

**THE WOMEN'S CENTER OF
TARRANT COUNTY, INC.**

AUDITED COMBINED FINANCIAL STATEMENTS

Year Ended September 30, 2016



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INDEPENDENT AUDITOR'S REPORT

Board of Directors
The Women's Center of Tarrant County, Inc.
Fort Worth, Texas

Report on the Combined Financial Statements

We have audited the accompanying combined statements of financial position of The Women's Center of Tarrant County and Affiliate (the "Center") as of September 30, 2016, and the related combined statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the combined financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these combined 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 combined financial statements based on our audit. We conducted our audit 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 audit to obtain reasonable assurance about whether the combined 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 Center's preparation and fair presentation of the combined 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 Center'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 combined 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 combined financial statements referred to above present fairly, in all material respects, the combined financial position of the Center as of September 30, 2016, and the change 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 2, 2017 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 the 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 Center's internal control over financial reporting and compliance.

February 2, 2017



THE WOMEN'S CENTER OF TARRANT COUNTY, INC. AND AFFILIATE

COMBINED STATEMENTS OF FINANCIAL POSITION

September 30, 2016

	The Women's Center of Tarrant County	The Women's Center of Tarrant County Foundation	Combined Total
ASSETS			
Cash and cash equivalents	\$ 798,589	\$ 67,000	\$ 865,589
Accounts receivable	176,259	-	176,259
Contributions receivable	123,849	-	123,849
Due from (to) affiliate	67,000	(67,000)	-
Inventory	18,590	-	18,590
Prepaid expenses and deposits	80,422	-	80,422
Other assets, net	724,614	-	724,614
Investments	3,749,400	2,345,323	6,094,723
Beneficial interest in trust	5,917	-	5,917
Property and equipment, net	5,407,337	-	5,407,337
Assets permanently restricted to endowment	-	20,000	20,000
Total assets	\$ 11,151,977	\$ 2,365,323	\$ 13,517,300
LIABILITIES AND NET ASSETS			
Liabilities			
Accounts payable	\$ 173,657	\$ -	\$ 173,657
Accrued liabilities	133,425	-	133,425
Deferred revenue	178,569	-	178,569
Total liabilities	485,651	-	485,651
Commitments and Contingencies - Notes 13 and 14			
Net Assets			
Unrestricted			
Undesignated	7,015,560	-	7,015,560
Designated			
Operating	2,021,000	2,345,323	4,366,323
Building maintenance	1,500,000	-	1,500,000
	<u>3,521,000</u>	<u>2,345,323</u>	<u>5,866,323</u>
Total unrestricted net assets	10,536,560	2,345,323	12,881,883
Temporarily restricted - time	129,766	-	129,766
Permanently restricted	-	20,000	20,000
Total net assets	10,666,326	2,365,323	13,031,649
Total liabilities and net assets	\$ 11,151,977	\$ 2,365,323	\$ 13,517,300

See notes to combined financial statements.



THE WOMEN'S CENTER OF TARRANT COUNTY, INC. AND AFFILIATE

COMBINED STATEMENTS OF ACTIVITIES

Year Ended September 30, 2016

	The Women's Center of Tarrant County			The Women's Center of Tarrant County Foundation		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Permanently Restricted	Total
Revenue and other support:						
Contributions	\$ 740,038	\$ 525,254	\$ 1,265,292	\$ -	\$ 20,000	\$ 20,000
United Way	988,244	-	988,244	-	-	-
Government grants and contracts	1,386,951	-	1,386,951	-	-	-
Program service fees	109,066	-	109,066	-	-	-
Special events income, net of expenses of \$151,856	227,049	-	227,049	-	-	-
Investment income	89,351	-	89,351	45,014	-	45,014
Net realized and unrealized gain (loss) on investments	278,553	(63,049)	215,504	233,203	-	233,203
Contributions (to) from affiliate	24,000	-	24,000	(24,000)	-	(24,000)
Insurance hail claim reserve	185,462	-	185,462	-	-	-
Miscellaneous income	7,549	-	7,549	-	-	-
Net assets released from restriction: Satisfaction of time restrictions	722,143	(722,143)	-	-	-	-
Total revenue and other support	4,758,406	(259,938)	4,498,468	254,217	20,000	274,217
Expenses:						
Program services:						
Rape Crisis and Victim Services	1,956,418	-	1,956,418	-	-	-
Employment Solutions	1,539,115	-	1,539,115	-	-	-
Counseling and Case Management	516,412	-	516,412	-	-	-
Total program services	4,011,945	-	4,011,945	-	-	-
Supporting services:						
Management and general	167,348	-	167,348	11,220	-	11,220
Fundraising	171,827	-	171,827	22,584	-	22,584
Total supporting services	339,175	-	339,175	33,804	-	33,804
Total expenses	4,351,120	-	4,351,120	33,804	-	33,804
Change in net assets	407,286	(259,938)	147,348	220,413	20,000	240,413
Net assets at beginning of year	10,129,274	389,704	10,518,978	2,124,910	-	2,124,910
Net assets at end of year	\$10,536,560	\$ 129,766	\$10,666,326	\$2,345,323	\$ 20,000	\$2,365,323

