

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

Consolidated Financial Statements

For the Year Ended December 31, 2018



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Independent Auditor's Report

**To the 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, 2018, 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 did not audit the financial statements of Summerfield Rehab LLLP (Summerfield) and Snohomish Portfolio LLLP (Snohomish), consolidated entities.

Summerfield's financial statements reflect total assets of approximately \$18 million at December 31, 2018, and total revenues of approximately \$752,000 for the year then ended. Those statements were audited by other auditors, whose reports have been provided to us, and our opinion, insofar as it relates to the amounts included for Summerfield, is based solely on the report of the other auditors.

Snohomish's financial statements reflect total assets of approximately \$65 million at December 31, 2018, and total revenues of approximately \$2.8 million for the period then ended. Those statements were audited by other auditors, whose reports have been provided to us, and our opinion, insofar as it relates to the amounts included for Snohomish, is based solely on the report of the other auditors.



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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. The financial statements of Summerfield Rehab LLLP and Snohomish Portfolio LLLP were not audited in accordance with *Government Auditing Standards*.

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.

Opinion

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Effect of Adopting New Accounting Standard

As discussed in Note 2, the Organization adopted the Financial Accounting Standards Board's Accounting Standards Update ("ASU") 2016-14, Not-for-Profit Entities (Topic 958) - Presentation of Financial Statements of Not-for-Profit Entities as of and for the year ended December 31, 2018. Our opinion is not modified with respect to this matter.

Report on Summarized Comparative Information

We have previously audited the Organization's 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 1, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017 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 36 and 37 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 30, 2019 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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.


Clark Nuber P.S.
Certified Public Accountants
May 30, 2019

CONSOLIDATED FINANCIAL STATEMENTS

**YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF
SEATTLE-KING COUNTY-SNOHOMISH COUNTY AND SUBSIDIARIES**
Consolidated Statement of Financial Position
December 31, 2018
(With Comparative Totals for 2017)

	<u>2018</u>	<u>2017</u>
Assets		
Current Assets:		
Cash and cash equivalents	\$ 4,314,284	\$ 5,291,976
Accounts and grants receivable	4,432,659	2,592,008
Current portion of pledges receivable, net	1,254,558	646,422
Prepaid expenses and other current assets	<u>708,046</u>	<u>798,459</u>
Total Current Assets	10,709,547	9,328,865
Pledges receivable, net of current portion	478,811	465,320
Investments	31,834,650	35,919,188
Limited use assets	4,779,322	4,601,619
Land, buildings and equipment, net	133,267,389	126,030,340
Capitalized costs and other assets, net	<u>432,093</u>	<u>404,950</u>
Total Assets	<u>\$ 181,501,812</u>	<u>\$ 176,750,282</u>
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable	\$ 942,860	\$ 868,333
Construction payable	1,024,144	966,138
Accrued salaries	1,201,432	1,342,288
Other current liabilities	1,746,526	1,583,905
Line of credit	2,927,523	2,898,496
Current portion of long-term debt	<u>14,441,198</u>	<u>369,580</u>
Total Current Liabilities	22,283,683	8,028,740
Deferred revenue	114,283	128,569
Long-term debt, net of current portion	<u>71,231,429</u>	<u>75,527,084</u>
Total Liabilities	93,629,395	83,684,393
Net Assets:		
Without donor restrictions-		
Controlling interest	49,989,544	49,975,624
Noncontrolling interest	<u>6,656,461</u>	<u>9,506,410</u>
Total net assets without donor restrictions	56,646,005	59,482,034
Net assets with donor restrictions	<u>31,226,412</u>	<u>33,583,855</u>
Total Net Assets	<u>87,872,417</u>	<u>93,065,889</u>
Total Liabilities and Net Assets	<u>\$ 181,501,812</u>	<u>\$ 176,750,282</u>

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, 2018
(With Comparative Totals for 2017)

