The Women's Center of Tarrant County, Inc. and Affiliate

Independent Auditor's Report and Consolidated Financial Statements

September 30, 2018

BKD
CPAs & Advisors

The Women's Center of Tarrant County, Inc.
September 30, 2018

Contents

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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of The Women's Center of Tarrant County, Inc. and Affiliate (collectively, the "Organization"), which comprise the consolidated statement of financial position as of September 30, 2018, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of The Women's Center of Tarrant County, Inc. and Affiliate as of September 30, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Consolidating Information

Our audit was performed for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying consolidating information is presented for purposes of additional analysis rather than to present the financial position, changes in net assets and cash flows of the individual organizations and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated 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 consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we also have issued our report dated February 13, 2019, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the Organization's 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 Organization's internal control over financial reporting and compliance.

BKD, LLP

Fort Worth, Texas
February 13, 2019

The Women’s Center of Tarrant County, Inc. and Affiliate

Consolidated Statement of Financial Position

September 30, 2018

	The Women's Center of Tarrant County, Inc.	The Women's Center of Tarrant County Foundation	Eliminating	Total
Assets				
Cash and cash equivalents	$ 606,232	$ 20,639	$ -	$ 626,871
Accounts receivable	446,081	-	-	446,081
Contributions receivable	42,549	95,000	-	137,549
Due from affiliate	61,758	-	(61,758)	-
Inventory	17,963	-	-	17,963
Prepaid expenses and deposits	152,105	-	-	152,105
Other assets, net	601,337	-	-	601,337
Investments	4,470,870	2,884,034	-	7,354,904
Property and equipment, net	4,988,544	-	-	4,988,544
Assets permanently restricted to endowment	-	20,000	-	20,000
Total assets	$ 11,387,439	$ 3,019,673	$ (61,758)	$ 14,345,354
Liabilities and Net Assets				
Liabilities				
Accounts payable	$ 275,489	$ -	$ -	$ 275,489
Accrued liabilities	146,660	-	-	146,660
Due to affiliate	-	61,758	(61,758)	-
Deferred revenue	194,679	-	-	194,679
Total liabilities	616,828	61,758	(61,758)	616,828
Net Assets				
Unrestricted				
Undesignated	6,893,062	-	-	6,893,062
Designated				
Operating	2,285,000	2,842,915	-	5,127,915
Building maintenance	1,500,000	-	-	1,500,000
	3,785,000	2,842,915	-	6,627,915
Total unrestricted net assets	10,678,062	2,842,915	-	13,520,977
Temporarily restricted	92,549	95,000	-	187,549
Permanently restricted	-	20,000	-	20,000
Total net assets	10,770,611	2,957,915	-	13,728,526
Total liabilities and net assets	$ 11,387,439	$ 3,019,673	$ (61,758)	$ 14,345,354

