocated for expenditure. Earnings on the Holly Home Fund Endowment are intended to support the YWCA Holly Jones Employee Home Buyer Assistance Program. Earnings on the Janirve Endowment may be accessed for use in operations with the approval of the Finance Committee. The Janirve Reserve Fund is Board restricted and intended to support extraordinary opportunity or need.

Interpretation of relevant law

The Board of the Organization has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. Consequently, the Organization classifies permanently restricted net assets as:

- The original value of gifts donated to the permanent endowment, and
- The original value of subsequent gifts to the permanent endowment.

YWCA of Asheville and Western North Carolina, Inc.

Notes to Financial Statements – Continued

June 30, 2017 and 2016

Note C – Endowments—continued:

The remaining portion of the donor-restricted endowment fund not classified as permanently restricted is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization's Board. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund.
2. The purpose of the Organization and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the Organization
7. The investment policies of the Organization

Return objectives and risk parameters

The Organization's investment and spending policies for endowment assets attempt to provide a predictable stream of funding to the Organization. The benchmark for the Organization's endowment assets is the 60% S&P 500, 40% Barclays Govt./Corp. Index.

Spending policy

The Organization has granted certain variance powers to the CFWNC, including investment decisions and spendable income calculations. However, the Organization retains the right to access the principal for the fund in full, subject to donor restrictions. CFWNC's standard spending policy for calculating spendable income is 4% of the average market value of the fund over a 16 quarter period. In the event that the fund has declined in value below the historic gift value of the fund available spending is determined by calculating 2% of the average market value of the fund over a 16 quarter period. The Board does not appropriate more than the spendable income limits imposed by the CFWNC.

The Organization has considered the long-term expected returns on its endowment investments. Accordingly, over the long term, the Organization expects that the current spending policy will allow its endowment to retain the original fair value of the gift.

Strategies employed for achieving objectives

The Organizations relies on a strategy in which investment returns are achieved through capital appreciation and current yield (interest and dividends). The Organization's assets are maintained in a passive fund, which the Organization believes will meet its long-term objectives within prudent risk constraints.

YWCA of Asheville and Western North Carolina, Inc.

Notes to Financial Statements – Continued

June 30, 2017 and 2016

Note C – Endowments—continued:

Endowment Net Asset Composition by Type of Fund as of June 30, 2017:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ -	\$ 105,849	\$ 341,363	\$ 447,212
Board-restricted endowment funds	261,191	-	-	261,191
Total Funds	\$ 261,191	\$ 105,849	\$ 341,363	\$ 708,403

Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2017:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Net assets, beginning of year	\$ 230,984	\$ 54,711	\$ 341,363	\$ 627,058
Investment return	4,606	7,947	-	12,553
Net appreciation/depreciations	27,842	46,978	-	74,820
Total	\$ 263,432	\$ 109,636	\$ 341,363	\$ 714,431
Contributions	\$ -	\$ -	\$ -	\$ -
Appropriation of endowment assets for expenditure	(2,241)	(3,787)	-	(6,028)
Net assets, end of year	\$ 261,191	\$ 105,849	\$ 341,363	\$ 708,403

Endowment Net Asset Composition by Type of Fund as of June 30, 2016:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ -	\$ 54,711	\$ 341,363	\$ 396,074
Board-restricted endowment funds	230,984	-	-	230,984
Total Funds	\$ 230,984	\$ 54,711	\$ 341,363	\$ 627,058

Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2016:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Net assets, beginning of year	\$ 279,032	\$ 115,325	\$ 341,113	\$ 735,470
Investment return	2,696	4,542	-	7,238
Net appreciation/depreciations	(12,064)	(19,756)	-	(31,820)
Total	\$ 269,664	\$ 100,111	\$ 341,113	\$ 710,888
Contributions	\$ 500	\$ -	\$ 250	\$ 750
Appropriation of endowment assets for expenditure	(39,180)	(45,400)	-	(84,580)
Net assets, end of year	\$ 230,984	\$ 54,711	\$ 341,363	\$ 627,058

YWCA of Asheville and Western North Carolina, Inc.

