

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

AUDITED COMBINED FINANCIAL STATEMENTS

Year Ended September 30, 2017



CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	1
<hr/>	
AUDITED COMBINED FINANCIAL STATEMENTS	
Combined Statements of Financial Position	3
Combined Statements of Activities	4
Combined Statements of Cash Flows	5
Combined Statements of Functional Expenses	6
Notes to Combined Financial Statements	7



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, 2017, 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 combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined 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, 2017, 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 January 24, 2018 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.

Rylander, Clay + Opety, LLP

January 24, 2018



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

COMBINED STATEMENTS OF FINANCIAL POSITION

September 30, 2017

	The Women's Center of Tarrant County	The Women's Center of Tarrant County Foundation	Combined Total
ASSETS			
Cash and cash equivalents	\$ 727,969	\$ 11,680	\$ 739,649
Accounts receivable	171,396	-	171,396
Contributions receivable	66,636	-	66,636
Due from (to) affiliate	80,000	(80,000)	-
Inventory	15,300	-	15,300
Prepaid expenses and deposits	88,847	-	88,847
Other assets, net	662,300	-	662,300
Investments	4,242,465	2,634,853	6,877,318
Beneficial interest in trust	5,917	-	5,917
Property and equipment, net	5,168,651	-	5,168,651
Assets permanently restricted to endowment	-	20,000	20,000
	Total assets	\$ 2,586,533	\$ 13,816,014
LIABILITIES AND NET ASSETS			
Liabilities			
Accounts payable	\$ 205,154	\$ -	\$ 205,154
Accrued liabilities	128,691	-	128,691
Deferred revenue	172,583	-	172,583
	Total liabilities	-	506,428
Commitments and Contingencies - Notes 12 and 13			
Net Assets			
Unrestricted			
Undesignated	6,865,500	-	6,865,500
Designated			
Operating	2,285,000	2,566,533	4,851,533
Building maintenance	1,500,000	-	1,500,000
	3,785,000	2,566,533	6,351,533
	10,650,500	2,566,533	13,217,033
Temporarily restricted - time			
	72,553	-	72,553
Permanently restricted			
	-	20,000	20,000
	Total net assets	2,586,533	13,309,586
	Total liabilities and net assets	\$ 2,586,533	\$ 13,816,014

See notes to combined financial statements.



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

COMBINED STATEMENTS OF ACTIVITIES

Year Ended September 30, 2017

	The Women's Center of Tarrant County			The Women's Center of Tarrant County Foundation				Combined Total
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	
Revenue and other support:								
Contributions	\$ 762,536	\$ 511,433	\$ 1,273,969	\$ 11,680	\$ -	\$ -	\$ 11,680	\$ 1,285,649
United Way	782,489	-	782,489	-	-	-	-	782,489
Government grants and contracts	1,654,810	-	1,654,810	-	-	-	-	1,654,810
Program service fees	103,446	-	103,446	-	-	-	-	103,446
Special events income, net of expenses of \$141,452	240,299	-	240,299	-	-	-	-	240,299
Investment income	92,320	-	92,320	47,108	356	-	47,464	139,784
Net realized and unrealized gain on investments	250,981	-	250,981	246,923	1,866	-	248,789	499,770
Contributions (to) from affiliate	50,700	-	50,700	(50,700)	-	-	(50,700)	-
Miscellaneous income	4,418	-	4,418	-	-	-	-	4,418
Net assets released from restriction:								
Satisfaction of time restrictions	160,482	(160,482)	-	2,222	(2,222)	-	-	-
Satisfaction of program restrictions	408,164	(408,164)	-	-	-	-	-	-
Total revenue and other support	4,510,645	(57,213)	4,453,432	257,233	-	-	257,233	4,710,665
Expenses:								
Program services:								
Rape Crisis and Victim Services	2,083,011	-	2,083,011	-	-	-	-	2,083,011
Employment Solutions	1,355,754	-	1,355,754	-	-	-	-	1,355,754
Counseling and Case Management	570,647	-	570,647	-	-	-	-	570,647
Total program services	4,009,412	-	4,009,412	-	-	-	-	4,009,412
Supporting services:								
Management and general	169,877	-	169,877	11,316	-	-	11,316	181,193
Fundraising	217,416	-	217,416	24,707	-	-	24,707	242,123
Total supporting services	387,293	-	387,293	36,023	-	-	36,023	423,316
Total expenses	4,396,705	-	4,396,705	36,023	-	-	36,023	4,432,728
Change in net assets	113,940	(57,213)	56,727	221,210	-	-	221,210	277,937
Net assets at beginning of year	10,536,560	129,766	10,666,326	2,345,323	-	20,000	2,365,323	13,031,649
Net assets at end of year	\$10,650,500	\$ 72,553	\$10,723,053	\$2,566,533	\$ -	\$ 20,000	\$2,586,533	\$ 13,309,586

See notes to combined financial statements.