The Women's Center of Tarrant County, Inc. and Affiliate

Consolidated Statement of Activities

Year Ended September 30, 2018

	The Women's Center of Tarrant County			The Women's Center of Tarrant County Foundation					
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Eliminating	Total
Revenue and other support:									
Contributions	$ 438,111	$ 793,868	$ 1,231,979	$ 40,881	$ 95,000	$ -	$ 135,881	$ -	$ 1,367,860
United Way	863,376	-	863,376	-	-	-	-	-	863,376
Government grants and contracts	2,001,467	-	2,001,467	-	-	-	-	-	2,001,467
Program service fees	102,842	-	102,842	-	-	-	-	-	102,842
Special events income, net of expenses of $169,562	301,427	-	301,427	-	-	-	-	-	301,427
Investment income	102,544	-	102,544	60,692	473	-	61,165	-	163,709
Net realized and unrealized gain on investments	231,674	-	231,674	262,639	2,047	-	264,686	-	496,360
Contributions (to) from affiliate	50,000	-	50,000	-	-	-	-	(50,000)	-
Miscellaneous income	84,608	-	84,608	-	-	-	-	-	84,608
Net assets released from restriction:									
Satisfaction of time restrictions	299,149	(299,149)	-	2,520	(2,520)	-	-	-	-
Satisfaction of capital restrictions	50,000	(50,000)	-	-	-	-	-	-	-
Satisfaction of program restrictions	424,723	(424,723)	-	-	-	-	-	-	-
Total revenue and other support	4,949,921	19,996	4,969,917	366,732	95,000	-	461,732	(50,000)	5,381,649
Expenses:									
Program services:									
Rape Crisis and Victim Services	2,383,483	-	2,383,483	-	-	-	-	-	2,383,483
Employment Solutions	1,448,047	-	1,448,047	-	-	-	-	-	1,448,047
Counseling and case management	640,685	-	640,685	-	-	-	-	-	640,685
Support of mission	-	-	-	50,000	-	-	50,000	(50,000)	-
Total program services	4,472,215	-	4,472,215	50,000	-	-	50,000	(50,000)	4,472,215
Supporting services:									
Management and general	203,785	-	203,785	12,701	-	-	12,701	-	216,486
Fundraising	246,359	-	246,359	27,649	-	-	27,649	-	274,008
Total supporting services	450,144	-	450,144	40,350	-	-	40,350	-	490,494
Total expenses	4,922,359	-	4,922,359	90,350	-	-	90,350	(50,000)	4,962,709
Change in Net Assets	27,562	19,996	47,558	276,382	95,000	-	371,382	-	418,940
Net Assets, Beginning of Year	10,650,500	72,553	10,723,053	2,566,533	-	20,000	2,586,533	-	13,309,586
Net Assets, End of Year	$ 10,678,062	$ 92,549	$ 10,770,611	$ 2,842,915	$ 95,000	$ 20,000	$ 2,957,915	$ -	$ 13,728,526

The Women’s Center of Tarrant County, Inc. and Affiliate

Consolidated Statement of Cash Flows

Year Ended September 30, 2018

	The Women's Center of Tarrant County	The Women's Center of Tarrant County Foundation	Total
Cash Flows from Operating Activities			
Change in net assets	$ 47,558	$ 371,382	$ 418,940
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:			
Depreciation and amortization	310,212	-	310,212
Net realized and unrealized gain on investments	(231,674)	(264,686)	(496,360)
(Increase) decrease in operating assets			
Accounts receivable	(274,685)	-	(274,685)
Contributions receivable	24,087	(95,000)	(70,913)
Inventory	(2,663)	-	(2,663)
Prepaid expenses and other assets	(63,258)	-	(63,258)
Due from (to) affiliate	18,242	(18,242)	-
Increase (decrease) in operating liabilities			
Accounts payable and accrued liabilities	88,304	-	88,304
Deferred revenue	22,096	-	22,096
Contributions restricted for property and equipment	(50,000)	-	(50,000)
Net cash used by operating activities	(111,781)	(6,546)	(118,327)
Cash Flows from Investing Activities			
Purchase of investments	(167,854)	(79,962)	(247,816)
Proceeds from sale of investments	177,040	95,467	272,507
Purchase of other assets	(1,500)	-	(1,500)
Purchase of property and equipment	(67,642)	-	(67,642)
Net cash provided by (used in) investing activities	(59,956)	15,505	(44,451)
Cash Flows from Financing Activities			
Proceeds from contributions restricted for property and equipment	50,000	-	50,000
Net cash provided by financing activities	50,000	-	50,000
Net Increase (Decrease) in Cash and Cash Equivalents	(121,737)	8,959	(112,778)
Cash and Cash Equivalents, Beginning of Year	727,969	11,680	739,649
Cash and Cash Equivalents, End of Year	$ 606,232	$ 20,639	$ 626,871