See notes to combined financial statements.

THE WOMEN'S CENTER OF TARRANT COUNTY, INC. AND AFFILIATE

STATEMENTS OF CASH FLOWS

Year Ended September 30, 2016

	The Women's Center of Tarrant County	The Women's Center of Tarrant County Foundation	Combined Total
Cash Flows from Operating Activities			
Change in net assets	\$ 147,348	\$ 240,413	\$ 387,761
Adjustments to reconcile change in net assets to net cash provided by operating activities:			
Depreciation and amortization	312,964	-	312,964
Net realized and unrealized gain on investments	(215,504)	(233,203)	(448,707)
(Increase) decrease in operating assets			
Accounts receivable	(23,355)	-	(23,355)
Contributions receivable	(60,969)	-	(60,969)
Inventory	1,901	-	1,901
Prepaid expenses and other assets	(3,444)	-	(3,444)
Due from (to) affiliate	(52,000)	52,000	-
Increase in operating liabilities			
Accounts payable and accrued liabilities	(58,651)	-	(58,651)
Deferred revenue	(9,195)	-	(9,195)
Contributions permanently restricted to endowment	-	(20,000)	(20,000)
Net cash provided by operating activities	<u>39,095</u>	<u>39,210</u>	<u>78,305</u>
Cash Flows from Investing Activities			
Purchase of investments	(458,005)	(47,040)	(505,045)
Proceeds from sale of investments	724,964	54,830	779,794
Purchase of other assets	(12,744)	-	(12,744)
Purchase of property and equipment	(56,674)	-	(56,674)
Net cash provided by investing activities	<u>197,541</u>	<u>7,790</u>	<u>205,331</u>
Cash Flows from Financing Activities			
Proceeds from contributions permanently restricted to endowment	-	20,000	20,000
Net cash provided by financing activities	<u>-</u>	<u>20,000</u>	<u>20,000</u>
Net increase in cash and cash equivalents	236,636	67,000	303,636
Cash and cash equivalents at beginning of year	561,953	-	561,953
Cash and cash equivalents at end of year	<u>\$ 798,589</u>	<u>\$ 67,000</u>	<u>\$ 865,589</u>

See notes to combined financial statements.



