

**YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF  
SEATTLE-KING COUNTY-SNOHOMISH COUNTY AND SUBSIDIARIES**

Consolidated Financial Statements

For the Year Ended December 31, 2015

**eliminating racism  
empowering women  
ywca**

**Seattle | King | Snohomish**

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## Independent Auditor's Report

**Board of Directors  
Young Women's Christian Association  
of Seattle-King County-Snohomish County  
Seattle, Washington**

### REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying consolidated financial statements of Young Women's Christian Association of Seattle-King County-Snohomish County and Subsidiaries (collectively, the Organization), which comprise the consolidated statement of financial position as of December 31, 2015, and the related consolidated statements of activities, changes in net assets, functional expenses, and cash flows for the year then ended and the related notes to the consolidated financial statements.

### Management 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 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 financial statements are free from material misstatement.

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

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



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## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2015, 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.

## **Report on Summarized Comparative Information**

We have previously audited the Organization's 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 27, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2014 is consistent, in all material respects, with the audited financial statements from which it has been derived.

## **Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on pages 33 and 34 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

## **OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS**

In accordance with *Government Auditing Standards*, we have also issued our report dated May 25, 2016 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 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 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 Organization's internal control over financial reporting and compliance.



Certified Public Accountants  
May 25, 2016

**CONSOLIDATED FINANCIAL STATEMENTS**

**YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF  
SEATTLE-KING COUNTY-SNOHOMISH COUNTY AND SUBSIDIARIES**  
**Consolidated Statement of Financial Position**  
**December 31, 2015**  
**(With Comparative Totals for 2014)**

	<u>2015</u>	<u>2014</u>
<b>Assets</b>		
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 2,200,778	\$ 3,548,269
Accounts and grants receivable	3,160,989	2,928,878
Current portion of pledges receivable, net	679,149	954,112
Prepaid expenses and other current assets	<u>693,909</u>	<u>623,211</u>
<b>Total Current Assets</b>	<b>6,734,825</b>	<b>8,054,470</b>
Pledges receivable, net of current portion	694,517	1,038,277
Investments	31,412,078	32,089,302
Limited use assets	5,265,782	5,511,342
Land, buildings, and equipment, net	117,486,708	120,274,870
Deferred financing costs and other assets	<u>1,125,991</u>	<u>1,187,392</u>
<b>Total Assets</b>	<b><u>\$ 162,719,901</u></b>	<b><u>\$ 168,155,653</u></b>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities:</b>		
Accounts payable	\$ 772,263	\$ 1,075,891
Accrued salaries	1,204,741	1,135,466
Other current liabilities	1,371,560	1,194,503
Current portion of long-term debt	<u>2,494,698</u>	<u>561,606</u>
<b>Total Current Liabilities</b>	<b>5,843,262</b>	<b>3,967,466</b>
Deferred revenue	157,141	171,427
Long-term debt, net of current portion	<u>76,023,264</u>	<u>78,943,815</u>
<b>Total Liabilities</b>	<b>82,023,667</b>	<b>83,082,708</b>
<b>Net Assets:</b>		
Unrestricted-		
Controlling interest	47,324,270	48,733,135
Noncontrolling interest	<u>3,080,113</u>	<u>3,711,770</u>
Total unrestricted net assets	50,404,383	52,444,905
Temporarily restricted	22,886,799	25,251,900
Permanently restricted	<u>7,405,052</u>	<u>7,376,140</u>
<b>Total Net Assets</b>	<b><u>80,696,234</u></b>	<b><u>85,072,945</u></b>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 162,719,901</u></b>	<b><u>\$ 168,155,653</u></b>

See accompanying notes.

**YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF  
SEATTLE-KING COUNTY-SNOHOMISH COUNTY AND SUBSIDIARIES**  
**Consolidated Statement of Activities**  
**For the Year Ended December 31, 2015**  
**(With Comparative Totals for 2014)**

	Unrestricted	Temporarily Restricted	Permanently Restricted	2015 Total	2014 Total
<b>Operating Activities</b>					
<b>Support and Revenues:</b>					
Public support-					
Governmental fees and grants	\$ 18,579,858	\$ -	\$ -	\$ 18,579,858	\$ 17,709,247
Contributions	2,598,884	2,911,878		5,510,762	4,851,357
United Way grants	(19,058)	1,408,697		1,389,639	1,928,800
Net assets released from restriction	6,615,521	(6,615,521)			
Total public support	27,775,205	(2,294,946)		25,480,259	24,489,404
Earned revenue-					
Program service fees and rents	6,589,547			6,589,547	6,581,480
Operating investment return	1,069,595	367		1,069,962	1,022,166
Total earned revenue	7,659,142	367		7,659,509	7,603,646
<b>Total Support and Revenues</b>	<b>35,434,347</b>	<b>(2,294,579)</b>		<b>33,139,768</b>	<b>32,093,050</b>
<b>Expenses:</b>					
Program services-					
Safe, stable housing	22,569,708			22,569,708	22,076,233
Economic empowerment	4,412,809			4,412,809	5,035,914
Success in life	1,736,368			1,736,368	1,663,107
Live in dignity	4,024,514			4,024,514	3,968,553
Supporting services-					
Management and general	2,180,259			2,180,259	2,030,119
Fundraising	1,679,941			1,679,941	1,523,299
<b>Total Expenses</b>	<b>36,603,599</b>			<b>36,603,599</b>	<b>36,297,225</b>
<b>Change in Net Assets</b>					
<b>From Operating Activities</b>	<b>(1,169,252)</b>	<b>(2,294,579)</b>		<b>(3,463,831)</b>	<b>(4,204,175)</b>
<b>Nonoperating Activities</b>					
Endowment contributions			28,912	28,912	313,250
Nonoperating investment return	(871,270)	(70,522)		(941,792)	1,222,402
Gain on sale of building					1,576,199
Gain on New Markets Tax Credit (NMTC)					2,746,400
<b>Change in Net Assets</b>					
<b>From Nonoperating Activities</b>	<b>(871,270)</b>	<b>(70,522)</b>	<b>28,912</b>	<b>(912,880)</b>	<b>5,858,251</b>
<b>Total Change in Net Assets</b>	<b>(2,040,522)</b>	<b>(2,365,101)</b>	<b>28,912</b>	<b>(4,376,711)</b>	<b>1,654,076</b>
Noncontrolling interest in net losses of subsidiaries	631,657			631,657	665,315
<b>Change in Net Assets</b>					
<b>Excluding Noncontrolling Interest</b>	<b>\$ (1,408,865)</b>	<b>\$ (2,365,101)</b>	<b>\$ 28,912</b>	<b>\$ (3,745,054)</b>	<b>\$ 2,319,391</b>

See accompanying notes.

**YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF  
SEATTLE-KING COUNTY-SNOHOMISH COUNTY AND SUBSIDIARIES**  
**Consolidated Statement of Changes in Net Assets**  
**For the Year Ended December 31, 2015**  
**(With Comparative Totals for 2014)**

	Unrestricted			Temporarily Restricted	Permanently Restricted	2015 Total	2014 Total
	Controlling Interest	Noncontrolling Interest	Total				
Beginning of year net assets	\$ 48,733,135	\$ 3,711,770	\$ 52,444,905	\$ 25,251,900	\$ 7,376,140	\$ 85,072,945	\$ 83,418,869
Change in net assets excluding noncontrolling interest	(1,408,865)		(1,408,865)	(2,365,101)	28,912	(3,745,054)	2,319,391
Change in net assets from noncontrolling net loss		(631,657)	(631,657)			(631,657)	(665,315)
Total change in net assets	(1,408,865)	(631,657)	(2,040,522)	(2,365,101)	28,912	(4,376,711)	1,654,076
<b>End of Year Net Assets</b>	<b>\$ 47,324,270</b>	<b>\$ 3,080,113</b>	<b>\$ 50,404,383</b>	<b>\$ 22,886,799</b>	<b>\$ 7,405,052</b>	<b>\$ 80,696,234</b>	<b>\$ 85,072,945</b>

See accompanying notes.



**YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF  
SEATTLE-KING COUNTY-SNOHOMISH COUNTY AND SUBSIDIARIES**  
**Consolidated Statement of Functional Expenses**  
**For the Year Ended December 31, 2015**  
**(With Comparative Totals for 2014)**