The Women's Center of Tarrant County, Inc. and Affiliate

Consolidated Statement of Functional Expenses

Year Ended September 30, 2018

	Program Services					Supporting Services				
	Rape Crisis and Victim Services	Employment Solutions	Counseling and Case Management	Support of Mission	Total Program Services	Management and General	Fundraising	Total Supporting Services	Eliminating	Total
Center										
Salaries and related costs	$ 1,884,348	$ 713,809	$ 528,472	$ -	$ 3,126,629	$ 156,522	$ 191,006	$ 347,528	$ -	$ 3,474,157
Professional fees	72,951	16,397	7,946	-	97,294	10,545	12,701	23,246	-	120,540
Assistance to individuals	-	442,744	4,959	-	447,703	-	-	-	-	447,703
Utilities	17,061	16,351	4,815	-	38,227	1,314	1,314	2,628	-	40,855
Supplies	83,048	10,976	3,412	-	97,436	2,680	2,046	4,726	-	102,162
Telephone and answering service	24,229	10,134	5,425	-	39,788	1,362	1,721	3,083	-	42,871
Occupancy	15,466	6,306	11,775	-	33,547	128	128	256	-	33,803
Equipment maintenance and rentals	40,585	35,828	10,242	-	86,655	6,662	3,301	9,963	-	96,618
Printing/advertising and promotions	10,610	5,850	1,396	-	17,856	551	8,590	9,141	-	26,997
Insurance	15,402	15,719	4,443	-	35,564	1,222	1,222	2,444	-	38,008
Travel	8,478	7,241	5,316	-	21,035	803	790	1,593	-	22,628
Maintenance	24,908	24,042	7,056	-	56,006	1,924	2,394	4,318	-	60,324
Conferences	34,715	4,276	3,546	-	42,537	1,332	1,236	2,568	-	45,105
Postage	2,891	446	154	-	3,491	556	648	1,204	-	4,695
Other	23,754	9,265	5,163	-	38,182	8,210	9,289	17,499	-	55,681
Total expenses before depreciation and amortization	2,258,446	1,319,384	604,120	-	4,181,950	193,811	236,386	430,197	-	4,612,147
Depreciation and amortization	125,037	128,663	36,565	-	290,265	9,974	9,973	19,947	-	310,212
Total Center expenses	2,383,483	1,448,047	640,685	-	4,472,215	203,785	246,359	450,144	-	4,922,359
Foundation										
Salaries and related costs	-	-	-	-	-	-	27,084	27,084	-	27,084
Support of mission	-	-	-	50,000	-	-	-	-	(50,000)	-
Professional fees	-	-	-	-	-	12,539	-	12,539	-	12,539
Supplies	-	-	-	-	-	62	-	62	-	62
Printing and Advertising	-	-	-	-	-	-	565	565	-	565
Conferences	-	-	-	-	-	100	-	100	-	100
Total Foundation expenses	-	-	-	50,000	-	12,701	27,649	40,350	(50,000)	40,350
Total Expenses	$ 2,383,483	$ 1,448,047	$ 640,685	$ 50,000	$ 4,472,215	$ 216,486	$ 274,008	$ 490,494	$ (50,000)	$ 4,962,709

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

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 Women's Center's mission is to inspire and empower women, men and children 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 Organization's consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Consolidated Financial Statements

The accompanying consolidated financial statements included the accounts of the Center and the accounts of the Foundation (collectively, the "Organization"). Significant inter-organizational transactions and balances have been eliminated.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues, expenses gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Organization considers all liquid investments with original maturities of three months or less to be cash equivalents.

At September 30, 2018, the Organization's cash accounts exceeded federally insured limits by approximately $470,000.

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, 2018.

Investments and Investment Return

Investments in equity securities having a readily determinable fair value and in all debt securities are carried at fair value. Investment return includes dividend, interest and other investment income; and realized and unrealized gains and losses on investments carried at fair value.

Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is included as temporarily restricted and then released from restriction. Other investment return is reflected in the consolidated statement of activities as unrestricted, temporarily restricted or permanently restricted based upon the existence and nature of any donor or legally imposed restrictions.

The Foundation maintains pooled investment accounts for its endowments. Investment income and realized and unrealized gains and losses from securities in the pooled investment accounts are allocated monthly to the individual endowments based on the relationship of the fair value of the interest of each endowment to the total fair value of the pooled investments accounts, as adjusted for additions to or deductions from those accounts.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Depreciation is charged to expense using the straight-line method over the estimated useful life of each asset.

Assets under capital lease obligations or leasehold improvements are depreciated over the shorter of the lease term or their respective estimates useful lives.

The estimated useful lives for each major depreciable classification of property and equipment are as follows:

Buildings	30 years
Furniture and equipment	5-10 years
Leasehold improvements	5-10 years

Long-lived Asset Impairment

Management evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds it fair value.

No asset impairment was recognized during the year ended September 30, 2018.

Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are those whose use by the Organization has been limited by donors to a specific time period or purpose. Permanently restricted net assets have been restricted by donors to be maintained by the Organization in perpetuity.