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

STATEMENTS OF CASH FLOWS

Year Ended September 30, 2017

	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	\$ 56,727	\$ 221,210	\$ 277,937
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:			
Depreciation and amortization	311,671	-	311,671
Net realized and unrealized gain on investments	(250,981)	(248,789)	(499,770)
(Increase) decrease in operating assets			
Accounts receivable	4,863	-	4,863
Contributions receivable	57,213	-	57,213
Inventory	3,290	-	3,290
Prepaid expenses and other assets	(8,425)	-	(8,425)
Due from (to) affiliate	(13,000)	13,000	-
Increase (decrease) in operating liabilities			
Accounts payable and accrued liabilities	26,763	-	26,763
Deferred revenue	(5,986)	-	(5,986)
Net cash provided (used) by operating activities	182,135	(14,579)	167,556
Cash Flows from Investing Activities			
Purchase of investments	(1,041,163)	(1,162,805)	(2,203,968)
Proceeds from sale of investments	799,079	1,122,064	1,921,143
Purchase of property and equipment	(10,671)	-	(10,671)
Net cash used by investing activities	(252,755)	(40,741)	(293,496)
Net decrease in cash and cash equivalents	(70,620)	(55,320)	(125,940)
Cash and cash equivalents at beginning of year	798,589	67,000	865,589
Cash and cash equivalents at end of year	\$ 727,969	\$ 11,680	\$ 739,649

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, 2017

	Program Services				Supporting Services			Total
	Rape Crisis and Victim Services	Employment Solutions	Counseling and Case Management	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Center								
Salaries and related costs	\$ 1,697,003	\$ 656,740	\$ 464,497	\$ 2,818,240	\$ 128,397	\$ 158,437	\$ 286,834	\$ 3,105,074
Professional fees	23,132	57,937	3,350	84,419	4,946	8,967	13,913	98,332
Assistance to individuals	-	346,455	3,873	350,328	-	-	-	350,328
Utilities	19,207	19,545	5,414	44,166	1,476	1,476	2,952	47,118
Supplies	20,616	12,885	4,751	38,252	4,100	2,392	6,492	44,744
Telephone and answering service	21,755	10,193	5,567	37,515	1,345	1,761	3,106	40,621
Occupancy	15,164	6,225	11,677	33,066	126	126	252	33,318
Equipment maintenance and rentals	38,456	41,217	9,963	89,636	7,060	6,407	13,467	103,103
Printing/advertising and promotions	13,115	3,872	1,054	18,041	516	12,153	12,669	30,710
Insurance	14,283	16,064	4,375	34,722	1,193	1,193	2,386	37,108
Travel	7,474	5,607	5,057	18,138	643	1,110	1,753	19,891
Maintenance	23,095	26,333	7,285	56,713	1,964	2,708	4,672	61,385
Conferences	37,411	745	1,167	39,323	531	1,852	2,383	41,706
Postage	3,383	179	108	3,670	540	1,325	1,865	5,535
Other	26,475	19,295	5,768	51,538	7,027	7,496	14,523	66,061
Total expenses before depreciation and amortization	1,960,569	1,223,292	533,906	3,717,767	159,864	207,403	367,267	4,085,034
Depreciation and amortization	122,442	132,462	36,741	291,645	10,013	10,013	20,026	311,671
Total Center expenses	2,083,011	1,355,754	570,647	4,009,412	169,877	217,416	387,293	4,396,705
Foundation								
Salaries and related costs	-	-	-	-	-	24,707	24,707	24,707
Professional fees	-	-	-	-	10,173	-	10,173	10,173
Supplies	-	-	-	-	1,015	-	1,015	1,015
Conferences	-	-	-	-	128	-	128	128
Total Foundation expenses	-	-	-	-	11,316	24,707	36,023	36,023
Total expenses	\$ 2,083,011	\$ 1,355,754	\$ 570,647	\$ 4,009,412	\$ 181,193	\$ 242,123	\$ 423,316	\$ 4,432,728

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 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.

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, 2017.



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 \$34,305 in 2017, 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 2017.

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 January 24, 2018 which is the date the combined financial statements were available to be issued.

NOTE 2. CONTRIBUTIONS RECEIVABLE

At September 30, 2017, contributors have made unconditional promises to give operating funds of \$66,636 to the Center. No allowance for uncollectible accounts is considered necessary at September 30, 2017. The receivables are scheduled to be collected during 2018.

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.