	Program Services					Supporting Services				2015 Total Expenses	2014 Total Expenses
	Safe, Stable Housing	Economic Empowerment	Success In Life	Live In Dignity	Total Program	Management and General	Fund-Raising	Total Supporting			
Salaries	\$ 5,874,400	\$ 2,607,308	\$ 1,010,593	\$ 2,379,785	\$ 11,872,086	\$ 1,281,562	\$ 774,061	\$ 2,055,623	\$ 13,927,709	\$ 13,973,797	
Employee benefits	1,023,870	370,151	150,530	342,766	1,887,317	187,270	87,154	274,424	2,161,741	1,645,709	
Payroll taxes	529,731	234,955	94,090	208,786	1,067,562	99,964	70,116	170,080	1,237,642	1,238,325	
<b>Total personnel costs</b>	<b>7,428,001</b>	<b>3,212,414</b>	<b>1,255,213</b>	<b>2,931,337</b>	<b>14,826,965</b>	<b>1,568,796</b>	<b>931,331</b>	<b>2,500,127</b>	<b>17,327,092</b>	<b>16,857,831</b>	
Grants to others	5,296,709	230,731	76,677	382,584	5,986,701				5,986,701	6,083,177	
Occupancy	3,427,041	188,176	63,847	152,143	3,831,207	79,068	16,129	95,197	3,926,404	3,764,151	
Interest	1,590,649	56,329			1,646,978				1,646,978	1,860,115	
Supplies	240,729	160,039	151,115	70,630	622,513	43,882	256,654	300,536	923,049	767,717	
Professional services	263,371	42,332	5,325	67,112	378,140	138,796	172,602	311,398	689,538	625,132	
Property and liability insurance	307,275	52,062	24,865	50,118	434,320	50,677	15,134	65,811	500,131	502,810	
Transportation	120,772	66,715	34,697	101,027	323,211	17,418	21,173	38,591	361,802	355,231	
In-kind expenses	224,640	79,480		3,439	307,559	1,404	51,884	53,288	360,847	398,835	
Telephone	163,634	69,382	29,754	60,025	322,795	11,531	5,184	16,715	339,510	330,179	
Equipment rental	80,626	37,530	18,912	18,977	156,045	9,062	614	9,676	165,721	160,240	
Licenses, permits and fees	93,635	3,716	1,064	3,408	101,823	30,216	32,465	62,681	164,504	282,833	
Printing and publications	5,905	4,480	1,426	6,666	18,477	26,802	111,609	138,411	156,888	172,485	
Conferences and meetings	22,986	19,408	9,793	33,876	86,063	21,219	9,332	30,551	116,614	107,206	
Miscellaneous	42,170	2,319	1,975	6,392	52,856	25,314	2,858	28,172	81,028	73,341	
Advertising	13,112	12,452	4,453	7,401	37,418	14,917	6,740	21,657	59,075	42,000	
Postage and shipping	14,555	3,326	1,217	3,917	23,015	11,959	18,725	30,684	53,699	58,066	
Dues	10,678	800	551	29,200	41,229	4,818	747	5,565	46,794	40,109	
Payments to affiliated organizations						40,000		40,000	40,000	40,000	
<b>Total Expenses Before Depreciation</b>	<b>19,346,488</b>	<b>4,241,691</b>	<b>1,680,884</b>	<b>3,928,252</b>	<b>29,197,315</b>	<b>2,095,879</b>	<b>1,653,181</b>	<b>3,749,060</b>	<b>32,946,375</b>	<b>32,521,458</b>	
Depreciation of buildings	3,008,207	121,041	38,147	46,001	3,213,396	35,595	13,525	49,120	3,262,516	3,246,746	
Depreciation of equipment	215,013	50,077	17,337	50,261	332,688	48,785	13,235	62,020	394,708	529,021	
<b>Total Expenses</b>	<b>\$ 22,569,708</b>	<b>\$ 4,412,809</b>	<b>\$ 1,736,368</b>	<b>\$ 4,024,514</b>	<b>\$ 32,743,399</b>	<b>\$ 2,180,259</b>	<b>\$ 1,679,941</b>	<b>\$ 3,860,200</b>	<b>\$ 36,603,599</b>	<b>\$ 36,297,225</b>	

See accompanying notes.

**YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF  
SEATTLE-KING COUNTY-SNOHOMISH COUNTY AND SUBSIDIARIES**  
**Consolidated Statement of Cash Flows**  
**December 31, 2015**  
**(With Comparative Totals for 2014)**

	<u>2015</u>	<u>2014</u>
<b>Cash Flows From Operating Activities:</b>		
Change in net assets	\$ (4,376,711)	\$ 1,654,076
Adjustments to reconcile change in net assets to net cash provided by operating activities-		
Gain on sale of building		(1,576,199)
Gain on New Markets Tax Credit (NMTC)		(2,746,400)
Bank fees associated with NMTC winddown		4,739
Contributions restricted to long-term investment	(28,912)	(313,250)
Depreciation and amortization	3,657,224	3,775,767
Unrealized and realized gain on investments	1,028,354	(1,191,673)
Changes in operating assets and liabilities:		
Accounts and grants receivable	(232,111)	886,048
Pledges receivable	618,723	1,315,818
Prepaid expenses and other assets	(57,789)	516,395
Accounts payable	(253,647)	159,234
Accrued salaries	69,275	77,892
Other current liabilities	177,057	(329,737)
Deferred revenue	(14,286)	(14,286)
<b>Net Cash Provided by Operating Activities</b>	<b>587,177</b>	<b>2,218,424</b>
<b>Cash Flows From Investing Activities:</b>		
Purchases of land, building, and equipment	(856,729)	(367,983)
Proceeds from sale of building and equipment		1,973,050
Proceeds from sale of investments	609,069	684,646
Purchase of investments	(960,199)	(3,058,526)
Decrease in limited use assets	245,560	26,691
<b>Net Cash Used by Investing Activities</b>	<b>(962,299)</b>	<b>(742,122)</b>
<b>Cash Flows From Financing Activities:</b>		
Principal payments on long-term debt	(3,430,487)	(17,311,224)
Proceeds from issuance of long-term debt	2,443,028	14,305,011
Proceeds from contributions restricted for long-term investment	28,912	313,250
Additions to deferred financing costs	(13,822)	(13,822)
<b>Net Cash Used by Financing Activities</b>	<b>(972,369)</b>	<b>(2,706,785)</b>
<b>Net Change in Cash and Cash Equivalents</b>	<b>(1,347,491)</b>	<b>(1,230,483)</b>
Cash and cash equivalents balance, beginning of year	3,548,269	4,778,752
<b>Cash and Cash Equivalents Balance, End of Year</b>	<b>\$ 2,200,778</b>	<b>\$ 3,548,269</b>
<b>Supplemental Disclosure of Cash Flow Information:</b>		
Cash paid during the year for interest	\$ 1,500,694	\$ 1,805,694
Fixed assets purchased on account	\$ 59,825	\$ 109,806

See accompanying notes.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF  
SEATTLE-KING COUNTY-SNOHOMISH COUNTY AND SUBSIDIARIES**

**Notes to Consolidated Financial Statements  
For the Year Ended December 31, 2015**

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**Note 1 - Nature of Activities**

Young Women's Christian Association of Seattle-King County-Snohomish County, dba YWCA Seattle | King | Snohomish, and Subsidiaries (collectively, the Organization) was established in 1894. The Organization is dedicated to eliminating racism, empowering women, and promoting peace, justice, freedom, and dignity for all.

The Organization works where we're needed most to create real change every day through services and advocacy. We aim to eliminate disparities for women, girls, and marginalized communities with programs that:

- Build stable homes and promote economic advancement
- Improve health and end violence against women
- Increase racial equity and social justice for all people

We are on a mission to eliminate racism, empower women, stand up for social justice, help families, and strengthen communities.

The Organization's comprehensive, integrated intervention and prevention services include:

Safe, Stable Housing - Day center for homeless women; time-limited and permanent housing, primarily for low and very low income women and families; case management, housing placement services, eviction prevention, 24-hour front desk and security services, and information/referral.

Economic Empowerment - Individual and group job search counseling, placement assistance, follow-up support, case management, financial education, tuition assistance, and assistance with food, clothing, housing, and access to health care.

Success in Life - Developmental child care for infants through school age children, most of whom are below median income and receive subsidized child care; after-school and summer program aimed at skill-building and mentoring for at-risk girls in middle and high school; counseling and coping for children who have been exposed to domestic violence; adopt-a-family and school days programs.

Live in Dignity - Counseling for women recovering from domestic violence, and educational outreach in the community regarding domestic violence; assessment, education, and advocacy for clients needing access to health care; veterans support services; volunteer services; racial equity and social justice work both internal and external to the Organization.

**Note 2 - Summary of Significant Accounting Policies**

**Principles of Consolidation** - The consolidated financial statements include the accounts of Young Women's Christian Association of Seattle-King County-Snohomish County (YWCA), and its controlled subsidiary organizations, Young Women's Service Association of Seattle-King County (YWSA), Dress for Success® Seattle (DFSS), Summerfield Housing LLC, YWCA Family Village at Redmond LLC, Angeline's LLC, YW AHF Mountlake Terrace LLC, YW AHF Lynnwood LLC, YW AHF Everett LLC, YWCA Greenbridge LLC, YW Home Now LLC, YWCA Family Village at Issaquah LLC, YWCA Family Village at Issaquah II LLC, Summerfield Admin GP LLC, and Summerfield Rehab LLLP. All intercompany transactions have been eliminated.

**YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF  
SEATTLE-KING COUNTY-SNOHOMISH COUNTY AND SUBSIDIARIES**

**Notes to Consolidated Financial Statements  
For the Year Ended December 31, 2015**

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**Note 2 - Continued**

YWSA - During 1986, the YWSA, a Washington nonprofit corporation, was established by YWCA. YWSA was formed to renovate the single-room occupancy facilities of floors five through eight of the facility located at 1118 Fifth Avenue in Seattle. In 2007, to facilitate the acceptance of New Markets Tax Credit, the YWCA donated the balance of the facility located at 1118 Fifth Avenue to the YWSA. The YWSA now owns the entire building. YWCA retains control of YWSA via totally interlocking boards of directors and a single chief executive officer.

DFSS - In 2002, YWCA entered into a management agreement with DFSS, a Washington nonprofit organization. YWCA manages DFSS in accordance with the Dress for Success® Worldwide Trademark License Agreement and Membership Agreement, maintains the corporate and business records of DFSS, and performs management reporting and accounting services for DFSS. YWCA retains control of DFSS via totally interlocking boards of directors and a single chief executive officer.