	Without Donor Restrictions	With Donor Restrictions	2018 Total	2017 Total
Operating Activities				
Support and Revenues:				
Public support-				
Governmental fees and grants	\$ 19,020,731	\$ -	\$ 19,020,731	\$ 19,920,333
Contributions	3,114,254	3,480,775	6,595,029	6,761,541
United Way grants		1,309,058	1,309,058	1,101,578
Net assets released from restriction	4,368,314	(4,368,314)		
Total public support	26,503,299	421,519	26,924,818	27,783,452
Earned revenue-				
Program service fees and rents	7,533,147		7,533,147	7,371,129
Operating investment return	1,197,758		1,197,758	1,188,998
Total earned revenue	8,730,905		8,730,905	8,560,127
Total Support and Revenues	35,234,204	421,519	35,655,723	36,343,579
Expenses:				
Program services-				
Housing	27,235,727		27,235,727	25,099,304
Economic advancement	4,907,292		4,907,292	5,822,302
Children and youth				
Health and safety	2,621,427		2,621,427	3,584,517
Supporting services-				
Management and general	2,950,396		2,950,396	2,614,087
Fundraising	1,869,386		1,869,386	1,822,021
Total Expenses	39,584,228		39,584,228	38,942,231
Change in Net Assets				
From Operating Activities	(4,350,024)	421,519	(3,928,505)	(2,598,652)
Nonoperating Activities				
Endowment contributions		67,940	67,940	4,100
Contributions restricted for long-term investment				400,000
Nonoperating contributions				
Proceeds from sale of TDRs	1,203,416		1,203,416	
Nonoperating investment return	(732,421)	(1,803,902)	(2,536,323)	4,398,260
Gain on debt forgiveness				20,790
Net assets released from restriction	1,043,000	(1,043,000)		
Change in Net Assets				
From Nonoperating Activities	1,513,995	(2,778,962)	(1,264,967)	4,823,150
Total Change in Net Assets From				
Operating and Nonoperating Activities	(2,836,029)	(2,357,443)	(5,193,472)	2,224,498
Noncontrolling interest in net losses of subsidiaries	2,226,081		2,226,081	1,678,582
Change in Net Assets From Operating and				
 Nonoperating Activities Excluding				
 Noncontrolling Interest	\$ (609,948)	\$ (2,357,443)	\$ (2,967,391)	\$ 3,903,080

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, 2018
(With Comparative Totals for 2017)

	Without Donor Restrictions			With Donor Restrictions	2018 Total	2017 Total
	Controlling Interest	Noncontrolling Interest	Total			
Beginning of year net assets	\$ 49,975,624	\$ 9,506,410	\$ 59,482,034	\$ 33,583,855	\$ 93,065,889	\$ 82,452,695
Change in net assets from operating and nonoperating activities excluding noncontrolling interest	(609,948)		(609,948)	(2,357,443)	(2,967,391)	3,903,080
Change in net assets from noncontrolling interests-						
Operating and nonoperating net losses		(2,226,081)	(2,226,081)		(2,226,081)	(1,678,582)
Withdrawal of investor member	623,868	(623,868)				(60,000)
Syndication costs						8,448,696
Partner contribution						
Total change in net assets	13,920	(2,849,949)	(2,836,029)	(2,357,443)	(5,193,472)	10,613,194
End of Year Net Assets	\$ 49,989,544	\$ 6,656,461	\$ 56,646,005	\$ 31,226,412	\$ 87,872,417	\$ 93,065,889

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, 2018
(With Comparative Totals for 2017)

	Program Services				Supporting Services			2018 Total Expenses	2017 Total Expenses
	Housing	Economic Advancement	Health and Safety	Total Program	Management and General	Fund-Raising	Total Supporting		
Salaries	\$ 7,394,765	\$ 2,935,576	\$ 1,489,280	\$ 11,819,621	\$ 1,723,383	\$ 843,454	\$ 2,566,837	\$ 14,386,458	\$ 14,630,643
Employee benefits	1,088,251	362,163	216,695	1,667,109	204,378	107,830	312,208	1,979,317	2,121,152
Payroll taxes	780,080	315,367	161,886	1,257,333	189,107	87,245	276,352	1,533,685	1,417,609
Total personnel costs	9,263,096	3,613,106	1,867,861	14,744,063	2,116,868	1,038,529	3,155,397	17,899,460	18,169,404
Grants to others	6,951,221	201,152	372,706	7,525,079	100	100	200	7,525,279	6,402,594
Occupancy	3,825,703	165,043	42,060	4,032,806	55,329	19,718	75,047	4,107,853	4,255,995
Interest	1,604,092	42,887		1,646,979				1,646,979	1,867,568
Supplies	398,179	215,068	52,800	666,047	154,738	279,636	434,374	1,100,421	1,024,858
Professional services	506,271	51,009	25,972	583,252	201,692	237,143	438,835	1,022,087	846,716
Property and liability insurance	317,792	57,249	32,895	407,936	54,754	16,636	71,390	479,326	476,550
Transportation	181,300	71,786	68,114	321,200	13,561	14,144	27,705	348,905	379,739
Telephone	198,823	75,631	37,628	312,082	14,387	5,539	19,926	332,008	349,811
Miscellaneous	191,050	53,984	3,450	248,484	28,930	11,981	40,911	289,395	314,574
Equipment rental	130,271	83,963	18,033	232,267	10,899	4,759	15,658	247,925	220,172
Printing and publications	12,702	3,216	3,549	19,467	12,587	145,665	158,252	177,719	198,306
Licenses, permits and fees	89,762	2,045	6,342	98,149	34,980	22,894	57,874	156,023	136,903
Conferences and meetings	47,070	28,296	8,823	84,189	33,093	8,002	41,095	125,284	140,618
Advertising	22,193	14,548	5,070	41,811	30,268	19,033	49,301	91,112	40,474
Dues	44,984	277	5,313	50,574	5,892	1,972	7,864	58,438	52,623
Payments to affiliated organizations					40,000		40,000	40,000	40,000
In-kind expenses	25,339	2,493	2,241	30,073	2,642		2,642	32,715	46,192
Postage and shipping	14,341	1,626	4,216	20,183	6,463	5,326	11,789	31,972	37,592
Total Expenses Before Depreciation	23,824,189	4,683,379	2,557,073	31,064,641	2,817,183	1,831,077	4,648,260	35,712,901	35,000,689
Depreciation of buildings	3,159,645	162,710	28,392	3,350,747	54,147	17,701	71,848	3,422,595	3,479,678
Depreciation of equipment	251,893	61,203	35,962	349,058	78,966	20,608	99,574	448,632	461,864
Total Expenses	\$ 27,235,727	\$ 4,907,292	\$ 2,621,427	\$ 34,764,446	\$ 2,950,296	\$ 1,869,386	\$ 4,819,682	\$ 39,584,128	\$ 38,942,231

