

YWCA OF HIGH POINT, NC, INC.

Financial Statements

December 31, 2017 and 2016

BRESLOW  STARLING

Certified Public Accountants

YWCA OF HIGH POINT, NC, INC.

DECEMBER 31, 2017 AND 2016

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Independent Auditor's Report

To the Board of Directors
YWCA of High Point, NC, Inc.
High Point, North Carolina

We have audited the accompanying financial statements of YWCA of High Point, NC, Inc., a non-profit organization, which comprise the statements of financial position as of December 31, 2017 and 2016, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of YWCA of High Point, NC, Inc. as of December 31, 2017 and 2016 and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Breslow Starling Frost Warner Boger Hiatt, PLLC

Greensboro, North Carolina

September 7, 2018

YWCA OF HIGH POINT, NC, INC.
Statements of Financial Position
As of December 31, 2017 and 2016

Assets	2017	2016
Current Assets		
Cash and Cash Equivalents	\$ 59,729	\$ 107,641
Accounts Receivable	507	428
Refundable Sales Tax	12,912	2,246
Promises to Give	214,254	297,246
Inventory	9,125	4,642
Prepaid Expenses	65	0
Total Current Assets	296,592	412,203
Endowment Investments	51,978	44,494
Other Assets		
Cash Restricted for Capital Campaign and Other Programs	778,164	817,549
Investments Restricted for Capital Campaign	42,101	50,402
Unconditional Promises to Give for Capital Campaign	270,489	549,043
Net Property and Equipment	3,305,626	2,248,885
Total Other Assets	4,396,380	3,665,879
Total Assets	\$ 4,744,950	\$ 4,122,576
Liabilities and Net Assets		
Current Liabilities		
Accounts Payable	\$ 87,022	\$ 24,292
Accrued Expenses	19,406	15,331
Current Maturities of Long-Term Debt	100,000	75,000
Current Maturities of Capital Lease Obligation	19,487	0
Total Current Liabilities	225,915	114,623
Long-Term Liabilities		
Long-Term Debt, Less Current Maturities	1,825,000	1,283,800
Capital Lease Obligation, Net of Current Portion	80,972	0
Total Long-Term Liabilities	1,905,972	1,283,800
Total Liabilities	2,131,887	1,398,423
Net Assets		
Unrestricted	1,297,859	1,136,407
Temporarily Restricted	1,315,204	1,587,746
Total Net Assets	2,613,063	2,724,153
Total Liabilities and Net Assets	\$ 4,744,950	\$ 4,122,576

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

YWCA OF HIGH POINT, NC, INC.
Statements of Activities
For the Years Ended December 31, 2017 and 2016

	2017	2016
Unrestricted Net Assets:		
Support and Revenue:		
United Way Allocation	\$ 133,458	\$ 127,368
Contributions	165,107	254,595
In-Kind Contributions	112,797	82,710
Special events (net of direct expenses of \$9,138 in 2017 and \$8,357 in 2016)	23,417	14,923
Membership Dues	7,096	6,249
Program Service Fees	224,988	177,915
Building Usage	5,827	12,160
Sales of Materials, Net	(379)	(294)
Investment Income	14,779	1,582
Interest Income	880	693
Loss on Disposal of Property and Equipment	(5,203)	0
Other	607	3,712
Total Support and Revenue	683,374	681,613
Net Assets Released from Donor Restrictions	638,331	309,240
Total Unrestricted Revenues and Other Support	1,321,705	990,853
Expenses:		
Program Services (including in-kind expenses of \$77,393 in 2017 and \$72,710 in 2016)	951,218	847,097
Supporting Services		
Management and General	162,271	108,435
Fundraising	42,621	41,967
Payments to Affiliates	4,143	4,474
Total Expenses	1,160,253	1,001,973
Increase (Decrease) in Unrestricted Net Assets	161,452	(11,120)
Temporarily Restricted Net Assets:		
Contributions	5,333	30,000
United Way Allocation	133,458	127,369
Grants from Governmental Agencies	108,822	118,760
Capital Campaign	108,702	340,207
Gain on Endowment Investments	9,474	1,602
Net Assets Released from Donor Restrictions	(638,331)	(309,240)
Increase (Decrease) in Temporarily Restricted Net Assets	(272,542)	308,698
Increase (Decrease) in Net Assets	(111,090)	297,578
Net Assets, Beginning of Year	2,724,153	2,426,575
Net Assets, End of Year	\$ 2,613,063	\$ 2,724,153