Revenue Recognition

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

Contributions

Gifts of cash and other assets received without donor stipulations are reported as unrestricted revenue and net assets. Gifts received with a donor stipulation that limits their use are reported as temporarily or permanently restricted revenue and net assets. When a donor stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Gifts and investment income that are originally restricted by the donor and for which the restriction is met in the same time period are recorded as temporarily restricted and then released from restriction.

Donated Services

Contributions of services are recognized as revenue at their estimated fair value only when the services received create or enhance nonfinancial assets or require specialized skills possessed by the individuals providing the service and the service would typically need to be purchased if not donated.

The Center had $22,800 in 2018, 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.

Allocation of Functional Expenses

The costs of supporting the various programs and other activities have been summarized on a functional basis in the consolidated statement of activities. Accordingly, certain costs have been allocated among program services and supporting services based upon specific identification of costs, approximate percentage of time expended or usage of building, as appropriate.

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.

The estimated useful lives for each major depreciable classification of other assets are as follows:

Play it Safe!® videos	15 years
Play it Safe!® web based application	10 years
Center website	10 years

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.

Deferred Revenue

Deferred revenue represents special event revenue received prior to the actual event date.

Government Grants

Support funded by grants is recognized as the Center performs the contracted services or incurs outlays eligible for reimbursement under the grant agreements. Grant activities and outlays are subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be required.

Income Taxes

The Center and Foundation are exempt from income taxes under Section 501 of the Internal Revenue Code and a similar provision of state law. However, the Organization is subject to federal income tax on any unrelated business taxable income.

The Organization files tax returns in the U.S. federal jurisdiction.

Note 2: Contributions Receivable

At September 30, 2018, contributors have made unconditional promises to give $42,549 to the Center and $95,000 to the Foundation. Based upon past experience and analysis of current receivable collectability, no allowance for uncollectible accounts is considered necessary at September 30, 2018. The Center’s receivables are scheduled to be collected during 2019.

The Foundation’s receivables are scheduled to be collected as follows:

2019	$ 30,000
2020	30,000
2021	15,000
2022	15,000
2023	5,000
	$ 95,000

Note 3: Investments

Investments at September 30, 2018, consisted of the following:

	Center		Foundation	
	Fair Value	Cost	Fair Value	Cost
Cash equivalents	$ 49,983	$ 49,983	$ 78,020	$ 78,020
Common stock	214,307	115,882	218,455	170,056
Mutual funds				
Domestic equities	2,426,732	1,562,712	2,092,744	1,601,897
International equities	6,150	6,291	18,450	18,392
Fixed income	1,773,698	1,800,934	496,365	507,888
	$ 4,470,870	$ 3,535,802	$ 2,904,034	$ 2,376,253

Reconciliation to Statement of Financial Position – Foundation

Investments	$ 2,884,034
Assets permanently restricted to endowment	20,000
	$ 2,904,034

Note 4: Property and Equipment

Property and equipment at September 30, 2018, consists of:

Land	$	554,592
Buildings		6,320,153
Furniture and equipment		690,273
Leasehold improvements		6,742
		7,571,760
Less accumulated depreciation		(2,583,216)
	$	4,988,544

Note 5: Other Assets

Other assets at September 30, 2018, consists of:

Play it Safe!® videos	$	623,315
Play it Safe!® web based application		155,250
Center website		53,840
		832,405
Less accumulated amortization		(231,068)
	$	601,337

Note 6: Net Assets of the Center

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, 2018.

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.

Temporarily Restricted Net Assets

Temporarily restricted net assets at September 30, 2018, consist of the following:

Time restricted		
For periods after September 30, 2018	$	42,549
Purpose restricted		
Capital improvements		50,000
Total temporarily restricted net assets	$	92,549

Note 7: 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 Board of 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.

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, 2018, follows:

	Unrestricted Designated	Temporarily Restricted	Permanently Restricted	Total
Donor restricted	$ -	$ 95,000	$ 20,000	$ 115,000
Board designated	2,842,915	-	-	2,842,915
	$ 2,842,915	$ 95,000	$ 20,000	$ 2,957,915

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

	Unrestricted Designated	Temporarily Restricted	Permanently Restricted	Total
Balance, beginning of year	$ 2,566,533	$ -	$ 20,000	$ 2,586,533
Contributions	40,881	95,000	-	135,881
Unrealized/realized gain	262,639	2,047	-	264,686
Dividends and interest	60,692	473	-	61,165
Allocation to the Center	(47,480)	(2,520)	-	(50,000)
Investment fees	(8,350)	-	-	(8,350)
Other expenses	(32,000)	-	-	(32,000)
Balance, end of year	$ 2,842,915	$ 95,000	$ 20,000	$ 2,957,915

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 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:

	Minimum Allocation	Target Allocation	Maximum Allocation
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 8: 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 $66,000 in 2018.