THE WOMEN'S CENTER OF TARRANT COUNTY, INC. AND AFFILIATE

COMBINED STATEMENT OF FUNCTIONAL EXPENSES

Year Ended September 30, 2016

	Program Services				Supporting Services		T Sup Sei
	Rape Crisis and Victim Services	Employment Solutions	Counseling and Case Management	Total Program Services	Management and General	Fundraising	
Salaries and related costs	\$ 1,585,789	\$ 651,616	\$ 408,616	\$ 2,646,021	\$ 119,230	\$ 153,618	\$
Professional fees	31,108	74,485	4,627	110,220	22,736	3,179	
Assistance to individuals	25	515,774	5,407	521,206	-	-	
Utilities	18,364	19,430	5,269	43,063	1,437	1,437	
Supplies	20,482	13,153	4,161	37,796	2,928	2,724	
Telephone and answering service	19,450	12,133	6,100	37,683	1,442	1,967	
Occupancy	14,845	2,956	11,866	29,667	101	190	
Equipment maintenance and rentals	35,871	38,268	10,284	84,423	5,329	3,289	
Printing/advertising and promotions	19,985	7,092	2,135	29,212	3,209	4,657	
Insurance	13,635	15,461	4,195	33,291	1,144	1,144	
Travel	7,546	5,633	3,291	16,470	680	608	
Maintenance	21,833	25,869	7,017	54,719	2,124	2,191	
Conferences	23,618	3,897	1,543	29,058	893	342	
Postage	2,941	430	191	3,562	981	1,685	
Other	20,966	16,904	4,812	42,682	6,288	7,334	
Total expenses before depreciation and amortization	1,836,458	1,403,101	479,514	3,719,073	168,522	184,365	
Depreciation and amortization	119,960	136,014	36,898	292,872	10,046	10,046	
Total expenses	\$ 1,956,418	\$ 1,539,115	\$ 516,412	\$ 4,011,945	\$ 178,568	\$ 194,411	\$

See notes to combined financial statements.

THE WOMEN'S CENTER OF TARRANT COUNTY, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities and Governance

The Women's Center of Tarrant County, Inc. (the "Center") opened in Fort Worth, Texas in January 1979. The Center provides comprehensive crisis intervention, counseling, and crime prevention services in the areas of sexual assault and other violent crime; information, referral, and counseling for women in crisis and transition; comprehensive employment services for women and men; and public advocacy and community education in all the areas in which the Center works. The Center's mission is "Inspiring, teaching and empowering women and families to overcome violence, crisis and poverty." The Center is governed by a Board of Directors (the "Board"), which is composed of up to forty unpaid community members. The Board's key roles and responsibilities are strategic planning, policy development, and general organization oversight and accountability. The Board employs the President and Chief Executive Officer, who is the general manager and chief administrative officer of the Center.

The Women's Center of Tarrant County Foundation (the "Foundation") was incorporated on October 11, 2013, to perform charitable activities including holding, managing, receiving, administering, and investing property for the exclusive use, benefit, and support of the Center and to be responsive to the needs and demands of The Women's Center. The Center is the sole member of the Foundation, and the Center elects the Board of Directors of the Foundation. The Center contributed the assets to form the Foundation on February 1, 2015.

Basis of Presentation

The Center's and the Foundation's financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Effective January 1, 2015, the Board elected to change the Center's and the Foundation's year-end from December 31 to September 30.

Combined Financial Statements

The accompanying combined financial statements included the accounts of the Center and the accounts of the Foundation. Significant inter-organizational transactions and balances have been eliminated.

Management Estimates and Assumptions

Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. 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 are used.

Cash Equivalents

The Center considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Accounts Receivable

Accounts receivable represent government grant receivables and other receivables. Based on past experience and analysis of current receivable collectability, no allowance for doubtful accounts is considered necessary at September 30, 2016.



THE WOMEN'S CENTER OF TARRANT COUNTY, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Other Assets

Other assets are comprised of the Rape Crisis & Victim Services, Play it Safe![®] video project, the Play it Safe![®] web based application and updates to the Center's website. Other assets are amortized over their estimated useful life using the straight-line method.

Inventory

Inventory, consisting primarily of materials for the Play it Safe![®] videos, are valued using lower of cost or market on the first-in, first-out basis.

Investments

Investments are carried at fair value based on quoted market prices. Realized and unrealized gains and losses are included in the combined statement of activities.

Property and Equipment

Property and equipment that are purchased are recorded at cost and depreciated over their estimated useful lives using the straight-line method. Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support.

Absent donor stipulations regarding how long those donated assets must be maintained, the Center reports expirations of donor restrictions when the donated assets are placed in service or when the acquired assets have been purchased as instructed by the donor. The Center reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Impairment of Long-Lived Assets

Management evaluates its long-lived assets for financial impairment whenever events or changes in circumstances indicate the carrying value of an asset may not be recoverable. An impairment loss is recognized when the estimated undiscounted future cash flows from the assets are less than the carrying value of the assets. Assets to be disposed of are reported at the lower of their carrying amount or fair value, less cost to sell. Management is of the opinion that the carrying amount of its long-lived assets does not exceed their estimated recoverable amount.