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

YWCA OF HIGH POINT, NC, INC.
Statements of Functional Expenses
For the Years Ended December 31, 2017 and 2016

Year Ended December 31, 2017	Program Services								Supporting Services			Total Functional Expenses
	Aquatics	Child Care	Family Life	Women's Services	Pottery	Latino Family Center	Teaching Kitchen	Total	Management and General	Fund Raising	Total Supporting Services	
Compensation	\$ 132,503	\$ 118,172	\$ 91,028	\$ 55,968	\$ 36,798	\$ 79,845	\$ 4,123	\$ 518,437	\$ 16,797	\$ 5,599	\$ 22,396	\$ 540,833
Employee Benefits	7,700	9,269	8,590	3,295	1,292	1,537	0	31,683	1,606	1,209	2,815	34,498
Payroll Taxes	9,549	8,911	6,705	4,117	2,677	5,604	330	37,893	1,152	384	1,536	39,429
Professional Fees	5,925	5,926	4,515	4,163	3,692	4,162	0	28,383	3,928	3,341	7,269	35,652
Supplies	10,903	6,278	2,176	19,217	3,908	4,199	1,305	47,986	7,548	10,835	18,383	66,369
Telephone	2,152	2,152	1,119	861	517	861	0	7,662	689	258	947	8,609
Postage and Shipping	412	135	110	44	31	47	0	779	307	919	1,226	2,005
Occupancy	32,421	30,447	15,847	11,772	7,063	12,886	0	110,436	16,228	3,532	19,760	130,196
Equipment Repair and Rental	5,952	4,290	2,203	1,695	1,653	582	84	16,459	1,508	6,164	7,672	24,131
Travel and Vehicle	0	10,832	3,809	44	70	421	0	15,176	438	2	440	15,616
Conferences and Meetings	100	0	1,039	79	0	850	0	2,068	48,918	0	48,918	50,986
Advertising	32	0	0	25	9	0	25	91	120	854	974	1,065
Miscellaneous	1,784	4,763	861	624	374	624	0	9,030	8,281	5,358	13,639	22,669
Interest	1,531	18	0	0	0	0	0	1,549	53,928	0	53,928	55,477
Depreciation	34,715	34,715	18,052	13,886	8,332	13,886	0	123,586	823	4,166	4,989	128,575
Total Functional Expenses	\$ 245,679	\$ 235,908	\$ 156,054	\$ 115,790	\$ 66,416	\$ 125,504	\$ 5,867	\$ 951,218	\$ 162,271	\$ 42,621	\$ 204,892	\$ 1,156,110