Summerfield Housing LLC - Summerfield Housing LLC is a separate entity created in 2005 to purchase and hold real property to be used for affordable housing. It holds title to the 52-unit apartment complex in Bellevue known as Summerfield Apartments. Summerfield Housing LLC is wholly-owned by YWCA and is therefore included in the consolidated financial statements of the Organization.

YWCA Family Village at Redmond LLC - YWCA Family Village at Redmond LLC is a separate entity created in 2010 to own the Family Village at Redmond transitional housing project. YWCA Family Village at Redmond LLC is wholly-owned by YWCA and is therefore included in the consolidated financial statements of the Organization.

Angeline's LLC - During 2002, YWCA and one other partner formed Angeline's LLC to own floors three through seven of the YWCA Opportunity Place building, which includes 145 units of housing. YWCA is the managing member of Angeline's LLC with a 0.01% interest in income, losses and capital events of Angeline's LLC. The activities of Angeline's LLC are consolidated with the financial statements of the YWCA in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), as the YWCA has substantial control.

YW AHF Mountlake Terrace LLC - YW AHF Mountlake Terrace LLC is a separate entity created in 2007 to purchase and hold real property to be used for affordable housing. It holds title to the 66-unit apartment complex in Mountlake Terrace known as Victorian Woods Apartments. YW AHF Mountlake Terrace LLC is wholly-owned by YWCA and is therefore included in the consolidated financial statements of the Organization.

YW AHF Lynnwood LLC - YW AHF Lynnwood LLC is a separate entity created in 2007 to purchase and hold real property to be used for affordable housing. It holds title to the 64-unit apartment complex in Lynnwood known as Somerset Village Apartments. YW AHF Lynnwood LLC is wholly-owned by YWCA and is therefore included in the consolidated financial statements of the Organization.

YW AHF Everett LLC - YW AHF Everett LLC is a separate entity created in 2007 to purchase and hold real property to be used for affordable housing. It holds title to the 90-unit apartment complex in south Everett known as Wear To Live Apartments. YW AHF Everett LLC is wholly-owned by YWCA and is therefore included in the consolidated financial statements of the Organization.

**YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF  
SEATTLE-KING COUNTY-SNOHOMISH COUNTY AND SUBSIDIARIES**

**Notes to Consolidated Financial Statements  
For the Year Ended December 31, 2015**

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**Note 2 - Continued**

YWCA Greenbridge LLC - YWCA Greenbridge LLC is a separate entity created in 2007 to purchase and hold real property. It holds title to the YWCA Learning Center at Greenbridge, located in the White Center area of unincorporated King County, which was completed in November 2008. YWCA Greenbridge LLC is wholly-owned by YWCA and is therefore included in the consolidated financial statements of the Organization.

YW Home Now LLC - YW Home Now LLC (Home Now) is a separate entity created in 2006 to act as a member in future YWCA housing projects. Home Now owns the Passage Point supportive housing project. In 2007 King County granted an easement that gave the land and existing buildings to Home Now for the YWCA's use over the next 50 years as long as the site is used to provide services. The project renovated the former Cedar Hills Alcohol Treatment Center in Maple Valley into 46 housing units for persons exiting the correction system, which was completed in 2011. Home Now is wholly-owned by YWCA and is therefore included in the consolidated financial statements of the Organization.

YWCA Family Village at Issaquah LLC - YWCA Family Village at Issaquah LLC is a separate entity created in 2009 to purchase and hold real property. It holds title to Phase I of YWCA Family Village at Issaquah, which includes 98 units of housing and the non-housing spaces. Construction of the project was completed in 2011. YWCA Family Village at Issaquah LLC is wholly-owned by YWCA and is therefore included in the consolidated financial statements of the Organization.

YWCA Family Village at Issaquah II LLC - YWCA Family Village at Issaquah II LLC is a separate entity created in 2009 to purchase and hold real property. It holds title to Phase II of YWCA Family Village at Issaquah, which includes 48 units of housing. In 2009, YWCA Family Village at Issaquah II LLC was wholly-owned by YWCA. In 2010, an amended LLC operating agreement added Boston Capital as an investor. The YWCA is the managing member of the LLC with a 0.01% interest in income, losses and capital events of the LLC. Construction of the project was completed in 2011. The activities of YWCA Family Village at Issaquah II LLC are consolidated with the financial statements of the YWCA in accordance with U.S. GAAP, as the YWCA has substantial control.

Summerfield Admin GP LLC - In 2015, the YWCA and a related party individual formed this entity, which was created to serve as the administrative general partner of Summerfield Rehab LLLP. The YWCA owns 79% of Summerfield Admin GP LLC.

Summerfield Rehab LLLP - In 2015, Summerfield Admin GP LLC (General Partner) and the YWCA (Initial Limited Partner) formed Summerfield Rehab LLLP. This entity was set up to purchase the Summerfield Apartments in 2016 as part of the refinancing of that property with Low Income Housing Tax Credits. The Limited Partner has a 99.99% interest and the General Partner has a 0.01% interest in income, losses and capital events of Summerfield Rehab LLLP. The activities of Summerfield Rehab LLLP are consolidated with the financial statements of the YWCA in accordance with U.S. GAAP, as the YWCA has substantial control.

**Basis of Presentation** - In accordance with U.S. GAAP, net assets and revenues, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted Net Assets - Net assets that are not subject to donor-imposed stipulations.

**YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF  
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**Note 2 - Continued**

Temporarily Restricted Net Assets - Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time.

Permanently Restricted Net Assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally the donors of these assets permit the use of all or part of the income earned on related investments for general or specific purposes.

**Cash and Cash Equivalents** - For the purpose of the consolidated statement of cash flows, the Organization considers all highly-liquid investments purchased with original maturities of three months or less, except for those held in its investment and reserves portfolios, to be cash and cash equivalents. At times during the year, the Organization had cash and cash equivalents in excess of federally insured limits on deposit in a single credit institution.

**Limited Use Assets** - The Organization is required under debt agreements, agency relationships and tenant rental activities to hold assets in restricted accounts.

Limited use assets consisted of the following at December 31:

	<u>2015</u>	<u>2014</u>
Cash-		
Bond payment funds	\$ 1,200,513	\$ 1,213,101
Building reserve accounts	3,520,720	3,376,502
Tenant security deposits	202,184	202,216
Regional housing expansion		359,066
Investments-		
YWCA funds held in trust	<u>342,365</u>	<u>360,457</u>
	<u><b>\$ 5,265,782</b></u>	<u><b>\$ 5,511,342</b></u>

**YWCA Funds Held in Trust** - The Organization has a memorandum of understanding with nineteen YWCAs known as the Women of the West (WOW) to administer reserve funds for the purpose of subsidizing travel costs of WOW members. As fiscal agent, the Organization oversees investment of reserve funds and payment of WOW expenses.

As of December 31, 2015 and 2014, there was \$342,365 and \$360,457 held in restricted investments on behalf of WOW, respectively, which represents the net assets of WOW. These amounts are included in the other current liabilities total on the Organization's consolidated statement of financial position.

**Accounts and Grants Receivable** - Accounts and grants receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances still outstanding after management has used reasonable collection efforts are written-off through a charge to the valuation allowance and a credit to accounts and grants receivable. The valuation allowance and changes in the valuation allowance have not been material to the consolidated financial statements, and therefore an allowance has not been recorded.

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SEATTLE-KING COUNTY-SNOHOMISH COUNTY AND SUBSIDIARIES**

**Notes to Consolidated Financial Statements  
For the Year Ended December 31, 2015**

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**Note 2 - Continued**

**Investments** - Investments in marketable securities with readily determinable fair values and all investments in debt securities are measured at fair value in the consolidated statement of financial position. Investment income or loss (including realized and unrealized gains and losses on investments) is included in the change in unrestricted net assets unless the income or loss is restricted by donor or law. Investment balances are in excess of the available SPIC insurance.

**Fair Value of Financial Instruments** - The carrying amount in the consolidated financial statements approximates fair value for cash and cash equivalents, accounts and grants receivable, pledges receivable, investments, limited use assets, accounts payable, accrued expenses, other current liabilities, and long-term debt due to the generally short maturity period of the instruments, market-rate interest rates, or the year-end values being adjusted to fair value on a recurring basis. The fair value of investments is based on quoted market prices. The approximate fair values of pledges receivable are the net present value of the receivables, discounted using risk-adjusted interest rates.

**Land, Buildings, and Equipment** - Land, buildings, and equipment with a cost or value greater than \$5,000 are recorded at cost or, if donated, at the approximate fair value at the date of donation. Improvements are capitalized while expenditures for maintenance and repairs are charged to expense as incurred. Depreciation has been provided for furnishings and equipment on the straight-line basis over 3 to 12 years; for site and building improvements on a straight-line basis over 15 to 20 years; and for buildings on the straight-line basis over 40 years. Leasehold improvements have been amortized over the shorter of the useful lives of the assets or the lease term.

**Impairment of Real Estate** - The Organization reviews its investment in real estate for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the assets, net of accumulated depreciation, to the future net undiscounted cash flow expected to be generated and any estimated proceeds from the eventual disposition. If the real estate is considered impaired, the impairment to be recognized is measured at the amount by which the carrying amount exceeds the fair value as determined from the appraisal, discounted cash flows analysis, or other valuation technique. There was no impairment loss recognized for the years ended December 31, 2015 or 2014.

**Donated Property and Services** - Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Items of questionable or uncertain value are not recorded. Otherwise, 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 Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time.