THE WOMEN'S CENTER OF TARRANT COUNTY, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS

NOTE 4. INVESTMENTS

Investments consist of the following at September 30, 2017:

	The Women's Center		Foundation	
	Fair Value	Cost	Fair Value	Cost
Cash equivalents	\$ 37,415	\$ 37,415	\$ 49,724	\$ 49,724
Common stock	182,946	108,197	185,903	164,850
Mutual funds				
Domestic equities	2,198,189	1,553,553	1,890,444	1,634,742
International equities	6,536	6,291	19,607	18,392
Fixed income	1,817,379	1,800,934	509,175	507,888
	<u>\$ 4,242,465</u>	<u>\$ 3,506,390</u>	<u>\$ 2,654,853</u>	<u>\$ 2,375,596</u>

NOTE 5. PROPERTY AND EQUIPMENT

At September 30, 2017, property and equipment are comprised of the following:

	2017
Land	\$ 554,592
Buildings	6,320,153
Furniture and equipment	647,758
Leasehold improvements	6,742
	<u>7,529,245</u>
Less accumulated depreciation	<u>(2,360,594)</u>
	<u>\$ 5,168,651</u>

NOTE 6. OTHER ASSETS

At September 30, 2017, other assets are comprised of the following:

	2017
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	<u>(168,605)</u>
	<u>\$ 662,300</u>

NOTE 7. 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 and building maintenance. Designated operating net assets are comprised of no less than six months average operating expenses based on the following year's operating budget and are \$2,285,000 at September 30, 2017.



THE WOMEN'S CENTER OF TARRANT COUNTY, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS

NOTE 7. UNRESTRICTED DESIGNATED NET ASSETS (Continued)

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.

The designated net assets of the Foundation are designated by the Foundation's Board of Directors (the "Foundation Directors") to support the needs of the Center. See Note 9.

NOTE 8. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at September 30, 2017, consist of the following:

Contributions receivable	\$	66,636
Beneficial interest in trust		<u>5,917</u>
Total time restricted net assets	\$	<u>72,553</u>

NOTE 9. 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 and equities. The Foundation assets are managed by the Foundation Directors who are 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 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 Foundation Directors have 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 9. 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, 2017, follows:

	Unrestricted Designated	Temporarily Restricted	Permanently Restricted	Total
Donor restricted	\$ -	\$ -	\$ 20,000	\$ 20,000
Board designated	2,566,533	-	-	2,566,533
Balance at end of year	<u>\$ 2,566,533</u>	<u>\$ -</u>	<u>\$ 20,000</u>	<u>\$ 2,586,533</u>

The changes in the endowment net assets for the year ended September 30, 2017 follow:

	Unrestricted Designated	Temporarily Restricted	Permanently Restricted	Total
Balance at beginning of year	\$ 2,345,323	\$ -	\$ 20,000	\$ 2,365,323
Contributions	11,680	-	-	11,680
Unrealized/realized gain	246,685	2,104	-	248,789
Dividends and interest	47,063	401	-	47,464
Allocation to the Center	(48,195)	(2,505)	-	(50,700)
Investment fees	(6,723)	-	-	(6,723)
Other expenses	(29,300)	-	-	(29,300)
Balance at end of year	<u>\$ 2,566,533</u>	<u>\$ -</u>	<u>\$ 20,000</u>	<u>\$ 2,586,533</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 9. 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 Foundation 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 based on a continuous five-year average.

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 10. 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 10. 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, 2017 for the Center and the Foundation:

Center	Fair Value Measurements Using			
	Fair Value	Level 1	Level 2	Level 3
Cash equivalents	\$ 37,415	\$ 37,415	\$ -	\$ -
Common stock	182,946	182,946	-	-
Mutual funds				
Domestic equities	2,198,189	2,198,189	-	-
International equities	6,536	6,536	-	-
Fixed income	1,817,379	1,817,379	-	-
Beneficial interest in trust	5,917	-	5,917	-
Total	\$ 4,248,382	\$ 4,242,465	\$ 5,917	\$ -
Foundation	Fair Value Measurements Using			
	Fair Value	Level 1	Level 2	Level 3
Cash equivalents	\$ 49,724	\$ 49,724	\$ -	\$ -
Common stock	185,903	185,903	-	-
Mutual funds				
Domestic equities	1,890,444	1,890,444	-	-
International equities	19,607	19,607	-	-
Fixed income	509,175	509,175	-	-
Total	\$ 2,654,853	\$ 2,654,853	\$ -	\$ -



THE WOMEN'S CENTER OF TARRANT COUNTY, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS

NOTE 10. FAIR VALUE OF ASSETS AND LIABILITIES (Continued)

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 11. 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 \$57,000 in 2017.

NOTE 12. 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, 2017, follow:

2018	\$ 28,000
2019	20,000
2020	18,000
2021	18,000
2022	12,000
	<u>\$ 96,000</u>

Rental expense approximated \$29,000 in 2017.

NOTE 13. 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.