See accompanying notes.

**YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF
SEATTLE-KING COUNTY-SNOHOMISH COUNTY AND SUBSIDIARIES**
Consolidated Statement of Cash Flows
For the Year Ended December 31, 2018
(With Comparative Totals for 2017)

	<u>2018</u>	<u>2017</u>
Cash Flows From Operating Activities:		
Change in net assets from operating and nonoperating activities	\$ (5,193,472)	\$ 2,224,498
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities-		
Contributions restricted to long-term investment	(67,940)	(404,100)
Financing cost amortization	97,406	64,628
Depreciation and amortization	3,871,227	3,941,542
Loan fees write off		215,001
Gain on debt forgiveness		(20,790)
Unrealized and realized loss (gain) on investments	3,407,211	(3,824,661)
Changes in operating assets and liabilities:		
Accounts and grants receivable	(1,840,651)	2,105,835
Pledges receivable	(551,887)	(830,670)
Prepaid expenses and other assets	77,067	(93,635)
Accounts payable	100,450	(324,043)
Accrued salaries	(140,856)	(29,113)
Other current liabilities	162,521	(388,360)
Deferred revenue	(14,286)	(14,286)
Net Cash (Used) Provided by Operating Activities	(93,210)	2,621,846
Cash Flows From Investing Activities:		
Purchases of land, buildings and equipment	(11,029,599)	(4,934,609)
Proceeds from sale of investments	1,788,881	8,128,541
Purchase of investments	(1,111,554)	(7,571,822)
Change in limited use assets	(177,703)	942,274
Net Cash Used by Investing Activities	(10,529,975)	(3,435,616)
Cash Flows From Financing Activities:		
Capital contributions from noncontrolling interest		8,448,696
Payment of syndication costs		(60,000)
Principal payments on long-term debt	(492,069)	(31,405,139)
Net increase in line of credit	29,027	2,898,496
Proceeds from issuance of long-term debt	10,170,626	23,719,570
Proceeds from contributions restricted for long-term investment	(1,800)	453,150
Additions to deferred financing costs		(374,569)
Additions to capitalized tax credit fees	(60,291)	(60,292)
Net Cash Provided by Financing Activities	9,645,493	3,619,912
Net Change in Cash and Cash Equivalents	(977,692)	2,806,142
Cash and cash equivalents balance, beginning of year	5,291,976	2,485,834
Cash and Cash Equivalents Balance, End of Year	\$ 4,314,284	\$ 5,291,976
Supplementary Disclosure of Cash Flow Information:		
Cash paid during the year for interest	\$ 1,568,725	\$ 864,620
Fixed assets purchased on account	\$ 1,126,272	\$ 1,094,089

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, 2018**

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.

OUR MISSION: YWCA is on a mission to eliminate racism and empower women.

OUR VISION: A healthy community transformed by racial and gender equity, where women and girls of color have equal access to opportunity, and there is social justice for all people.