Revenue Recognition

The Center recognizes program fees, contributions, and unconditional pledges when received, and grant revenue when the related expenses are incurred.

Recognition of Donor Restrictions

Donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.



THE WOMEN'S CENTER OF TARRANT COUNTY, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated Equipment and Services

Donated materials are reflected as contributions at their estimated value at the date of receipt. The Center had \$31,075 in 2016, of donated services that require specialized skills which would require purchase if not donated. All such amounts are treated as a contribution with an offset to program or supporting service expense in 2016.

Deferred Revenue

Deferred revenue represents special event revenue received and expenses incurred prior to the actual event date; and grants funds received during the year that have grant periods extending beyond the fiscal year-end and are therefore deferred until the services are performed or the grant period is complete.

Allocation of Functional Expenses

Functional expenses, which are not solely and specifically related to a functional program, are allocated based principally on estimates made by management.

Income Taxes

The Center and the Foundation are not-for-profit organizations that are exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and are not considered private foundations.

Subsequent Events

Management evaluated subsequent events through February 2, 2017 which is the date the combined financial statements were available to be issued.

NOTE 2. CONTRIBUTIONS RECEIVABLE

At September 30, 2016 contributors have made unconditional promises to give operating funds of \$123,849 to the Center. No allowance for uncollectible accounts is considered necessary at September 30, 2016. The receivables are scheduled to be received during 2017.

NOTE 3. BENEFICIAL INTEREST IN TRUST

The beneficial interest in trust of \$5,917 represents the fair value of a 50% split-interest in a trust established from the bequest of Virginia Robinson. The assets are held in trust by banks as permanent trustees of the trust. The assets are recorded in the financial statements as temporarily restricted net assets. At September 30, 2016, substantially all of the trust assets had been sold, and a resulting loss of \$63,049 is reported in the Center's combined statement of activities.



THE WOMEN'S CENTER OF TARRANT COUNTY, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS

NOTE 4. INVESTMENTS

Investments consist of the following at September 30, 2016:

	The Women's Center		Foundation	
	Fair Value	Cost	Fair Value	Cost
Cash equivalents	\$ 30,136	\$ 30,136	\$ 19,997	\$ 19,997
Fixed income securities	1,597,079	1,564,018	459,120	456,413
Partnership	-	-	391,493	377,633
Equities	2,122,185	1,658,405	1,494,713	1,427,864
	<u>\$ 3,749,400</u>	<u>\$ 3,252,559</u>	<u>\$ 2,365,323</u>	<u>\$ 2,281,907</u>

NOTE 5. PROPERTY AND EQUIPMENT

At September 30, 2016 property and equipment are comprised of the following:

Land	\$ 554,592
Buildings	6,320,153
Furniture and equipment	737,865
Leasehold improvements	9,545
	<u>7,622,155</u>
Less accumulated depreciation	(2,214,818)
	<u>\$ 5,407,337</u>

NOTE 6. OTHER ASSETS

At September 30, 2016, other assets are comprised of the following:

Play it Safe!® videos	\$ 623,315
Play it Safe!® web based application	153,750
Women's Center website	53,840
	<u>830,905</u>
Less accumulated amortization	(106,291)
	<u>\$ 724,614</u>

NOTE 7. LINE OF CREDIT

The Center has a \$250,000 unsecured line of credit with a bank to provide for short-term cash flow requirements. This unsecured line of credit, initiated in March 2010, is renewed annually, and bears interest at 1.25% plus the prime rate as published in the Wall Street Journal. The line of credit was unused during the year and has no balance at September 30, 2016. It will expire on June 28, 2017.



THE WOMEN'S CENTER OF TARRANT COUNTY, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS

NOTE 8. UNRESTRICTED DESIGNATED NET ASSETS

The unrestricted designated net assets of the Center represent amounts designated by the Center's Board to be used for operating purposes, building maintenance, and technology upgrades. Designated operating net assets are comprised of no less than six months average operating expenses based on the following year operating budget and are \$2,021,000 at September 30, 2016.

Designated building maintenance net assets are comprised of \$1,500,000 and were designated following the 2005-2009 Capital Campaign. Earnings from these funds will be used as needed in the annual operating budget to fund increased operating costs and to fund repairs and maintenance in the new facility.