Notes to Financial Statements – Continued

June 30, 2017 and 2016

Note D – Promises to give:

Promises to give as of June 30, 2017 and 2016, were \$281,711 and \$204,768, respectively. Pledges are collectible over the next four years. Future receivables are discounted for present value of future cash flows at a rate of 3%. A description of pledges receivable is as follows:

At June 30, 2017

Receivable in one year or less	\$ 104,382
Receivable in 1-4 years	186,618
Less: Present Value Discount	(9,289)
Total pledges receivable before allowance	281,711
Allowance for doubtful accounts	(11,657)
Total pledges receivable, net	\$ 270,054

At June 30, 2016

Receivable in one year or less	\$ 55,279
Receivable in 1-4 years	158,267
Less: Present Value Discount	(8,778)
Total pledges receivable before allowance	204,768
Allowance for doubtful accounts	(8,542)
Total pledges receivable, net	\$ 196,226

Note E – Property and equipment, net:

Following is a summary of property and equipment and accumulated depreciation at June 30:

	2017	2016
Land	\$ 83,000	\$ 83,000
Buildings and improvements	4,764,815	4,669,645
Furniture and equipment	546,115	494,796
Vehicles	291,180	291,180
	\$ 5,685,110	\$ 5,538,621
Less accumulated depreciation	(2,674,394)	(2,542,265)
Net Property and Equipment	\$ 3,010,716	\$ 2,996,356

Depreciation charged to operations totaled \$132,129 and \$139,530 for 2017 and 2016, respectively.

YWCA of Asheville and Western North Carolina, Inc.

Notes to Financial Statements – Continued

June 30, 2017 and 2016

Note F – Accrued compensated absences:

The YWCA provides PTO benefits to its employees and allows for the carryover of certain PTO balances from year to year. At June 30, 2017 and 2016, the Organization was liable for benefits to its employees of approximately \$47,306 and \$47,575, respectively.

Note G– Retirement plan:

The Organization is a participant in the YWCA Retirement Plan. The Plan is a defined contribution plan. Employees are eligible to participate after two years of service. Contributions were made by the Organization for June 30, 2017 and 2016 in the amount of 10% of salary. Retirement expenses for the years ended June 30, 2017 and 2016, were \$55,618 and \$60,596, respectively.

Note H – Temporarily restricted net assets:

Temporarily restricted support for the years ended June 30 consisted of:

	2017	2016
Government grants		
NC Department of Health and Human Services	\$ 61,163	\$ 60,202
NC Department of Public Health	74,015	58,259
Buncombe County Department of Health	18,596	60,330
Other Buncombe County	93,562	98,062
Total government grants	247,336	276,853
United Way	188,470	200,954
Contributions and grants		
Buncombe County Foundation	-	12,500
City of Asheville	12,000	12,000
Community Foundation of Western North Carolina	54,773	46,032
Mission Health	45,000	45,000
Smart Start	13,601	13,113
Sisters of Mercy	25,000	37,788
Other	272,436	150,024
Total contributions and grants	422,810	316,457
Total temporarily restricted support	\$ 858,616	\$ 794,264

YWCA of Asheville and Western North Carolina, Inc.

Notes to Financial Statements – Continued

June 30, 2017 and 2016

Note H – Temporarily restricted net assets – continued:

Net assets for the year ended June 30 were temporarily restricted for the following programs:

	2017	2016
New Choices	\$ -	\$ 35,000

Note I – Related party:

The YWCA of Asheville and Western North Carolina, Inc. is affiliated with the YWCA of the YWCA USA. Dues paid for the years ended June 30, 2017 and 2016, were \$20,839 and \$20,426, respectively.

Note J – Supplemental cash flow information:

A capital lease agreement exists for the Organization. The capital lease agreement was entered into during the year ended June 30, 2017 for gym equipment. A prior year capital lease existed and was entered into during the year ended June 30, 2010 for solar panels. Interest expense the years ended June 30, 2017 and 2016, were \$313 and \$169, respectively.

Note K – Concentrations:

YWCA of Asheville and Western North Carolina, Inc.'s business activity is with members located within Western North Carolina, resulting in pledges receivable and accounts receivable from individuals and corporations substantially all located in Western North Carolina. The YWCA is exposed to a regional concentration of credit risk in the amount of \$359,266 and \$296,951 for June 30, 2017 and 2016, respectively, from members and contributors substantially all of whom are local residents.