Note 9: Fair Value of Assets and Liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of 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 other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities

Level 3 Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities

Following is a description of the valuation methodologies and inputs used for assets and liabilities measured at fair value on a recurring basis and recognized in the accompanying consolidated statement of financial position, as well as the general classification of such assets and liabilities pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the year ended September 30, 2018.

Recurring Measurement

The following table presents the fair value measurements of assets and liabilities recognized in the accompanying consolidated 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, 2018 for the Center and the Foundation:

Center	Fair Value	Fair Value Measurements Using Level 1	Level 2	Level 3
Cash equivalents	$ 49,983	$ 49,983	$ -	$ -
Common stock	214,307	214,307	-	-
Mutual funds				
Domestic equities	2,426,732	2,426,732	-	-
International equities	6,150	6,150	-	-
Fixed income	1,773,698	1,773,698	-	-
Total	$ 4,470,870	$ 4,470,870	$ -	$ -

Foundation	Fair Value	Fair Value Measurements Using Level 1	Level 2	Level 3
Cash equivalents	$ 78,020	$ 78,020	$ -	$ -
Common stock	218,455	218,455	-	-
Mutual funds				
Domestic equities	2,092,744	2,092,744	-	-
International equities	18,450	18,450	-	-
Fixed income	496,365	496,365	-	-
Total	$ 2,904,034	$ 2,904,034	$ -	$ -

Following is a description of the valuation methodologies and inputs for assets and liabilities measured at fair value on a recurring basis and recognized in the accompanying consolidated statement of financial position, as well as the general classification of such assets and liabilities pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the year ended September 30, 2018.

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. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 and Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy. The Organization did not have any Level 2 or 3 investments at September 30, 2018.

Note 10: Commitments

The Organization entered into an agreement for the replacement of the roof on September 24, 2018, for the estimated amount of $419,000. The Organization received insurance proceeds of $185,462 in 2016 and $66,679 in 2018 to finance the replacement. Subsequent to year end, the Organization received additional insurance proceeds of $85,167.

Note 11: Subsequent Event

Management evaluated subsequent events through February 13, 2019, which is the date the financial statements were available to be issued.

Note 12: Future Change in Accounting Principle

Revenue Recognition

The Financial Accounting Standards Board amended its standards related to revenue recognition. This amendment replaces all existing revenue recognition guidance and provides a single, comprehensive revenue recognition model for all contracts with customers. The guidance provides a five-step analysis of transactions to determine when and how revenue is recognized. Other major provisions include capitalization of certain contract costs, consideration of the time value of money in the transaction price and allowing estimates of variable consideration to be recognized before contingencies are resolved in certain circumstances. The amendment also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in those judgments and assets recognized from costs incurred to fulfill a contract. The standard allows either full or modified retrospective adoption effective for annual periods beginning after December 15, 2018, for nonpublic entities. The Organization is in the process of evaluating the impact the amendment will have on the consolidated financial statements.

Accounting for Leases

The Financial Accounting Standards Board amended its standard related to the accounting for leases. Under the new standard, lessees will now be required to recognize substantially all leases on the balance sheet as both a right-of-use asset and a liability. The standard has two types of leases for income statement recognition purposes: operating leases and finance leases. Operating leases will result in the recognition of a single lease expense on a straight-line basis over the lease term similar to the treatment for operating leases under existing standards. Finance leases will result in an accelerated expense similar to the accounting for capital leases under existing standards. The determination of lease classification as operating or finance will be done in a manner similar to existing standards. The new standard also contains amended guidance regarding the identification of embedded leases in service contracts and the identification of lease and nonlease components in an arrangement. The new standard is effective for annual periods beginning after December 15, 2019. The Organization is evaluating the impact the standard will have on the consolidated financial statements; however, the standard is expected to have a material impact on the financial statements due to the recognition of additional assets and liabilities for operating leases.