**Grants to Others** - The Organization provides payments on behalf of individual clients and also pass-through grants to other organizations. The assistance for clients includes rental, utility, transportation, childcare, food, tuition, clothing and other types of assistance.



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**Notes to Consolidated Financial Statements  
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**Note 2 - Continued**

Donated services are recorded at fair value if they create or enhance a nonfinancial asset or if they consist of specialized skills that would have been purchased if they were not donated. In most cases, this represents labor to construct or improve an asset or necessary professional services.

In-kind revenue and expenses were as follows for the years ended December 31:

	<u>2015</u>	<u>2014</u>
Goods	\$ 137,851	\$ 176,147
Services		5,000
Leased facilities	<u>26,550</u>	<u>42,964</u>
Total in-kind revenue	164,401	224,111
Plus in-kind lease amortization expense	196,446	190,724
Less donated capitalized assets		<u>(16,000)</u>
<b>Total In-Kind Expense</b>	<b><u>\$ 360,847</u></b>	<b><u>\$ 398,835</u></b>

**Restricted and Unrestricted Revenue and Support** - All donor-restricted contributions are reported as increases in either temporarily or permanently restricted net assets. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statement of activities as net assets released from restrictions.

**Operating and Nonoperating Activities** - All activities are considered operating except for revenues, expenses, gains, and losses related to endowments, capital projects, loan forgiveness, gain on New Markets Tax Credits, sales of property, and nonoperating investment income (see Note 5).

**Federal Income Tax** - YWCA, YWSA, and DFSS have been notified by the Internal Revenue Service that they are exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code. Summerfield Housing LLC, YWCA Family Village at Redmond LLC, YW AHF Mountlake Terrace LLC, YW AHF Lynnwood LLC, YW AHF Everett LLC, YWCA Greenbridge LLC, YWCA Home Now LLC, and YWCA Family Village at Issaquah LLC are all treated as disregarded entities for federal income tax purposes and therefore, income or loss is included in YWCA's tax return. Angeline's LLC; YWCA Family Village at Issaquah II, LLC; Summerfield Admin GP LLC; and Summerfield Rehab LLLP have no provision or benefit for income taxes included in these consolidated financial statements since taxable income or loss passes through to, and is reportable by, each partner or member individually.

**Functional Allocation of Expenses** - The costs of providing the various programs and other activities have been summarized on a functional basis in the consolidated statement of activities and consolidated statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services based on the benefits derived.

**YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF  
SEATTLE-KING COUNTY-SNOHOMISH COUNTY AND SUBSIDIARIES**

**Notes to Consolidated Financial Statements  
For the Year Ended December 31, 2015**

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**Note 2 - Continued**

**Use of Estimates** - The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions affecting 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 and expenses during the reporting period. Actual results could differ from those estimates.

**Reclassifications of Prior Year Balances** - Certain reclassifications have been made to prior year amounts to conform to the presentation in the current year financial statements. The reclassifications have no effect on the previously reported change in net assets or net asset balances.

**Comparative Totals** - The consolidated financial information includes certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Organization's consolidated financial statements for the year ended December 31, 2014, from which the summarized information was derived.

**Subsequent Events** - The Organization has evaluated subsequent events through May 25, 2016, the date on which the consolidated financial statements were issued.

**Note 3 - Pledges Receivable**

Pledges receivable are due as follows:

	<u>2015</u>	<u>2014</u>
Receivable in less than one year	\$ 691,652	\$ 1,045,115
Receivable in one to five years	736,028	963,484
Receivable in more than five years		<u>65,040</u>
	1,427,680	2,073,639
Less allowance for uncollectible pledges	(8,507)	(7,891)
Less unamortized discount 2.27% for pledges received in 2015, 1.78% to 3.3% for pledges received in prior years	(45,507)	(73,359)
Less current portion, net	<u>(679,149)</u>	<u>(954,112)</u>
<b>Long-Term Portion</b>	<b><u>\$ 694,517</u></b>	<b><u>\$ 1,038,277</u></b>

Pledges receivable of \$12,503 and \$91,003 at December 31, 2015 and 2014, respectively, are included in the above total of pledges due in less than one year, but are reported as a long-term asset on the consolidated statement of financial position because they have been restricted to investment in long-term assets by the donor as discussed in Note 14.

**YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF  
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**Notes to Consolidated Financial Statements  
For the Year Ended December 31, 2015**

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**Note 3 - Continued**

**Contributed Facilities** - The Organization leases the Trinity Apartments at the below-market annual rental rate of \$1. The original lease term is for 15 years and commenced in April 2005. The value of this contribution of 15 years of below-market rent, discounted to present value, was recorded as in-kind contribution revenue of \$2,795,503 during 2005 when the lease was signed. The value of the remaining use of these facilities at below-market rent, discounted to present value through the end of the lease term is \$911,552 and \$1,107,998 and is included in pledges receivable at December 31, 2015 and 2014, respectively.

**Note 4 - Land, Buildings, and Equipment**

Land, buildings, and equipment consisted of the following at December 31:

	<u>2015</u>	<u>2014</u>
Land	\$ 18,598,706	\$ 18,598,706
Buildings and leasehold improvements	128,629,498	128,235,532
Construction in progress	177,717	21,893
Furniture and equipment	<u>4,023,176</u>	<u>3,823,597</u>
	151,429,097	150,679,728
Less accumulated depreciation	<u>(33,942,389)</u>	<u>(30,404,858)</u>
<b>Total Land, Buildings, and Equipment, Net</b>	<b><u>\$ 117,486,708</u></b>	<b><u>\$ 120,274,870</u></b>

**Note 5 - Investments**

Investments held at December 31 are summarized as follows:

	<u>2015</u>	<u>2014</u>
Cash and cash equivalents	\$ 1,757,878	\$ 915,794
Marketable debt securities	10,284,149	10,526,735
Marketable equity securities	<u>19,370,051</u>	<u>20,646,773</u>
<b>Total Investments</b>	<b><u>\$ 31,412,078</u></b>	<b><u>\$ 32,089,302</u></b>

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**Notes to Consolidated Financial Statements  
For the Year Ended December 31, 2015**

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**Note 5 - Continued**

Investment return for the years ended December 31 was as follows:

	<u>2015</u>	<u>2014</u>
Interest and dividends	\$ 1,156,524	\$ 1,052,895
Realized gains	272,970	298,666
Unrealized (losses) gains	<u>(1,301,324)</u>	<u>893,007</u>
<b>Total Investment Return</b>	<b><u>\$ 128,170</u></b>	<b><u>\$ 2,244,568</u></b>

Operating investment return is based on the board approved payout from accumulated earnings on endowment funds that are used to fund current operations of the Organization. All other investment return is considered nonoperating revenue.

	<u>2015</u>	<u>2014</u>
Operating investment return	\$ 1,069,962	\$ 1,022,166
Nonoperating investment return	<u>(941,792)</u>	<u>1,222,402</u>
<b>Total Investment Return</b>	<b><u>\$ 128,170</u></b>	<b><u>\$ 2,244,568</u></b>

**Note 6 - Fair Values of Assets and Liabilities Measured on a Recurring Basis**

**Valuation Techniques** - U.S. GAAP provides a consistent model for determining fair value measurements for financial assets and liabilities. U.S. GAAP identifies three levels of inputs that are used for measuring fair value. Financial assets and liabilities valued using Level 1 inputs are based on unadjusted quoted market prices within active markets for identical assets and liabilities. Financial assets and liabilities valued using Level 2 inputs are based primarily on quoted prices for similar assets or liabilities in active or inactive markets. Financial assets and liabilities using Level 3 inputs are primarily valued using management's assumptions about the assumptions market participants would utilize in pricing the asset or liability. Valuation techniques utilized to determine fair value are consistently applied.

Following is a description of the valuation methodologies used for assets and liabilities measured at fair value. There have been no changes in the methodologies used at December 31, 2015 or 2014.

Cash and Cash Equivalents - Amounts are primarily held in money market funds which are valued at cost plus accrued interest, which approximates fair value.

Closed-End Funds - Valued at quoted market prices in active markets, which represent the net asset value (NAV) of shares held at year-end.

Mutual Funds - Valued at quoted market prices in active markets, which represent the NAV of shares held at year-end.

Government and Corporate Bonds - Valued at the present value of the bond's cash flow.

**YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF  
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**Notes to Consolidated Financial Statements  
For the Year Ended December 31, 2015**

**Note 6 - Continued**

**Fair Values Measured on a Recurring Basis** - Fair values of assets and liabilities measured on a recurring basis at December 31, 2015, were as follows:

	Fair Value Measurements as of December 31, 2015			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 2,122,296	\$ -	\$ -	\$ 2,122,296
Closed-end funds	579,768			579,768
Debt securities-				
Corporate bonds		483,282		483,282
Mortgage backed bonds		843,786		843,786
Government bonds		749,635		749,635
Mutual funds-				
International	617,367			617,367
Large value fund	4,623,404			4,623,404
Intermediate-term bond	4,643,240			4,643,240
Short-term bond	2,480,798			2,480,798
Real estate	487,150			487,150
Large growth	3,676,573			3,676,573
Small blend	1,560,919			1,560,919
Emerging market	503,642			503,642
Diversified emerging market	612,070			612,070
Mid-cap growth	2,483,962			2,483,962
Foreign large growth	807,989			807,989
Commodities	151,987			151,987
Large blend	4,318,647			4,318,647
<b>Total Assets at Fair Value</b>	<b>\$ 29,669,812</b>	<b>\$ 2,076,703</b>	<b>\$ -</b>	31,746,515
Less funds held for others (restricted investments)				(334,437)
<b>Total Unrestricted Investments</b>				<b>\$ 31,412,078</b>

**YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF  
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**Notes to Consolidated Financial Statements  
For the Year Ended December 31, 2015**

**Note 6 - Continued**

Fair values of assets and liabilities measured on a recurring basis at December 31, 2014, were as follows:

	Fair Value Measurements as of December 31, 2014			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 945,793	\$ -	\$ -	\$ 945,793
Closed-end funds	622,232			622,232
Debt securities-				
Corporate bonds		484,963		
Mortgage backed bonds		1,384,227		
Government bonds		195,269		
Mutual funds-				
International	737,028			737,028
Large value fund	4,963,048			4,963,048
Intermediate-term bond	4,734,301			4,734,301
Short-term bond	2,494,554			2,494,554
Real estate	499,949			499,949
Large growth	3,869,239			3,869,239
Small blend	1,616,915			1,616,915
Emerging market	611,187			611,187
Diversified emerging market	748,854			748,854
Foreign large blend	821,713			821,713
Mid-cap growth	2,487,605			2,487,605
Large blend	4,723,885			4,723,885
Commodities	170,143			170,143
Moderate allocation	338,854			338,854
	<u>\$ 30,385,300</u>	<u>\$ 2,064,459</u>	<u>\$ -</u>	32,449,759
Less funds held for others (restricted investments)				<u>(360,457)</u>
<b>Total Unrestricted Investments</b>				<u><b>\$ 32,089,302</b></u>

**YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF  
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**Notes to Consolidated Financial Statements  
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**Note 7 - Long-Term Debt**

	2015	2014
<p>Note payable to US Bank; bearing interest at 1.76% per annum; secured by the board restricted and temporarily restricted endowment funds held at US Bank; renewed subsequent to year end with a new due date of October 31, 2017; note balance includes accrued interest of \$9,229 and \$7,597 at December 31, 2015 and 2014, respectively. See Note 17.</p>	\$ 15,309,229	\$ 12,957,596
<u>Lexington-Concord Building:</u>		
<p>Note payable to the City of Seattle; bearing interest at 1% per annum; secured by a Deed of Trust on the building; due July 5, 2028; however, if all terms and conditions of the loan are met, extensions may be requested at five-year intervals; interest will be forgiven over a 20-year period beginning July 5, 2028 provided all terms and conditions have been met; note balance includes accrued interest of \$405,374 and \$389,784 at December 31, 2015 and 2014, respectively.</p>	1,964,489	1,948,899
<u>Bellevue Townhomes:</u>		
<p>Note payable to King County; noninterest bearing; secured by a mortgage on the townhomes; loan will be forgiven on June 6, 2047, if used for the purposes specified in the Housing Trust Fund Agreement (federal funds - HOME program).</p>	79,000	79,000
<p>Note payable to the City of Bellevue; noninterest bearing; secured by a mortgage on the townhomes; loan will be forgiven on May 29, 2047, if used for the purposes specified in the Regulatory Agreement and Declaration of Restrictive Covenants; (federal funds - Community Development Block Grant).</p>	30,800	30,800
<u>Windermere House:</u>		
<p>Note payable to the City of Seattle; interest forgiveness of \$2,163 per annum as of October 30, 2010; secured by a Deed of Trust on the house; loan was extended through September 30, 2019; the note balance includes accrued interest of \$30,273 and \$32,435 at December 31, 2015 and 2014, respectively.</p>	250,146	252,308
<u>East Union Apartments:</u>		
<p>Note payable to the City of Seattle; accruing interest at 1% per annum through August 2014; interest forgiveness beginning in 2015; secured by a Deed of Trust on the apartments; loan matures on August 1, 2034; the note balance includes accrued interest of \$29,701 and \$31,264 at December 31, 2015 and 2014, respectively.</p>	195,507	197,070

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**Notes to Consolidated Financial Statements  
For the Year Ended December 31, 2015**

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**Note 7 - Continued**

	2015	2014
<u>Summerfield Apartments:</u>		
Note payable to King County Housing Authority 501(c)(3) tax exempt variable rate bonds; accruing interest at a variable rate (0.03% at December 31, 2015 and 2014); interest on the bonds is capped at 5% per annum under an interest rate cap agreement that expired in 2015; interest rate cap secured by a letter of credit issued by US Bank; monthly payments of principal at \$7,500 plus interest at the variable rate to a sinking fund, which is then paid to the lender; secured by a Deed of Trust on the apartments; bonds mature on August 31, 2035; the note balance includes accrued interest of \$0 and \$88 at December 31, 2015 and 2014, respectively. The bonds were paid in full during the year ended December 31, 2015.		2,875,088
<u>YWCA Opportunity Place:</u>		
Note payable to the City of Seattle; noninterest bearing; loan will be forgiven on August 31, 2019, if used for the purposes specified in the Regulatory Agreement and Declaration of Restrictive Covenants; secured by a Deed of Trust on Unit #1 (federal funds - Community Development Block Grant).	200,000	200,000
<u>Passage Point:</u>		
Note payable to King County; noninterest bearing; loan is due on December 31, 2053; nonrecourse note payable secured by a deed of trust on the Passage Point property; annual payments of principal due from Net Cash Flow as defined in the agreement.	5,171,825	5,171,825
Note payable to the State of Washington Department of Commerce; debt assumed June 2010; noninterest bearing for the first 40 years; loan matures December 28, 2051; secured by a Deed of Trust on the Passage Point property.	2,000,000	2,000,000
<u>YWCA Family Village at Redmond LLC:</u>		
Note payable to King County; secured by Deed of Trust on Family Village project land; noninterest bearing and will be forgiven on December 5, 2016, provided all conditions are met (federal funds - Community Development Block Grant).	240,000	240,000



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**Notes to Consolidated Financial Statements  
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**Note 7 - Continued**

	<u>2015</u>	<u>2014</u>
Note payable to the State of Washington Department of Commerce, noninterest bearing; matures March 31, 2043; secured by Deed of Trust on Family Village project land; noninterest bearing and due upon sale or change of use of the Family Village project.	500,000	500,000
Note payable to King County for reimbursement of Family Village costs; noninterest bearing and unsecured; loan will be forgiven on June 2, 2017, provided all conditions are met.	20,790	20,790
<u>Angeline's LLC:</u>		
Note payable to the Housing Authority of the City of Seattle, bearing interest at 5.6%; payments of interest only began in 2003 and continued through December 2004, after which monthly payments of principal and interest continue until the note matures in December 2022; note secured by a Deed of Trust and assignment of leases and rents on the project; loan and regulatory agreement restrict the use of the property to low-income housing for the term of the loan.	2,813,218	2,889,313
Note payable to the City of Seattle; nonrecourse note payable secured by a Deed of Trust and assignments of rents on the project; bears interest at 1% per annum and matures in December 2052; payments of principal and interest are due 50 years from the date of the original agreement; according to the terms of the regulatory agreement, use of the property is restricted to low-income housing through maturity; note balance includes accrued interest of \$525,129 and \$482,032 at December 31, 2015 and 2014, respectively.	4,834,855	4,791,758
Note payable to the State of Washington Department of Community, Trade and Economic Development; nonrecourse note payable secured by a Deed of Trust on the project; bears interest at 1% per annum and matures in December 2043; annual principal and interest payments of \$30,456 began in December 2004; note contains a covenant agreement which restricts the use of the property to low-income housing through maturity.	740,567	763,389

**YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF  
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**Notes to Consolidated Financial Statements  
For the Year Ended December 31, 2015**

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**Note 7 - Continued**

	<u>2015</u>	<u>2014</u>
Note payable to the City of Seattle; secured by a Deed of Trust; bears interest at 2.5% per annum; compounding annually; note matures November 2043; annual payments of principal and interest due from Net Cash Flow as defined in the agreement; note balance includes accrued interest of \$82,122 and \$74,021 at December 31, 2015 and 2014, respectively.	332,122	324,021
Note payable to King County Housing and Community Development; secured by a Deed of Trust; noninterest bearing; note matures May 2039; no monthly payments required if terms in the agreement are met.	225,000	225,000
<u>Affordable Housing Fund:</u> Note payable to Everett Housing Authority; 501(c)(3) tax exempt fixed rate bonds; accruing interest at 4.89%; semi-annual payments of interest due June 1st and December 1st and annual principal payments due June 1st according to bond schedule; loan backed by Contingent Loan Agreement with Snohomish County, bonds mature on June 1, 2037; secured by a subordinated Deed of Trust on the Victorian Woods, Somerset Village, and Wear To Live apartments; note balance includes accrued interest of \$48,615 and \$49,695 at December 31, 2015 and 2014, respectively.	11,978,616	12,244,696
Note payable to Snohomish County; noninterest bearing; will be forgiven when the mortgaged property has been continuously used for 40 years for the purposes specified in the loan agreement; loan matures June 9, 2048; secured by a Deed of Trust on the Victorian Woods apartments (federal funds - HOME program).	615,229	615,229

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**Notes to Consolidated Financial Statements  
For the Year Ended December 31, 2015**