The YWCA banks with institutions that are insured by the Federal Deposit Insurance Corporation (FDIC), up to the FDIC limit. At times during the year, the YWCA's deposits may exceed the FDIC insured limits, especially during periods of high cash flows. As of June 30, 2017 and 2016, balances in accounts at these institutions exceeded the FDIC limits by \$9,531 and \$156,611, respectively.

Note L – Contingencies:

Federal and State assisted programs

The YWCA has received proceeds from various federal and state grants. Periodic audits of these grants are required and certain costs could be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to the grantor agencies. Management believes that any potential required refunds will be immaterial. No provision has been made in the accompanying financial statements for any potential refund of grant monies.

YWCA of Asheville and Western North Carolina, Inc.

Notes to Financial Statements – Continued

June 30, 2017 and 2016

Note L – Contingencies-continued:

Risk management

The YWCA is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions, injuries to employees; and natural disasters. The YWCA carries commercial insurance coverage for all potential risks of loss. Settled claims have not exceeded commercial insurance coverage in any of the past five years.

Note M – Subsequent events:

The Organization has evaluated subsequent events through November 16, 2017, which is the issue date of the financial statements.

Supplementary Information

YWCA of Asheville and Western North Carolina, Inc.

Schedule of Functional Expenses

Year Ended June 30, 2017 (with comparative totals for 2016)

	Program Services				Supporting Services		2017	2016
	Empowering Women	Promoting Health	Nurturing Children	Total	Management & General	Fundraising	TOTAL	TOTAL
Salaries	256,333	423,072	906,969	1,586,374	41,884	139,647	1,767,905	1,559,332
Payroll Tax	24,122	39,089	82,242	145,453	3,040	13,809	162,302	150,193
Health Care & Other Employee Benefits	24,439	46,176	131,902	202,517	3,797	16,498	222,812	175,328
Utilities	4,575	38,890	17,539	61,004	12,201	3,050	76,255	69,007
Contract Services	7,432	110,571	25,367	143,370	65,170	4,328	212,868	187,202
Supplies	9,436	35,995	38,970	84,401	13,204	1,424	99,029	66,812
Retirement plan	4,312	10,957	31,189	46,458	3,625	5,535	55,618	60,596
Insurance	782	10,382	17,764	28,928	2,251	477	31,656	27,987
Food	10,854	3,234	71,954	86,042	-	2,966	89,008	86,028
Equipment repairs & maintenance	1,582	18,342	11,388	31,312	2,005	501	33,818	24,986
Equipment lease	-	1,440	-	1,440	-	-	1,440	1,339
Activities	17,715	4,222	43,740	65,677	1,642	15,266	82,585	89,936
Professional services	603	2,714	5,910	9,227	4,771	18,923	32,921	47,339
Worker's compensation	2,744	4,648	9,603	16,995	484	1,372	18,851	18,292
Postage & freight	567	915	543	2,025	1,394	911	4,330	4,702
Travel	3,466	1,508	4,961	9,935	392	50	10,377	11,423
Printing	1,460	3,756	5,632	10,848	4,503	10,940	26,291	21,605
Dues	2,039	6,388	8,164	16,591	2,120	2,128	20,839	20,426
Marketing	-	20,408	4,659	25,067	-	7,002	32,069	30,029
Telephone	3,591	5,367	1,284	10,242	3,275	2,709	16,226	13,382
Building repairs & maintenance	16,134	1,945	877	18,956	610	153	19,719	13,372
Training	20,540	6,711	6,167	33,418	10,696	7,606	51,720	20,118
Bad debt	-	-	-	-	10,993	-	10,993	2,578
Miscellaneous	-	-	450	450	1,821	-	2,271	-
Bank charges	-	-	-	-	16,765	12,020	28,785	22,738
Total Expenses before Depreciation	412,726	796,730	1,427,274	2,636,730	206,643	267,315	3,110,688	2,724,750
Depreciation	7,488	72,236	43,194	122,918	6,715	2,496	132,129	139,530
Total Expenses	420,214	868,966	1,470,468	2,759,648	213,358	269,811	3,242,817	2,864,280