Year Ended December 31, 2016	Program Services								Supporting Services			Total Functional Expenses
	Aquatics	Child Care	Family Life	Women's Services	Pottery	Latino Family Center	Teaching Kitchen	Total	Management and General	Fund Raising	Total Supporting Services	
Compensation	\$ 107,282	\$ 114,929	\$ 70,846	\$ 45,570	\$ 33,448	\$ 87,087	\$ 0	\$ 459,162	\$ 16,521	\$ 5,507	\$ 22,028	\$ 481,190
Employee Benefits	4,450	11,968	6,710	4,341	1,406	3,396	0	32,271	1,607	1,079	2,686	34,957
Payroll Taxes	8,660	2,133	5,513	1,630	2,509	6,809	0	27,254	1,232	411	1,643	28,897
Professional Fees	6,865	6,866	5,004	4,539	3,891	4,538	0	31,703	4,729	3,480	8,209	39,912
Supplies	2,287	8,376	3,863	10,326	1,963	2,076	0	28,891	8,441	15,869	24,310	53,201
Telephone	1,874	1,874	975	750	468	755	0	6,696	600	201	801	7,497
Postage and Shipping	499	67	105	39	48	29	0	787	843	802	1,645	2,432
Occupancy	29,296	25,644	13,137	10,083	6,567	10,082	0	94,809	12,672	10,098	22,770	117,579
Equipment Repair and Rental	22,502	4,624	2,221	1,525	1,390	1,525	0	33,787	5,354	557	5,911	39,698
Travel and Vehicle	0	7,319	2,350	0	0	0	0	9,669	2,104	0	2,104	11,773
Conferences and Meetings	15	0	2,227	15	0	465	0	2,722	1,693	0	1,693	4,415
Miscellaneous	2,598	3,938	830	520	331	560	0	8,777	8,132	237	8,369	17,146
Interest	0	15	0	0	0	0	0	15	38,188	0	38,188	38,203
Depreciation	31,051	31,065	16,146	12,420	7,452	12,420	0	110,554	6,319	3,726	10,045	120,599
Total Functional Expenses	\$ 217,379	\$ 218,818	\$ 129,927	\$ 91,758	\$ 59,473	\$ 129,742	\$ 0	\$ 847,097	\$ 108,435	\$ 41,967	\$ 150,402	\$ 997,499

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

YWCA OF HIGH POINT, NC, INC.
Statements of Cash Flows
For the Years Ended December 31, 2017 and 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	\$ (111,090)	\$ 297,578
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	128,575	120,599
Expensable Supplies Included in Capital Lease Obligation	4,537	0
In-Kind Support for Property and Equipment	(35,404)	(6,250)
Loss on Disposition of Property and Equipment	5,203	0
Unrealized Gain on Investments	(5,555)	(1,601)
Changes in Assets and Liabilities:		
Accounts Receivable and Refundable Sales Tax	(3,893)	15,118
Promises to Give	82,992	(70,284)
Inventory	(4,483)	2,044
Prepaid Expenses	(65)	577
Pledges Restricted for Capital Campaign	(97,443)	(383,602)
Accounts Payable	62,730	(113,702)
Accrued Expenses	4,075	2,991
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	30,179	(136,532)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from Sale of Investments	12,806	4,901
Purchases of Investments	(14,735)	(6,213)
Purchases of Property and Equipment	(1,061,765)	0
Construction in Progress	0	(37,913)
NET CASH USED BY INVESTING ACTIVITIES	(1,063,694)	(39,225)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Collection of Funds Restricted for Capital Campaign	423,683	99,626
Proceeds of Long-Term Debt	641,200	86,448
Repayment of Long-Term Debt	(75,000)	0
Repayment of Capital Lease	(4,280)	0
NET CASH PROVIDED BY INVESTING ACTIVITIES	985,603	186,074
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(47,912)	10,317
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	107,641	97,324
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 59,729	\$ 107,641
Supplemental Disclosure of Cash Flow Information:		
Cash paid for:		
Interest	\$ 52,346	\$ 38,203
Non-Cash Investing and Financing Activities:		
Construction in Progress Transferred to Property and Equipment	\$ 37,913	\$ 0
Equipment Acquired by Capital Lease	\$ 93,348	\$ 0

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

YWCA OF HIGH POINT, NC, INC.
Notes to Financial Statements
For the Years Ended December 31, 2017 and 2016

NOTE 1 – Nature of Organization and Summary of Significant Accounting Policies

Nature of Organization – The Young Women’s Christian Association of High Point, NC, Inc. (the Organization) is a non-profit organization established under the laws of the State of North Carolina for the purpose of promotion of growth in Christian character and service through physical, social, mental, and spiritual training. Its current programs include:

Aquatics – Provides swimming instruction for infants to senior adults including adaptive aquatics for physically and mentally challenged individuals, competitive swim, water exercise, and lifeguard training.