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**Note 7 - Continued**

	2015	2014
<p><u>YWCA Greenbridge LLC:</u> Note payable to US Bank; bearing interest at 4.80%; monthly principal and interest payments of \$12,580; note matures in December 2025; secured by a Deed of Trust and assignment of leases and rents on the YWCA Learning Center at Greenbridge; note balance includes accrued interest of \$4,606 and \$960 at December 31, 2015 and 2014, respectively.</p>	1,118,914	1,200,960
<p><u>YWCA Family Village at Issaquah LLC:</u> Note payable to King County; 501(c)(3) tax exempt bonds 2009 (YWCA Family Village at Issaquah - Phase I); annual principal coupon rate varies from 3.25% to 5.12%, average coupon for all maturity years equals 4.88%, interest due semi-annually, principal due annually according to the bond schedule; loan backed by Contingent Loan Agreement with King County, bonds mature beginning on January 1, 2013 through January 1, 2045; secured by a Deed of Trust on the property.</p>	5,360,000	5,450,000
<p>Note payable to the Washington State Housing Finance Commission; noninterest bearing; matures November 30, 2059; secured by a Deed of Trust on the project; note contains a covenant agreement which restricts the use of the property to low-income housing through maturity (federal funds - TCAP Program).</p>	13,020,680	13,020,680
<p>Note payable to the State of Washington Department of Commerce for the Family Village at Issaquah project; loan accrues no interest until November 30, 2031, starting November 30, 2031 the loan accrues interest at 1.0% compounding quarterly, and quarterly interest payments of \$1,500 are required; the loan matures on November 30, 2061; secured by a Deed of Trust on the Family Village at Issaquah Phase I property.</p>	600,000	600,000
<p>Note payable to the King County Housing and Community Development for the Family Village at Issaquah project; bearing interest at 1.0%; compounded annually; no payment required until December 31, 2031; loan matures December 31, 2061; secured by a Deed of Trust on the Family Village at Issaquah Phase I property; debt balance includes accrued interest of \$81,700 and \$58,614 at December 31, 2015 and 2014, respectively.</p>	2,331,700	2,308,614

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**Notes to Consolidated Financial Statements  
For the Year Ended December 31, 2015**

**Note 7 - Continued**

	<u>2015</u>	<u>2014</u>
Note payable to Cities of Bellevue, Kirkland, and Issaquah (referred to as the 'ARCH' loan) for the Family Village at Issaquah Phase I project; bearing interest at 1.0% from January 1, 2012, compounded annually; annual principal and interest payments of \$19,135 began June 2013; loan matures January 1, 2062; secured by a Deed of Trust on the Family Village at Issaquah Phase I property; debt balance includes accrued interest of \$14,318 and \$7,363 at December 31, 2015 and 2014, respectively.	721,893	734,073
<u>YWCA Family Village at Issaquah II LLC:</u> Note payable to King County Housing Authority associated with the issuance of 2009 Revenue Bonds (YWCA Family Village at Issaquah - Phase II); annual principal coupon rate varies from 2.4% to 4.75%, average coupon for all maturity years equals 4.17%, interest due semi-annually, principal due annually; loan backed by Contingent Loan Agreement with King County, bonds mature beginning in 2013 through 2028; secured by a Deed of Trust on the property.	2,915,000	2,965,000
Note payable to the King County Housing and Community Development for the Family Village at Issaquah project; bearing interest at 1%; compounded annually; loan matures December 31, 2061; secured by a Deed of Trust on the Family Village at Issaquah Phase II property; debt balance includes accrued interest of \$86,411 and \$65,754 at December 31, 2015 and 2014, respectively.	2,086,411	2,065,754
Note payable to the State of Washington Department of Commerce for the Family Village at Issaquah project; bearing interest at 1%, compounding quarterly; quarterly payments of principal and interest in the amount of \$6,105 are required as of March 2032; the loan matures on December 31, 2061; secured by a Deed of Trust on the Family Village at Issaquah Phase II property. Debt balance includes accrued interest of \$81,518 and \$60,832 at December 31, 2015 and 2014, respectively.	2,081,518	2,060,832
Note payable to the Cities of Bellevue, Clyde Hill, Issaquah, Medina, Mercer Island, Newcastle, Redmond, Sammamish, and towns of Hunts Point and Yarrow Point for the Family Village at Issaquah project; interest on the outstanding amount began accruing on January 1, 2012 at an interest rate of 1.0% compounded annually; loan matures June 2062; secured by a subordinate Deed of Trust on the Family Village at Issaquah Phase II property; debt balance includes accrued interest of \$30,453 and \$22,726 at December 31, 2015 and 2014.	<u>780,453</u>	<u>772,726</u>
	<u><b>\$ 78,517,962</b></u>	<u><b>\$ 79,505,421</b></u>

**YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF  
SEATTLE-KING COUNTY-SNOHOMISH COUNTY AND SUBSIDIARIES**

**Notes to Consolidated Financial Statements  
For the Year Ended December 31, 2015**

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**Note 7 - Continued**

Future principal maturities of long-term debt are as follows:

For the Year Ending December 31,

2016	\$ 2,494,698
2017	13,964,647
2018	700,116
2019	736,131
2020	772,706
Thereafter	<u>58,420,215</u>
Total principal	77,088,513
Deferred interest	1,429,449
Less current portion	<u>(2,494,698)</u>
<b>Total Long-Term Debt</b>	<b><u>\$ 76,023,264</u></b>

Interest expense totaled \$1,646,978 and \$1,860,115 for the years ended December 31, 2015 and 2014, respectively. Interest has not been imputed on any of the above mortgages that carry below-market rate loans as they are payable to governmental entities that set the interest rates and carry legal restrictions. The restrictions require the Organization to use the property for low-income housing, as defined by the mortgages' regulatory agreement.

**New Markets Tax Credit Financing** - In December 2007, the Organization entered into a New Markets Tax Credit transaction to help finance the construction of its YWCA Learning Center at Greenbridge and building improvements at the Seneca building. YWCA Greenbridge LLC owns the YWCA Learning Center at Greenbridge and the YWSA owns the Seneca project.

The New Markets Tax Credit Program was designed to stimulate investment and economic growth in low-income communities by offering a seven-year, 39% federal tax credit for Qualified Equity Investments (QEI) made through investment vehicles known as Community Development Entities (CDE). CDEs use capital derived from tax credits to make loans to or investments in businesses and projects in low-income areas.

As a part of the transaction, the Organization committed to lend \$5,503,600 to Seattle Community Investment Fund I LLC (SCI Fund I LLC). In turn, the Organization signed a promissory note with interest accruing at 1% per annum, interest payments due monthly beginning January 1, 2008. The Organization received \$55,036 paid in interest at December 31, 2014. The Organization had a principal balance of \$5,503,600 and interest of \$4,739 due from SCI Fund I LLC at December 31, 2013. The note matured on December 26, 2014, at which time any outstanding principal and interest was due.

**YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF  
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**Notes to Consolidated Financial Statements  
For the Year Ended December 31, 2015**

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**Note 7 - Continued**

There were three separate promissory notes signed on December 28, 2007, to borrow a total of \$9,700,000 from SCI Fund I LLC, the CDE for the two projects. YWCA Greenbridge LLC had two loans. Loan A was for \$1,450,000 and accrued interest at 0.882%, and Loan B was for \$4,179,975 and accrued interest at 7.11%. YWSA, for the Seneca project, had one loan for \$4,070,025 which accrued interest at 0.882%. Interest payments for all three loans were due monthly beginning January 1, 2008. All three notes were scheduled to mature on December 31, 2037, with no prepayment allowed before December 26, 2014. The three notes had an outstanding loan balance of \$9,700,000 and interest payable balance of \$15,144 at December 31, 2013.

Neither the YWCA, YWSA, nor YWCA Greenbridge LLC controls or has an economic interest in the assets of the CDE.

To earn the tax credit the QEI must remain invested for a seven-year period. The Organization, the CDE, and US Bank had entered into a put/call option agreement to take place at the end of the seven-year period. Under the agreement, SCI Fund I LLC and US Bank can grant a put option to sell all interest in the QEI for \$1,000 to the Organization. If the parties do not grant the put option within 90 days of the end of the seven-year period, the Organization can exercise a call option to purchase the interest at an appraised fair market value.

In December 2014, the Organization became the sole equity owner of SCI Fund I LLC, when US Bank exercised the put option and the Organization paid \$1,000 to US Bank. There had been no change to the carrying amount of the debt on the Organization's books. SCI Fund I LLC was dissolved in January 2015. As a result of the change in ownership, \$8,250,000 of the debt to the CDE and the \$5,503,600 receivable from SCI Fund I LLC were forgiven. The Organization recorded the net difference of \$2,746,400 between the liabilities and receivable as a noncash gain. This gain was classified as a nonoperating activity in the consolidated statement of activities for the year ended December 31, 2014. The remaining \$1,450,000 debt to the CDE was refinanced with a bank in December 2014.

**Note 8 - Employee Benefits**

The Organization participates in employee benefit plans as follows:

**Pension Plan** - The Organization contributes to the YWCA Retirement Fund, a separate 501(c)(3) not-for-profit organization (EIN 13-1624231, PN 001). The YWCA Retirement Fund operates an employer-sponsored cash balance defined benefit plan under Section 401(a) of the Internal Revenue Code. Based on the most recently available information, the Organization has determined this plan is not in "critical" or "endangered" status as defined by the Pension Protection Act enacted in 2006 (PPA) for the plan year ended December 31, 2015. "Critical" status is defined as being less than 65% funded and "endangered" is defined as being 65-80% funded. Contributions made by the Organization for the plan years ended December 31, 2015 and 2014, did not constitute 5% or more of total contributions made to this plan. The Organization has elected to contribute an amount equal to 10% of the employee's monthly compensation, and is not responsible for any excess benefit obligation, which is solely the responsibility of the YWCA Retirement Fund. Through December 31, 2014, the Organization's defined contribution included a 5% reduction made to the employee's wages that effectively created a 5% before-tax employee contribution. As of January 1, 2015, the 5% reduction to employees' wages requirement was removed. Contributions to the plan during the years ended December 31, 2015 and 2014, were \$860,032 and \$417,033, respectively.

**YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF  
SEATTLE-KING COUNTY-SNOHOMISH COUNTY AND SUBSIDIARIES**

**Notes to Consolidated Financial Statements  
For the Year Ended December 31, 2015**

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**Note 8 - Continued**

**403(b) Plan** - The Organization changed its 403(b) plan as of July 1, 2009. As of that date the plan includes mandatory employee contributions and is therefore subject to ERISA. Through December 31, 2014, all new employees as of July 1, 2009, had a 5% reduction made to the employee's wages that effectively created a 5% before-tax contribution. There is no matching Organization contribution. Once an employee became eligible for participation in the YWCA Retirement Fund, they were no longer required to contribute to the 403(b) plan but voluntary contributions may continue. As of January 1, 2015, the mandatory employee contribution requirement was removed.

**Note 9 - Self Insurance Programs**

**Self-Insured Unemployment** - The Organization participates in a private insurance pool with other 501(c)(3) organizations to provide unemployment compensation insurance for its employees. The Organization has recorded an accrued liability for unemployment compensation of \$106,253 and \$128,622 at December 31, 2015 and 2014, respectively, which represents its estimated liability for claims incurred but not paid and is included in other current liabilities on the consolidated statement of financial position. Funds held in the pool on behalf of the Organization totaled \$450,859 and \$493,642 as of December 31, 2015 and 2014, respectively, and are included in prepaid expenses and other current assets on the consolidated statement of financial position.

**Employee Health Benefits** - Beginning January 1, 2014, the Organization acts as a co-insurer for medical benefits provided to its employees. A medical insurance company processes, pays, and provides reports on the medical benefits plan's claims and reserves. Management accrued \$266,275 and \$142,177 for claims that have been reported but not yet paid, and for claims incurred but not yet reported as of December 31, 2015 and 2014, respectively. The accrual is included in other current liabilities on the consolidated statement of financial position. The Organization is responsible for claims made, and also carries annual stop-loss insurance on an individual and collective basis.

The Organization's expense for employees' medical benefits was \$1,264,578 and \$1,195,333 for the years ended December 31, 2015 and 2014, respectively, net of employee premiums paid.

**Note 10 - Concentration**

For the years ended December 31, 2015 and 2014, the Organization received 56% and 55%, respectively, of its operating revenues from governmental sources. While government sources comprise a significant percent of operating revenues, this risk is mitigated by the large number of government grants received from a variety of government sources. A reduction in these programs would have a significant impact on the Organization's activities.

**YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF  
SEATTLE-KING COUNTY-SNOHOMISH COUNTY AND SUBSIDIARIES**

**Notes to Consolidated Financial Statements  
For the Year Ended December 31, 2015**

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**Note 11 - Leases**

**Real Estate Leases** - The Organization has entered into lease agreements for transitional housing and other facilities requiring cash payments with terms expiring on various dates through 2021. The following is a summary of future minimum lease obligations under these noncancelable operating lease agreements:

For the Year Ending December 31,

2016	\$	124,307
2017		106,624
2018		66,841
2019		68,834
2020		70,890
Thereafter		<u>5,922</u>
<b>Total Minimum Rental Payments</b>	<b>\$</b>	<b><u><u>443,418</u></u></b>

Rent expense for 2015 and 2014 was \$366,596 and \$410,141, respectively.

**Commercial Leases** - The Seneca and Opportunity Place buildings have commercial tenants with noncancelable operating leases with terms expiring through 2019. The future minimum rental income to be received by the Organization under these leases is as follows:

For the Year Ending December 31,

2016	\$	269,357
2017		259,289
2018		231,515
2019		<u>37,446</u>
<b>Total Minimum Rental Receipts</b>	<b>\$</b>	<b><u><u>797,607</u></u></b>

**Note 12 - Board Designated Reserves**

The Organization's Board of Directors has established board designated funds that totaled \$2,338,512 and \$2,861,089 as of December 31, 2015 and 2014, respectively. The purposes of the funds are to provide for special projects and accumulate reserves that help ensure the long-term maintenance of the Organization's facilities.



**YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF  
SEATTLE-KING COUNTY-SNOHOMISH COUNTY AND SUBSIDIARIES**

**Notes to Consolidated Financial Statements  
For the Year Ended December 31, 2015**

**Note 13 - Temporarily Restricted Net Assets**

Net assets were temporarily restricted for the following purposes at December 31:

	<u>2015</u>	<u>2014</u>
Accumulated unappropriated earnings on endowments	\$ 14,437,033	\$ 15,387,555
Restricted for specific programs and/or timing	1,580,133	1,489,236
Passage Point exchange funds (timing restriction)	4,310,352	4,431,486
Sound Families grant (timing restriction)	1,647,729	1,841,796
Trinity in-kind lease (timing restriction)	911,552	1,107,998
Regional housing expansion (purpose restriction)		359,066
WE campaign (purpose restriction)		634,763
	<u>                    </u>	<u>                    </u>
<b>Total Temporarily Restricted Net Assets</b>	<b><u>\$ 22,886,799</u></b>	<b><u>\$ 25,251,900</u></b>

The Women Empowered, or 'WE' Campaign, was a unified approach to fundraising for fiscal years 2010 through 2012. The campaign included four components: Annual Fund, Capital Fund, Endowment Fund, and Capacity/Campaign Costs. The Annual Fund is operating funds dedicated to the YWCA's core programs. The Capital Fund went toward the building of Family Village at Issaquah. The Endowment funds created a lasting legacy for future generations. The Capacity/Campaign Costs included new staffing and one-time hard campaign costs. The WE Campaign included a few early lead gifts that were received in 2009. The WE Campaign was completed as of December 31, 2012, raising approximately \$24.5 million over the three year campaign. At December 31, 2014, the remaining WE Campaign funds were restricted to operation of YWCA's core programs, and as such, were considered restricted for time only. There were no remaining temporarily restricted WE Campaign funds at December 31, 2015.

**Note 14 - Permanently Restricted Net Assets**

Permanently restricted net assets represent gifts restricted by donors for endowment purposes only, to be invested in perpetuity. Investment income can be used for general operations or is restricted for program services and is governed by the Organization's endowment spending policy.

Net assets were permanently restricted by donors for the following purposes at December 31:

	<u>2015</u>	<u>2014</u>
General endowment	\$ 5,678,746	\$ 5,651,334
Jeannie and Bruce Nordstrom Endowment		
Fund for Angeline's (Nordstrom Fund)	800,000	800,000
Shirley G. Bridge Endowment Fund for		
GirlsFirst (Shirley Bridge Fund)	200,000	200,000
Endowment Guild	726,306	724,806
	<u>                    </u>	<u>                    </u>
<b>Total Permanently Restricted Net Assets</b>	<b><u>\$ 7,405,052</u></b>	<b><u>\$ 7,376,140</u></b>

**YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF  
SEATTLE-KING COUNTY-SNOHOMISH COUNTY AND SUBSIDIARIES**

**Notes to Consolidated Financial Statements  
For the Year Ended December 31, 2015**

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**Note 14 - Continued**

Earnings on the Endowment Guild fund are restricted for child care programs; earnings on the Nordstrom Fund are restricted for safety, survival, and self-sufficiency services for homeless women; and earnings on the Shirley Bridge Fund are restricted for youth development programs. Earnings on all other endowment funds are considered temporarily restricted until appropriated by the Board of Directors for general support of the Organization.

**Note 15 - Endowments**

The Organization's endowment consists of funds established for a variety of purposes, and consists of donor-restricted endowment funds. As required by U.S. GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Organization's Board of Directors has reviewed the Washington State Prudent Management of Institutional Funds Act (PMIFA), and, having considered its rights and obligations thereunder, has determined that it is desirable to preserve, on a long-term basis, the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this determination, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, and (b) the original value of subsequent gifts to the permanent endowment.

The remaining portion of the donor-restricted endowment funds that are not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by PMIFA. In accordance with PMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund;
- The purposes of the Organization and the donor-restricted endowment fund;
- General economic conditions;
- The possible effect of inflation and deflation;
- The expected total return from income and the appreciation of investments;
- Other resources of the Organization; and
- The investment policies of the Organization.

Endowment net assets consisted of the following:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment Net Assets, December 31, 2015	\$ -	\$ 14,437,033	\$ 7,405,052	\$ 21,842,085
Endowment Net Assets, December 31, 2014	\$ -	\$ 15,387,555	\$ 7,376,140	\$ 22,763,695

**YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF  
SEATTLE-KING COUNTY-SNOHOMISH COUNTY AND SUBSIDIARIES**

**Notes to Consolidated Financial Statements  
For the Year Ended December 31, 2015**

**Note 15 - Continued**

Changes to endowment net assets for the year ended December 31, 2015, were as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, December 31, 2014	\$ -	\$ 15,387,555	\$ 7,376,140	\$ 22,763,695
Endowment investment return-				
Interest and dividends		671,392		671,392
Realized and unrealized losses		(741,914)		(741,914)
Total endowment investment return		(70,522)		(70,522)
Endowment contributions			28,912	28,912
Appropriation of endowment for expenditure		(880,000)		(880,000)
<b>Endowment Net Assets, December 31, 2015</b>	<b><u>\$ -</u></b>	<b><u>\$ 14,437,033</u></b>	<b><u>\$ 7,405,052</u></b>	<b><u>\$ 21,842,085</u></b>

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or PMIFA requires the Organization to retain as a fund of perpetual duration. However, there were no such funds at December 31, 2015 or 2014.