OUR CORE BELIEFS:

- When the barriers of institutional and structural racism are broken down, everyone will benefit.
- Because women of color have been historically marginalized and excluded, their voices must be centered in this work.
- When people are confident in their inherent strength and communities are valued and self-directed, they are empowered.
- We must stand together across lines of difference with courage, compassion, and commitment to transform our community.

The Organization's comprehensive, integrated intervention and prevention services are offered in three program areas. Our programs work toward overcoming racial and gender disparities and institutional barriers that drive inequities in housing, employment, health care access and quality of life. Our services prioritize women and girls who are low income and face the greatest racial disparities. The three program service areas are:

Housing - permanent housing, emergency shelter and time-limited housing, housing case management, homelessness prevention programs, and homeless services, including Angeline's Center for Homeless Women.

Economic Advancement - employment and financial empowerment programs, career centers and specialized services, child care and afterschool programs, and the GirlsFirst program.

Health and Safety - domestic violence services for adults and children, education and advocacy for people needing access to health care, Sexual Violence Legal Services, and BABES Network.

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), 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, Summerfield Rehab LLLP, Snohomish Portfolio Admin GP LLC, Snohomish Portfolio LLLP, and Greenbrier Preservation LLC. 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, 2018**

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, 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.

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 permanent supportive 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 YWCA in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), as YWCA has substantial control. On December 31, 2018, the investor member of Angeline's LLC withdrew, and YWCA assumed 100% ownership.

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 held 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. In August 2017, the real property was sold to Snohomish Portfolio LLLP, see below.

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 held 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. In August 2017, the real property was sold to Snohomish Portfolio LLLP, see below.

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 held 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. In August 2017, the real property was sold to Snohomish Portfolio LLLP, see below.

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.

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

**Notes to Consolidated Financial Statements
For the Year Ended December 31, 2018**

Note 2 - Continued

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 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 a second investor. 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 YWCA in accordance with U.S. GAAP, as YWCA has substantial control.

Summerfield Admin GP LLC - In 2015, YWCA and a related party individual formed this entity, which was created to serve as the administrative general partner of Summerfield Rehab LLLP. YWCA owns 79% of Summerfield Admin GP LLC. The activities of Summerfield Admin GP LLC are consolidated with the financial statements of YWCA in accordance with U.S. GAAP, as YWCA has controlling interest.

Summerfield Rehab LLLP - In 2015, Summerfield Rehab LLLP was formed. 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 partnership is made up of an Investment Limited Partner, a Special Limited Partner, an Administrative General Partner, and a Nonprofit General Partner, with ownership interest of 99.99%, 0.0%, 0.009%, and 0.001%, respectively. DASH, another local nonprofit housing provider, is the Nonprofit General Partner. The activities of Summerfield Rehab LLLP are consolidated with the financial statements of YWCA in accordance with U.S. GAAP, as YWCA has substantial control.

Snohomish Portfolio Admin GP LLC - In 2016, YWCA and DASH, another local nonprofit housing provider, formed this entity, which was created to serve as the administrative general partner of Snohomish Portfolio LLLP. YWCA owns 79% of Snohomish Portfolio Admin GP LLC. The activities of Snohomish Portfolio Admin GP LLC are consolidated with the financial statements of YWCA in accordance with U.S. GAAP, as YWCA has controlling interest.

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**Notes to Consolidated Financial Statements
For the Year Ended December 31, 2018**

Note 2 - Continued

Snohomish Portfolio LLLP - In 2016, Snohomish Portfolio LLLP was formed. This entity was set up with the intent to purchase three Snohomish County housing complexes (Wear To Live, Somerset Village and Victorian Woods) in 2017 as part of the refinancing of those properties with Low Income Housing Tax Credits. The partnership is made up of an Investment Limited Partner, a Special Limited Partner, an Administrative General Partner, and a Nonprofit General Partner, with ownership interests of 99.99%, 0.0%, 0.009%, and 0.001%, respectively. The activities of Snohomish Portfolio LLLP are consolidated with the financial statements of YWCA in accordance with U.S. GAAP, as YWCA has substantial control.

Greenbrier Preservation LLC - In 2017, YWCA and DASH, another local nonprofit housing provider, formed this entity, which was created to serve as the limited partner of Woodinview Senior Housing Associates Limited Partnership which owns and operates a 50-unit affordable housing apartment complex in Woodinville, Washington, commonly known as the Greenbrier Senior Apartments. YWCA owns 1% of Greenbrier Preservation LLC.