NOTE 9. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at September 30, 2016, consist of the following:

Contributions receivable	\$	123,849
Beneficial interest in trust		<u>5,917</u>
Total time restricted net assets	\$	<u>129,766</u>

NOTE 10. NET ASSETS OF THE FOUNDATION

The Foundation was established in 2013, and was funded from assets of the Center in 2015. The Foundation consists of cash and cash equivalents, mutual funds, fixed income, equities and a partnership. The Foundation assets are managed by a Board of Directors which is appointed by the Center's Board. The Foundation's purpose is to perform charitable activities including holding, managing, receiving, administering, and investing property for the exclusive use, benefit, and support of the Center and to be responsive to the needs and demands of The Women's Center. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based upon the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Directors (the "Directors") of the Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) of the State of Texas to require the preservation of the fair value of the original gift as of the gift date of donor-restricted endowment funds absent explicit donor stipulations to the contrary. Therefore, the Foundation will classify as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA.



THE WOMEN'S CENTER OF TARRANT COUNTY, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS

NOTE 10. NET ASSETS OF THE FOUNDATION (Continued)

In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of the Foundation 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 Foundation
7. The investment policies of the Foundation

Composition and Activity of Foundation Funds

Foundation net asset composition by type of funds as of September 30, 2016, follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor restricted	\$ -	\$ -	\$ 20,000	\$ 20,000
Board designated	2,345,323	-	-	2,345,323
Balance at end of year	<u>\$ 2,345,323</u>	<u>\$ -</u>	<u>\$ 20,000</u>	<u>\$ 2,365,323</u>

The changes in the endowment net assets for the year ended September 30, 2016 follow:

	Unrestricted Designated	Temporarily Restricted	Permanently Restricted	Total
Balance at beginning of year	\$ 2,124,910	\$ -	\$ -	\$ 2,124,910
Contributions	-	-	20,000	20,000
Unrealized/realized gain	233,203	-	-	233,203
Dividends and interest	45,014	-	-	45,014
Allocation to the Center	(24,000)	-	-	(24,000)
Investment fees	(5,805)	-	-	(5,805)
Other expenses	(27,999)	-	-	(27,999)
Balance at end of year	<u>\$ 2,345,323</u>	<u>\$ -</u>	<u>\$ 20,000</u>	<u>\$ 2,365,323</u>

Return Objectives and Risk Parameters

The overall investment objective of the portfolio is to provide long-term growth and income. It is also expected that the return of the portfolio will compare favorably with portfolios of similar objectives and asset allocations.



THE WOMEN'S CENTER OF TARRANT COUNTY, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS

NOTE 10. NET ASSETS OF THE FOUNDATION (Continued)

The overarching theme is that the investment assets should be managed in a prudent fashion to support the mission of the Center. Given the evolving implementation of the mission and the dynamic nature of the markets, how best to support this mission is subject to change over time. Thus, the policy is to have the Directors routinely monitor the investments and affirm they are consistent with the objectives or modify as appropriate. The portfolio will generally be managed on a fully invested basis, thereby avoiding the long-term performance penalty of holding cash reserves.

Strategies Employed for Achieving Objectives

In order to meet the stated objectives, the following guidelines are established:

<u>Asset Class</u>	<u>Minimum Allocation</u>	<u>Target Allocation</u>	<u>Maximum Allocation</u>
Equity	60%	80%	85%
Fixed income	15%	20%	40%
Cash equivalents	0%	0%	10%

Spending Policy and How the Investment Objectives Relate to Spending Policy

The annual distributable funds for each calendar year may be up to 5% of the market value of the investments at the end of each year until a four-year average is attained. For fiscal year ending September 30, 2017, the distribution may be up to 5% of the average market value of investments at the end of each of the preceding four years. Thereafter, a continuous five-year average will be used.

The percentage distributed shall be reviewed annually by the Foundation Directors and adjusted as appropriate according to the needs of the Center and current market climate. Should the suggested distribution result in a reduction of the real value of the endowment and reserve funds to a level below the adjusted real value, the Foundation Directors shall determine the percent or amount to be withdrawn.