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for donor-specified periods. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of a custom performance benchmark that is based 48% on the Russell 3000 Index, 40% on the Barclays Aggregate Bond Index, and 12% on the All Country World Index ex USA, while assuming a moderate level of investment risk.

The Organization expects its endowment funds, over a market cycle, to return at least the nominal payout percentage (defined as the actual payout amount as a percentage of the current market value of the fund) on the current market value plus the annual rate of inflation. Actual returns in any given year may vary from this amount.

**Strategies Employed for Achieving Objectives** - To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

**YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF  
SEATTLE-KING COUNTY-SNOHOMISH COUNTY AND SUBSIDIARIES**

**Notes to Consolidated Financial Statements  
For the Year Ended December 31, 2015**

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**Note 15 - Continued**

**Spending Policy and How the Investment Objectives Relate to Spending Policy** - The Organization has a policy of appropriating for distribution each year 5% of its endowment fund's moving average fair value for the seven years prior to the current budget year. In establishing this policy, the Organization considered the long-term expected return on its endowment. Accordingly, over the long term, the Organization expects the current spending policy to generate a gradually increasing payout amount each year. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

**Note 16 - Contingencies**

The Organization is involved from time to time in claims, proceedings and litigation arising in the ordinary course of business. The Organization does not believe that any such pending claims, proceedings or litigation either alone or in the aggregate, will have a material effect on the Organization's financial position or results of operations.

**Note 17 - Subsequent Events**

Summerfield Housing LLC, wholly-owned by YWCA, holds title to the 52-unit apartment complex in Bellevue known as Summerfield Apartments. The property is now eligible for refinancing with Low Income Housing Tax Credits (LIHTC). As seen in Note 1, two new entities were formed in 2015 to facilitate the refinancing: Summerfield Rehab LLLP and Summerfield Admin GP LLC. In March 2016, the LLLP's operating agreement was revised to admit Boston Capital as the investor member (replacing YWCA) and Summerfield Admin GP LLC as the new nonprofit general partner. At closing the new LLLP purchased the Summerfield Apartments from Summerfield Housing LLC and closed on funding for LIHTC and the required renovation work. The renovation work is expected to be completed by December 31, 2016 at an estimated cost of \$4,500,000.

In May 2016, the Organization renewed one of its loan agreements with US Bank. This note was decreased from \$15,300,000 to \$13,300,000 for an additional eighteen month term. The loan is secured by an interest in assets held in an investment account.

**SUPPLEMENTARY INFORMATION**

**YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF  
SEATTLE-KING COUNTY-SNOHOMISH COUNTY AND SUBSIDIARIES**

**Consolidating Statement of Financial Position  
For the Year Ended December 31, 2015**

	YWCA and Wholly-Controlled Subsidiaries	Angeline's LLC	YWCA Family Village at Issaquah II LLC	Eliminations	Consolidated Total 2015
<b>Assets</b>					
<b>Current Assets:</b>					
Cash and cash equivalents	\$ 1,737,950	\$ 369,547	\$ 93,281	\$ -	\$ 2,200,778
Accounts and grants receivable	3,146,640	11,970	2,379		3,160,989
Current portion of pledges receivable, net	679,149				679,149
Intercompany receivables	96,094		5,563	(101,657)	
Prepaid expenses and other current assets	693,909				693,909
<b>Total Current Assets</b>	<b>6,353,742</b>	<b>381,517</b>	<b>101,223</b>	<b>(101,657)</b>	<b>6,734,825</b>
Pledges receivable, net of current portion	694,517				694,517
Investments	31,412,078				31,412,078
Investment in subsidiary	1,396,641			(1,396,641)	
Limited use assets	3,625,535	1,105,920	534,327		5,265,782
Long-term intercompany receivables	691,699			(691,699)	
Notes receivable from related parties	8,154,863			(8,154,863)	
Land, buildings, and equipment, net	89,450,679	12,604,391	15,431,638		117,486,708
Deferred financing costs and other assets	961,426	40,358	124,207		1,125,991
<b>Total Assets</b>	<b>\$ 142,741,180</b>	<b>\$ 14,132,186</b>	<b>\$ 16,191,395</b>	<b>\$ (10,344,860)</b>	<b>\$ 162,719,901</b>
<b>Liabilities and Net Assets</b>					
<b>Current Liabilities:</b>					
Accounts payable	\$ 703,036	\$ 56,429	\$ 8,670	\$ -	\$ 768,135
Accrued salaries	1,204,741				1,204,741
Other current liabilities	1,345,760		25,800		1,371,560
Related party payables	5,563	311,500	480,421	(793,356)	4,128
Current portion of long-term debt	2,391,192	103,506			2,494,698
<b>Total Current Liabilities</b>	<b>5,650,292</b>	<b>471,435</b>	<b>514,891</b>	<b>(793,356)</b>	<b>5,843,262</b>
Deferred revenue	157,141				157,141
Notes payable to related party		3,584,903	4,569,960	(8,154,863)	
Long-term debt, net of current portion	59,317,626	8,842,256	7,863,382		76,023,264
<b>Total Liabilities</b>	<b>65,125,059</b>	<b>12,898,594</b>	<b>12,948,233</b>	<b>(8,948,219)</b>	<b>82,023,667</b>
<b>Net Assets and Equity:</b>					
Unrestricted-controlling interest	47,324,270				47,324,270
Unrestricted-noncontrolling interest in consolidated subsidiaries				3,080,113	3,080,113
Total unrestricted net assets	47,324,270			3,080,113	50,404,383
Temporarily restricted	22,886,799				22,886,799
Permanently restricted	7,405,052				7,405,052
Owners' equity		1,233,592	3,243,162	(4,476,754)	
<b>Total Net Assets and Equity</b>	<b>77,616,121</b>	<b>1,233,592</b>	<b>3,243,162</b>	<b>(1,396,641)</b>	<b>80,696,234</b>
<b>Total Liabilities, Net Assets, and Equity</b>	<b>\$ 142,741,180</b>	<b>\$ 14,132,186</b>	<b>\$ 16,191,395</b>	<b>\$ (10,344,860)</b>	<b>\$ 162,719,901</b>

See independent auditor's report.

**YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF  
SEATTLE-KING COUNTY-SNOHOMISH COUNTY AND SUBSIDIARIES**

**Consolidating Statement of Activities  
For the Year Ended December 31, 2015**

	YWCA and Wholly-Controlled Subsidiaries	Angeline's LLC	YWCA Family Village at Issaquah II LLC	Eliminations	Consolidated Total 2015
<b>Operating Activities</b>					
<b>Support and Revenues:</b>					
Public support-					
Governmental fees and grants	\$ 18,579,858	\$ -	\$ -	\$ -	\$ 18,579,858
Contributions	5,510,762				5,510,762
United Way grants	1,389,639				1,389,639
Total public support	25,480,259				25,480,259
Earned revenue-					
Program service fees and rents	4,991,806	1,358,818	518,019	(279,096)	6,589,547
Operating investment return	1,069,206	537	219		1,069,962
Total earned revenue	6,061,012	1,359,355	518,238	(279,096)	7,659,509
<b>Total Support and Revenues</b>	<b>31,541,271</b>	<b>1,359,355</b>	<b>518,238</b>	<b>(279,096)</b>	<b>33,139,768</b>
<b>Expenses:</b>					
Program services-					
Safe, stable housing	20,339,491	1,513,227	996,086	(279,096)	22,569,708
Economic empowerment	4,412,809				4,412,809
Success in life	1,736,368				1,736,368
Live in dignity	4,024,514				4,024,514
Supporting services-					
Management and general	2,180,259				2,180,259
Fundraising	1,679,941				1,679,941
<b>Total Expenses</b>	<b>34,373,382</b>	<b>1,513,227</b>	<b>996,086</b>	<b>(279,096)</b>	<b>36,603,599</b>
<b>Change in Net Assets from Operating Activities</b>	<b>(2,832,111)</b>	<b>(153,872)</b>	<b>(477,848)</b>		<b>(3,463,831)</b>
<b>Nonoperating Activities</b>					
Endowment contributions	28,912				28,912
Nonoperating investment return	(941,792)				(941,792)
Loss on investment in subsidiary	(63)			63	
<b>Change in Net Assets from Nonoperating Activities</b>	<b>(912,943)</b>			<b>63</b>	<b>(912,880)</b>
<b>Total Change in Net Assets</b>	<b>(3,745,054)</b>	<b>(153,872)</b>	<b>(477,848)</b>	<b>63</b>	<b>(4,376,711)</b>
Noncontrolling interest in net losses of subsidiaries				631,657	631,657
<b>Change in Net Assets Excluding Noncontrolling Interest</b>	<b>\$ (3,745,054)</b>	<b>\$ (153,872)</b>	<b>\$ (477,848)</b>	<b>\$ 631,720</b>	<b>\$ (3,745,054)</b>

See independent auditor's report.