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:

Net Assets Without Donor Restrictions - Net assets that are not subject to, or are no longer subject to, donor-imposed stipulations.

Net Assets With Donor Restrictions - 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.

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.

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, 2018 and 2017, there was \$311,446 and \$342,119 held in restricted investments on behalf of WOW, respectively, which represents the net assets of WOW. These amounts are included in limited use assets and in the other current liabilities total on the Organization's consolidated statement of financial position.

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

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**Notes to Consolidated Financial Statements
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Note 2 - Continued

Limited use assets consisted of the following at December 31:

	<u>2018</u>	<u>2017</u>
Cash-		
Building reserve accounts	\$ 4,085,238	\$ 3,961,750
Tenant security deposits	382,638	297,750
Investments-		
YWCA funds held in trust	<u>311,446</u>	<u>342,119</u>
	<u>\$ 4,779,322</u>	<u>\$ 4,601,619</u>

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.

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 net assets without donor restrictions 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, 2018 or 2017.

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**Notes to Consolidated Financial Statements
For the Year Ended December 31, 2018**

Note 2 - Continued

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 support without donor restrictions 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 support with donor restrictions. 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 net assets with donor restrictions to net assets without donor restrictions at that time.

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 totaled \$32,715 and \$46,192 for the years ended December 31, 2018 and 2017, respectively, and consist entirely of donated goods.

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.

Revenue and Support - All donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions 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 endowment contributions, contributions of long-term assets or contributions restricted for the acquisition of long-term assets and the related releases, loan forgiveness, proceeds from the sale of transferrable development rights (TDRs) (Note 16), and nonoperating investment income (Note 5).

Federal Income Tax - YWCA and YWSA, 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; Summerfield Rehab LLLP; Snohomish Portfolio Admin GP LLC; Snohomish Portfolio LLLP; and Greenbrier Preservation LLC, 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.

Methods Used for Functional Allocation of Expenses - The consolidated financial statements report certain categories of expenses that are attributable to one or more program or supporting services of the Organization. The Organization has adopted a Cost Allocation Plan (the Plan) to document how it distributes direct costs shared by multiple programs. The guidelines of the Plan are to allocate costs to programs based on the extent that each program benefits. Shared expenses allocated include occupancy costs, senior program management staff compensation and related expenses, and information systems. Occupancy costs are allocated based on square footage. Management staff expenses are allocated based on the budget compensation for each program. Information systems expenses are allocated based on the number of workstations used by each program.

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**Notes to Consolidated Financial Statements
For the Year Ended December 31, 2018**

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.

Adoption of New Accounting Pronouncement - For the year ended December 31, 2018, the Organization adopted the Financial Accounting Standards Board's Accounting Standards Update (ASU) No. 2016-14 - Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities. This update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return between not-for-profit entities. The changes required by the update have been applied retrospectively to all periods presented. A key change required by ASU 2016-14 are the net asset classes used in these financial statements. Amounts previously reported as unrestricted net assets are now reported as net assets without donor restrictions and amounts previously reported as temporarily restricted net assets and permanently restricted net assets, if applicable, are now reported as net assets with donor restrictions.

The Organization is also required to adopt the provisions of Accounting Standards Codification ("ASC") Topic 606, "Revenue from Contracts with Customers" ("ASC 606") for the year ended December 31, 2018. Management performed an analysis of the Organization's revenue and concluded that none of the existing revenue streams fall within the requirements of ASC 606.

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, 2017, from which the summarized information was derived.

Subsequent Events - The Organization has evaluated subsequent events through May 30, 2019, the date on which the consolidated financial statements were issued.

Note 3 - Pledges Receivable

Pledges receivable are due as follows:

	<u>2018</u>	<u>2017</u>
Receivable in less than one year	\$ 1,255,558	\$ 647,423
Receivable in one to five years	<u>600,000</u>	<u>550,000</u>
	1,855,558	1,197,423
Less allowance for uncollectible pledges	(74,049)	(62,571)
Less unamortized discount (2.4% for pledges received in 2018)	(48,140)	(23,110)
Less current portion, net	<u>(1,254,558)</u>	<u>(646,422)</u>
Total Long-Term Portion	<u>\$ 478,811</u>	<u>\$ 465,320</u>

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**Notes to Consolidated Financial Statements
For the Year Ended December 31, 2018**

Note 3 - Continued

Pledges receivable of \$1,000 at December 31, 2018 and 2017, 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.