Child Care – Provides safe and affordable care for school age children, ages 5-12, including programs before and after school and full day care during holidays and summer vacation.

Family Life – Programs to strengthen individuals and families through parent education for teen mothers, providing necessities for infants from low income families, and offering supportive education groups for female teens to delay sexual activity and adolescent pregnancy.

Women’s Services – Programs designed to increase awareness of women’s health issues.

Pottery Studio and Art – Provides workshops and classes for adults and youth.

Latino Family Center – The Center is dedicated to improving the quality of life and to promoting community participation of Latinos living in the community.

Teaching Kitchen – Classes to teach adults, teens, and youth to cook healthy meals to fight chronic diseases.

Basis of Accounting – The financial statements have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities. The financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) ACS 205, Financial Statements of Not-for-Profit Organizations. Under (SFAS) ACS 205, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The Organization has no permanently restricted net assets.

Cash and Cash Equivalents – For purposes of the statements of cash flows, the Organization considers all cash accounts which are not subject to withdrawal restrictions and all highly liquid investments with a maturity of three months or less to be cash equivalents.

Promises to Give – The Organization recognizes unconditional promises to give as support in the period the promise is received. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Management considers all promises to give to be collectible, therefore, no allowance for doubtful accounts has been provided.

(Continued)

YWCA OF HIGH POINT, NC, INC.
Notes to Financial Statements
For the Years Ended December 31, 2017 and 2016

NOTE 1 - Summary of Significant Accounting Policies and Nature of Organization (Continued)

Accounts Receivable – Accounts receivable are unsecured and consist primarily of amounts due for program services provided. Management considers all accounts receivable to be collectible; therefore, no allowance for doubtful accounts has been provided.

Inventory – Inventory consists of donated clothing to the career closet for the Women’s Service program. Valuation is determined by using thrift shop values.

Property and Equipment – Property and equipment are recorded at cost when purchased and fair value when donated. Major additions or betterments are charged to the property accounts while replacements, maintenance, and repairs are generally charged to expense as incurred. The Organization’s definition of a capital item is a purchase exceeding \$500 with a depreciable life of three years or more. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Depreciation expense for the years ended December 31, 2017 and 2016 was \$120,796 and \$120,599, respectively.

The Organization reports gifts of property and equipment 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 Organization reports expiration of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor.

The Organization reviews its long-lived assets for impairment whenever events or circumstances indicate that the carrying amount of an asset may not be recoverable. If this review indicates that the asset will not be recoverable, based on the expected cash flows of the related assets, an impairment loss is recognized and the asset’s value is reduced. No such impairment loss was recognized during the years ended December 31, 2017 and 2016.

Concentration of Credit Risk – Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents. The Organization maintains its cash balances in bank deposit accounts that, at times, may exceed federally insured limits. These accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per institution. The bank balances exceed the federally insured limit by approximately \$638,000 and \$675,000 at December 31, 2017 and 2016, respectively.

Income Taxes – The Organization is exempt from income tax under Section 501(c) (3) of the Internal Revenue Code. The Organization has implemented the accounting guidance for uncertainty in income taxes using the provisions of Financial Accounting Standards Board (FASB) ACS 740, Income Taxes. Using that guidance, tax positions initially need to be recognized in the financial statements when it is more-likely-than-not the position will be sustained upon examination by the tax authorities. Such tax positions initially and subsequently need to be measured as the largest amount of tax benefit that has a greater than 50% likelihood of being realized upon ultimate settlement with the tax authority assuming full knowledge of the positions and relevant facts.