NOTE 11. FAIR VALUE OF ASSETS AND LIABILITIES

The accounting standards issued by the Financial Accounting Standards Board establish a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

The standards describe three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets or liabilities.
- Level 2** 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 inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3** 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 WOMEN'S CENTER OF TARRANT COUNTY, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS

NOTE 11. FAIR VALUE OF ASSETS AND LIABILITIES (Continued)

Following is a description of the valuation methodologies used for assets and liabilities measured at fair value on a recurring basis and recognized in the accompanying combined statement of financial position, as well as the general classification of such assets and liabilities pursuant to the valuation hierarchy.

Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities include publicly traded stocks, mutual funds, certificates of deposit, and money market funds. If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

Level 2 investments are valued based on the fair value of underlying assets.

The following table presents the fair value measurements of assets and liabilities recognized in the combined statement of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at September 30, 2016 for the Center and the Foundation:

Center	Fair Value Measurements Using			
	Fair Value	Level 1	Level 2	Level 3
Cash equivalents	\$ 30,136	\$ 30,136	\$ -	\$ -
Common stock				
Real estate	85,757	85,757	-	-
Energy	48,451	48,451	-	-
Materials and other	28,219	28,219	-	-
Mutual funds				
Intermediate-term bond	662,891	662,891	-	-
Short-term bond	934,188	934,188	-	-
Large value	1,130,252	1,130,252	-	-
Mid-cap blend	146,747	146,747	-	-
Mid-cap growth	11,502	11,502	-	-
Small core	24,830	24,830	-	-
Emerging markets	5,645	5,645	-	-
Large growth	205,715	205,715	-	-
Large blend	259,129	259,129	-	-
Large core	175,938	175,938	-	-
Beneficial interest in trust	5,917	-	5,917	-
Total	\$ 3,755,317	\$ 3,749,400	\$ 5,917	\$ -



THE WOMEN'S CENTER OF TARRANT COUNTY, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS

NOTE 11. FAIR VALUE OF ASSETS AND LIABILITIES (Continued)

Foundation	Fair Value	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Cash equivalents	\$ 19,997	\$ 19,997	\$ -	\$ -
Partnership	391,493	-	391,493	-
Common stock				
Real estate	85,901	85,901	-	-
Energy	48,525	48,525	-	-
Materials and other	28,346	28,346	-	-
Mutual funds				
Intermediate-term bond	189,700	189,700	-	-
Short-term bond	269,420	269,420	-	-
Large value	677,585	677,585	-	-
Mid-cap blend	106,035	106,035	-	-
Mid-cap growth	3,867	3,867	-	-
Emerging markets	16,934	16,934	-	-
Large growth	203,546	203,546	-	-
Large blend	247,259	247,259	-	-
Large core	76,715	76,715	-	-
Total	\$ 2,365,323	\$ 1,973,830	\$ 391,493	\$ -

Other Financial Instruments

The recorded amounts of cash and cash equivalents, accounts and contributions receivable, and accounts payable approximate fair value based on their short-term nature.

NOTE 12. EMPLOYEE PENSION PLAN

The Center has a defined contribution employee pension plan to which it contributes an amount equal to 3% of eligible employees' salary. Employees are eligible to participate in the plan after they have completed one year of service or immediately after hire date if they have worked for another social service organization within the last three years for a comparable period. Participating employees vest 100% after six years of service or upon attainment of their early retirement age. Forfeitures due to employee separation from service before vesting are used to reduce Center contributions. Contributions are approximately \$48,000 in 2016.



THE WOMEN'S CENTER OF TARRANT COUNTY, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS

NOTE 13. COMMITMENTS

The Center leases certain office space and equipment under non-cancelable operating leases having remaining terms in excess of one year. The minimum lease commitments at September 30, 2016, follow:

2017	\$ 28,000
2018	28,000
2019	20,000
2020	18,000
2021	18,000
2022	12,000
	<u>\$ 124,000</u>

Rental expense approximated \$28,000 in 2016.

NOTE 14. CONTINGENCIES

The Center receives several federal awards for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to grantor agencies for expenditures disallowed under the terms of the awards. In the opinion of management, disallowed costs, if any, will not materially affect the financial position or the change in net assets of the Center.