Note 4 - Land, Buildings and Equipment

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

	<u>2018</u>	<u>2017</u>
Land	\$ 18,426,684	\$ 18,296,309
Buildings and leasehold improvements	146,546,776	131,688,497
Construction in progress	666,807	6,186,015
Furniture and equipment	<u>6,282,679</u>	<u>4,672,638</u>
	171,922,946	160,843,459
Less accumulated depreciation	<u>(38,655,557)</u>	<u>(34,813,119)</u>
Total Land, Buildings and Equipment, Net	<u>\$ 133,267,389</u>	<u>\$ 126,030,340</u>

Note 5 - Investments

Investments held at December 31 are summarized as follows:

	<u>2018</u>	<u>2017</u>
Cash and cash equivalents	\$ 436,285	\$ 640,461
Marketable debt securities	20,408,498	11,681,263
Marketable equity securities	9,323,187	22,002,464
Alternative investment funds	<u>1,666,680</u>	<u>1,595,000</u>
Total Investments	<u>\$ 31,834,650</u>	<u>\$ 35,919,188</u>

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

	<u>2018</u>	<u>2017</u>
Interest and dividends	\$ 2,134,270	\$ 1,777,103
Realized gains		11,293,082
Unrealized (losses) gains	(3,407,211)	(7,468,421)
Investment fees	<u>(65,624)</u>	<u>(14,506)</u>
Total Investment Return	<u>\$ (1,338,565)</u>	<u>\$ 5,587,258</u>

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**Notes to Consolidated Financial Statements
For the Year Ended December 31, 2018**

Note 5 - Continued

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>2018</u>	<u>2017</u>
Operating investment return	\$ 1,197,758	\$ 1,188,998
Nonoperating investment return	<u>(2,536,323)</u>	<u>4,398,260</u>
Total Investment Return	<u><u>\$ (1,338,565)</u></u>	<u><u>\$ 5,587,258</u></u>

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.

The Organization measures the fair value of investments that do not have readily determinable fair values on the basis of the net asset value (NAV) per share, or its equivalent, as a practical expedient for measuring fair value. The Organization performs due diligence reviews of the NAV in the capital accounts with its investment managers to ensure conformity with U.S. GAAP. The Organization has assessed factors including, but not limited to, managers' compliance with fair value measurement standards, price transparency and valuation procedures in place, the ability to redeem at NAV at the measurement date, and existence of certain redemption restrictions at the measurement date. NAV is determined by audited financial statements of the investments and quarterly valuation updates provided by investment managers. The NAV of an investment may be adjusted to reflect illiquidity or non-transferability of an investment.

During the year ended December 31, 2017, the Organization implemented ASU 2015-07, Fair Value Measurement (Topic 820): Disclosures for Investments in Certain Entities that Calculate Net Asset Value per Share (or its Equivalent), which removes the requirement that investments for which fair value is measured using the NAV per share, or its equivalent, be categorized in the fair value hierarchy. The change was implemented retrospectively for all periods presented.

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, 2018 or 2017.

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 for identical assets in active markets.

Mutual Funds - Valued at quoted market prices for identical assets in active markets.

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

Alternative Investment Funds - Valued using audited financial statements of the investments and quarterly valuation updates provided by investment managers, which represent the NAV of shares held at year end.

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**Notes to Consolidated Financial Statements
For the Year Ended December 31, 2018**

Note 6 - Continued

Fair Values Measured on a Recurring Basis - Fair values of assets and liabilities measured on a recurring basis at December 31, 2018, were as follows:

	Fair Value Measurements as of December 31, 2018			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 452,494	\$ -	\$ -	\$ 452,494
Debt securities-				
Corporate bonds		99,816		99,816
Government bonds		1,897,382		1,897,382
Mutual funds-				
Multisector bond	2,470,722			2,470,722
World bond	1,820,963			1,820,963
Large value	2,688,228			2,688,228
Intermediate term bond	5,031,502			5,031,502
Real estate	1,455,725			1,455,725
Diversified emerging markets	1,698,895			1,698,895
Mid-cap value	2,724,017			2,724,017
Foreign small/mid value	1,403,772			1,403,772
Foreign large blend	1,884,459			1,884,459
Large blend	6,556,204			6,556,204
Moderate allocation	295,237			295,237
Total Assets at Fair Value	\$ 28,482,218	\$ 1,997,198	\$ -	30,479,416
Investments measured at NAV ^(a)				1,666,680
Less funds held for others (limited use assets)				(311,446)
Total Investments				\$ 31,834,650

(a) In accordance with ASU 2015-07, *Fair Value Measurement (Topic 820): Disclosures for Investments in Certain Entities that Calculate Net Asset Value per Share (or its Equivalent)*, certain investments that were measured at fair value using the NAV per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the consolidated statement of financial position.