(Continued)

YWCA OF HIGH POINT, NC, INC.
Notes to Financial Statements
For the Years Ended December 31, 2017 and 2016

NOTE 1 - Summary of Significant Accounting Policies and Nature of Organization (Continued)

As of December 31, 2017, the Organization had no uncertain tax positions that qualify for either recognition or disclosure in the financial statements and has incurred no interest or penalties related to unrecognized tax liabilities. With few exceptions, the Organization is no longer subject to income tax examinations by tax authorities for years prior to 2014.

Revenue Recognition – Revenue and other support (including unpaid pledges) are recorded at date of receipt as unrestricted, temporarily restricted, or permanently restricted, depending on the existence and/or nature of any donor restrictions. Pledges due are recorded at their present value.

Contributions and Grants – Contributions and grants received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. Upon expiration of a time restriction or compliance with the purpose restriction, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Functional Expenses – Expenses are charged directly to program or management in general categories based on specific identification. Indirect expenses have been allocated based on an analysis of personnel time and space utilized for the related activity.

Investments – Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values. Changes in unrealized gains and losses are recognized each year and are included in the Statements of Activities.

Use of Estimates – The presentation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events – Management has evaluated subsequent events through September 7, 2018, the date the financial statements were available to be issued.

Reclassification – Certain amounts in the 2016 financial statements have been reclassified to conform to the 2017 presentation. The reclassification did not change total net assets or the change in net assets for 2016.

YWCA OF HIGH POINT, NC, INC.
Notes to Financial Statements
For the Years Ended December 31, 2017 and 2016

NOTE 2 – Receivables

Receivables at December 31, 2017 and 2016 are summarized as follows:

	<u>2017</u>	<u>2016</u>
Accounts Receivable:		
Child Care	\$ 292	\$ 428
Miscellaneous	215	0
	<u>\$ 507</u>	<u>\$ 428</u>
Other Receivables:		
Sales Tax Refund	<u>\$ 12,912</u>	<u>\$ 2,246</u>

NOTE 3 – Promises to Give

Promises to give at December 31, 2017 and 2016 are as follows:

	<u>2017</u>	<u>2016</u>
United Way Services	\$ 133,458	\$ 127,369
Adolescent Parenting Program	45,796	40,177
Community Development Block Grant	0	6,700
Z Smith Reynolds	35,000	35,000
Hispanics in Philanthropy	0	30,000
Foundation for a Healthy High Point	0	58,000
Total Promises to Give	<u>214,254</u>	<u>297,246</u>
Capital Campaign	280,685	573,469
Less: Unamortized Discount	10,196	24,426
Net Capital Campaign	<u>270,489</u>	<u>549,043</u>
Total Promises to Give	<u>\$ 484,743</u>	<u>\$ 846,289</u>

The discount associated with the Capital Campaign pledges is calculated using a variable rate based on the present value of the scheduled payments. Amortization of the discount associated with the Capital Campaign pledges included in the Statements of Activities is \$14,230 and \$1,330 for the years ended December 31, 2017 and 2016, respectively.

Promises to give not related to the Capital Campaign are expected to be received in 2018. Promises to give associated with the capital campaign are expected to be collected between 2018 and 2021.

YWCA OF HIGH POINT, NC, INC.
Notes to Financial Statements
For the Years Ended December 31, 2017 and 2016

NOTE 4 – Investments

Endowment investments are comprised of mutual funds and are summarized as follows:

December 31, 2017	Cost	Market Value	Unrealized Appreciation
Mutual Funds	\$ 44,821	\$ 51,978	\$ 7,157

December 31, 2016	Cost	Market Value	Unrealized Depreciation
Mutual Funds	\$ 46,811	\$ 44,494	\$ (2,317)

The funds represent donor designated amounts set aside to provide for capital expenditures (from principal) and income for annual operations (from dividends and interest). The endowment funds are managed by a third party investment advisor and evaluated periodically by management and the advisor.

Investment return is summarized as follows:

	<u>2017</u>	<u>2016</u>
Unrestricted:		
Interest Income	\$ 3	\$ 0
Dividend Income	1,453	1,058
Short-term Capital Gain (Loss)	1,028	873
Long-term Capital Gain	12,805	108
Foreign Tax Paid	(36)	(31)
Custodian Fees	(474)	(426)
Total Unrestricted:	14,779	1,582
Temporarily Restricted:		
Net Realized and Unrealized Gain (Loss)	9,474	1,602
Total Unrestricted and Temporarily Restricted:	<u>\$ 24,253</u>	<u>\$ 3,184</u>

Investments restricted for the capital campaign consist of common stock of BNC Bancorp and Pinnacle Financial Partners, Inc., and are stated at fair value. Unrealized holding gains of approximately \$4,681 and \$11,000 are included in the Statement of Activities as restricted support for the years ended December 31, 2017 and 2016, respectively.

YWCA OF HIGH POINT, NC, INC.
Notes to Financial Statements
For the Years Ended December 31, 2017 and 2016

NOTE 5 – Capital Campaign

The Organization’s Growing Our Future Campaign (“the Campaign”) is an ongoing initiative to raise support for construction, renovation, and furnishing of the existing operating facilities. To fund the renovation, the Organization has raised support and has a loan commitment for a note payable of up to a maximum of \$2M subject to fundraising levels (See Note 7). The Campaign project will be carried out in phases. Phase one totaled approximately \$1.5M and was substantially completed and in service November 2015. Phase 2 totaled approximately \$1.1M and was completed September 2017. The Organization is planning to start fundraising for Phase 3 in 2018. Cash and promises to give related to the capital campaign are restricted to the payment of the cost of the renovations. For the years ended December 31, 2017 and 2016, the Organization incurred fundraising expenses associated with the Campaign of \$12,917 and \$17,218, respectively.

NOTE 6 – Property and Equipment

Property and equipment at December 31, 2017 and 2016 is summarized as follows:

	<u>2017</u>	<u>2016</u>
Building	\$ 3,920,694	\$ 2,912,319
Furniture and Equipment	404,187	379,720
Land	45,937	45,937
Vehicles	121,333	121,334
	<u>4,492,151</u>	<u>3,459,310</u>
Less Accumulated Depreciation	<u>1,186,525</u>	<u>1,210,425</u>
	<u>\$ 3,305,626</u>	<u>\$ 2,248,885</u>

YWCA OF HIGH POINT, NC, INC.
Notes to Financial Statements
For the Years Ended December 31, 2017 and 2016

NOTE 7 – Long-Term Debt

Long-term debt consists of:

	2017	2016
Construction note payable to a bank, payable in 8 quarterly interest only payments at LIBOR plus 2.4 percentage points beginning June 2015, thereafter payable in 19 quarterly principal payments of \$25,000 plus interest at LIBOR plus 2.4 percentage points (3.87% at December 31, 2017) and one final payment of the principal balance then outstanding on March 2022, secured by the assignment of all related construction contracts and real property.	\$ 1,925,000	\$ 1,358,800
Less Current Maturities	100,000	75,000
Total Long-Term Debt	\$ 1,825,000	\$ 1,283,800

Future maturities of long term debt are as follows:

2019	\$ 100,000
2020	100,000
2021	100,000
2022	1,525,000
	\$ 1,825,000

Interest expense was \$53,928 and \$38,188 for the years ended December 31, 2017 and 2016, respectively. Interest capitalized during 2017 and 2016 related to the construction project was \$4,580 and \$991, respectively.

The bank loan requires a minimum debt service coverage ratio as defined by the bank of 1 to 1 and the delivery of year-end financial statements within 120 days following the Organization's year end along with other covenants. As of December 31, 2017 the Organization was either in compliance with the covenants or had obtained written waivers.