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**Notes to Consolidated Financial Statements
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Note 6 - Continued

The following table lists by category, private investments in partnerships and managed accounts for which fair value is measured using the NAV per share practical expedient by concentration, summarizes significant terms of the agreements with certain investment companies, and discloses unfunded investment commitments:

Strategy:	Alternative investment funds
Fair value at December 31, 2018:	\$ 1,666,680
Unfunded Commitments:	\$ -
Redemption Frequency:	Pre-set basis, annually after "lock up" periods or as permitted by the general partner, in its discretion
Redemption Notice Period:	105 days
Other Restrictions:	Lock up period of 24 months from the date interest is acquired

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**Notes to Consolidated Financial Statements
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Note 6 - Continued

Fair values of assets and liabilities measured on a recurring basis at December 31, 2017, were as follows:

	Fair Value Measurements as of December 31, 2017			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 651,495	\$ -	\$ -	\$ 651,495
Debt securities-				
Corporate bonds		408,466		408,466
Government bonds		1,634,922		1,634,922
Mutual funds-				
Multisector bond	2,596,245			2,596,245
World bond	1,876,196			1,876,196
Large value	3,272,044			3,272,044
Intermediate-term bond	5,172,832			5,172,832
Real estate	1,594,019			1,594,019
Large growth	328,301			328,301
Diversified emerging market	2,011,590			2,011,590
Mid-cap value	3,261,674			3,261,674
Foreign small/mid value	1,936,615			1,936,615
Foreign large blend	1,989,900			1,989,900
Large blend	7,497,418			7,497,418
Moderate allocation	431,807			431,807
Total Assets at Fair Value	\$ 32,620,136	\$ 2,043,388	\$ -	34,663,524
Investments measured at NAV ^(a)				1,595,000
Less funds held for others (limited use assets)				(339,336)
Total Investments				\$ 35,919,188

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**Notes to Consolidated Financial Statements
For the Year Ended December 31, 2018**

Note 7 - Debt

At December 31, long-term debt consisted of the following:

	<u>2018</u>	<u>2017</u>
<u>Lexington-Concord Building:</u> 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 \$452,148 and \$436,558 at December 31, 2018 and 2017, respectively.	\$ 2,011,263	\$ 1,995,675
<u>Bellevue Townhomes:</u> 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).	79,000	79,000
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).	30,800	30,800
<u>Windermere House:</u> 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 \$23,783 and \$25,945 at December 31, 2018 and 2017, respectively.	243,656	245,818
<u>East Union Apartments:</u> 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 \$25,011 and \$26,574 at December 31, 2018 and 2017, respectively.	190,817	192,380

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**Notes to Consolidated Financial Statements
For the Year Ended December 31, 2018**

Note 7 - Continued

	<u>2018</u>	<u>2017</u>
<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 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
<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 principal and interest payments of \$19,840 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. Note balance includes accrued interest of \$12,371 and \$12,803 at December 31, 2018 and 2017, respectively.	2,577,752	2,667,837

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**Notes to Consolidated Financial Statements
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Note 7 - Continued

	<u>2018</u>	<u>2017</u>
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 \$654,420 and \$611,323 at December 31, 2018 and 2017, respectively.	4,964,146	4,921,049
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.	670,722	694,236
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 \$107,659 and \$98,936 at December 31, 2018 and 2017, respectively.	357,659	348,936
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

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**Notes to Consolidated Financial Statements
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Note 7 - Continued

	<u>2018</u>	<u>2017</u>
<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 January 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 \$3,318 and \$3,768 at December 31, 2018 and 2017, respectively.	806,029	915,479
<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.	5,070,000	5,170,000
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).	13,020,680	13,020,680
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.	600,000	600,000

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**Notes to Consolidated Financial Statements
For the Year Ended December 31, 2018**

Note 7 - Continued

	<u>2018</u>	<u>2017</u>
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 \$152,353 and \$128,567 at December 31, 2018 and 2017, respectively.	2,402,353	2,378,567
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 \$6,398 and \$7,005 at December 31, 2018 and 2017, respectively.	685,209	698,044
<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.	2,755,000	2,810,000

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**Notes to Consolidated Financial Statements
For the Year Ended December 31, 2018**

Note 7 - Continued

	<u>2018</u>	<u>2017</u>
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 \$149,631 and \$128,348 at December 31, 2018 and 2017, respectively.	2,149,631	2,128,348
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 beginning 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 \$144,829 and \$123,514 at December 31, 2018 and 2017, respectively.	2,144,829	2,123,514
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 \$54,102 and \$46,141 at December 31, 2018 and 2017.	804,102	796,141