NOTE 8 – Equipment Under Capital Lease

The Company has entered into a lease-purchase agreement to acquire equipment. The total cost of the assets under these capital lease agreement is \$93,348. Amortization of the capitalized cost of the equipment is charged to depreciation expense. Depreciation expense was \$7,779 and \$0 for the years ended December 31, 2017 and 2016, respectively.

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YWCA OF HIGH POINT, NC, INC.
Notes to Financial Statements
For the Years Ended December 31, 2017 and 2016

NOTE 8 – Equipment Under Capital Lease (Continued)

Future minimum lease payments under capital-lease obligations subsequent to December 31, 2017 are as follows:

Year Ending December 31:

2018	\$ 23,142
2019	23,142
2020	23,142
2021	23,142
2022	<u>17,930</u>
Future Minimum Lease Payments	110,498
Less Amount Representing Interest	<u>10,039</u>
Present Value of Minimum Lease Payments	100,459
Less: Current Portion	<u>19,487</u>
Long-Term Capital Lease Obligation	<u><u>\$ 80,972</u></u>

NOTE 9 – Temporarily Restricted Net Assets

Temporarily restricted net assets consist of the following:

	<u>2017</u>	<u>2016</u>
United Way Allocation	\$ 133,458	\$ 127,369
Adolescent Parenting Program	45,796	40,177
Capital Campaign - Pledges and Cash	1,018,849	1,298,098
High Point Community Foundation	0	6,700
Z. Smith Reynolds	35,000	35,000
Hispanics in Philanthropy	0	30,000
Investments - Capital Campaign	42,101	50,402
Other	<u>40,000</u>	<u>0</u>
	<u><u>\$ 1,315,204</u></u>	<u><u>\$ 1,587,746</u></u>

YWCA OF HIGH POINT, NC, INC.
Notes to Financial Statements
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NOTE 10 – Donated Services, Materials and Facilities

The Organization receives donated services from a variety of unpaid volunteers assisting the Organization in various programs. No amounts have been recognized in the accompanying statements of activities because the criteria for recognition of such volunteer effort under (SFAS) ACS 605, Accounting for Contributions Received and Contributions Made, have not been satisfied.

A summary of In-Kind Contributions included in the accompanying statements of activities is as follows:

	<u>2017</u>	<u>2016</u>
Contributions:		
Special Events	\$ 12,325	\$ 6,664
Aquatics	8,974	6,188
Women's Services	9,374	4,288
Child Care	8,974	4,188
Pottery Studio Art	8,974	3,288
Latino Family Center	8,974	2,988
Family Life	8,974	2,988
Management and General	10,824	2,988
Capital Campaign	35,404	49,130
	<u>\$ 112,797</u>	<u>\$ 82,710</u>

	<u>2017</u>	<u>2016</u>
Expenses/Assets:		
Program:		
Cost of Special Events	12,325	\$ 6,664
Aquatics	8,974	6,188
Women's Resource Center	9,374	4,288
Child Care	8,974	4,188
Pottery	8,974	3,288
Latino Family Center	8,974	2,988
Family Life	8,974	2,988
Professional Fees/Other	10,824	2,988
Total Program	<u>77,393</u>	<u>43,580</u>
Property and Equipment	35,404	10,000
Investments	<u>0</u>	<u>39,130</u>
	<u>112,797</u>	<u>\$ 82,710</u>

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NOTE 11 – Leases

The Organization has entered into an operating lease for office equipment. Future minimum lease payments are as follows:

<u>Year Ending December 31</u>	<u>Amount</u>
2018	\$ 4,080
2019	4,080
2020	<u>3,740</u>
	<u>\$ 11,900</u>

Lease expense was \$6,891 and \$4,755 for the years ended December 31, 2017 and 2016, respectively.

NOTE 12 – Employee Benefit Plan

Employees who meet eligibility requirements participate in the National YWCA Retirement Plan. The Organization's contributions were \$6,908 and \$14,153 for the years ended December 31, 2017 and 2016, respectively.