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SEATTLE-KING COUNTY-SNOHOMISH COUNTY AND SUBSIDIARIES**

**Notes to Consolidated Financial Statements
For the Year Ended December 31, 2018**

Note 7 - Continued

	<u>2018</u>	<u>2017</u>
<u>Summerfield Rehab LLLP:</u>		
Term loan payable to King County Housing Authority. From the time of conversion, 4.25% interest is charged on any unpaid portion. An interest-only payment is due on the first day of the first full calendar month following the date of conversion, followed by monthly principal and interest payments of \$15,797 commencing on the first day of the second full calendar month following the conversion. The note is amortized over 35 years and matures March 1, 2035. Loan balance includes accrued interest of \$12,077 and \$8,583 at December 31, 2018 and 2017.	3,422,008	3,458,583
<u>Snohomish Portfolio LLLP:</u>		
Renovation and term loan agreement with Banner Bank associated with multi-family housing revenue bonds issued by the Washington State Housing Finance Commission. During the interim renovation loan period, monthly interest-only payments, beginning on the first day of the first month after the first advance is made on the note, are to be made with final payment of principal and interest due not later than October 1, 2019, subject to one 6-month extension option with an extended maturity of April 1, 2020. The interest rate during the renovation loan period is fixed at 3.25%. There was no accrued interest at December 31, 2018. Loan balance includes accrued interest of \$62,229 at December 31, 2017.	32,910,075	22,942,146
Note payable to Snohomish County; noninterest bearing; scheduled to be forgiven when the mortgaged property has been continuously used for 40 years for the purposes specified in the loan agreement; secured by a Deed of Trust on the Victorian Woods apartments (federal funds - HOME program), maturing on June 9, 2048.	<u>615,229</u>	<u>615,229</u>
	86,607,785	76,929,287
Less unamortized debt issuance costs	<u>(935,158)</u>	<u>(1,032,623)</u>
	<u>\$ 85,672,627</u>	<u>\$ 75,896,664</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, 2018**

Note 7 - Continued

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

For the Year Ending December 31,

2019	\$ 14,441,198
2020	740,774
2021	775,221
2022	805,774
2023	842,489
Thereafter	<u>63,909,659</u>
Total principal	81,515,115
Deferred interest	5,092,670
Less unamortized financing costs	(935,158)
Less current portion	<u>(14,441,198)</u>
Total Long-Term Debt, Net of Current Portion	<u>\$ 71,231,429</u>

Interest expense totaled \$1,646,979 and \$1,867,568 for the years ended December 31, 2018 and 2017, 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.

Approximately \$14 million of the Snohomish Portfolio LLLP renovation and term loan becomes due during the year ending December 31, 2019. The Organization is aware of this and expects to receive tax credit equity that will be used to pay down the balance as it becomes due.

During the year ended December 31, 2016, the Organization entered into a line of credit agreement with a bank. The line allows for borrowings up to \$1,000,000, with interest due monthly at LIBOR plus 1.75%. Interest rate at December 31, 2018 was 4.8%. The line is collateralized by cash and investments held at the bank. There were no borrowings outstanding at December 31, 2018 and 2017.

During the year ended December 31, 2017, the Organization entered into a line of credit with its investment custodian, to pay off the US Bank Term loan. The line of credit is charged interest at a negotiated rate of federal funds plus 0.70%. Interest was charged at a rate of 3.2% and 2.2% at December 31, 2018 and 2017, respectively. The borrowings are collateralized by existing eligible brokerage assets, provided the Organization maintains certain account balance requirements. The Organization took a deposit of \$2,898,496 in board restricted investments upon which funds were advanced. These funds, which are assets of the Organization, are invested in investment funds held by the lender issuing the line of credit. There is no maturity date for the line of credit and full or partial payment is due on demand. Therefore, the amount due is shown as current on the consolidated statement of financial position. The Organization expects the line of credit to be partially repaid with project developer fee payments collected in future years. Outstanding borrowings on the line of credit totaled \$2,927,523 and \$2,898,496 at December 31, 2018 and 2017, 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, 2018**

Note 8 - Employee Benefits

The Organization participates in the following employee benefit plans:

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, 2016. "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, 2018 and 2017, 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. Contributions to the plan during the years ended December 31, 2018 and 2017, were \$876,695 and \$885,345, respectively.

403(b) Plan - The Organization has a defined contribution retirement plan qualified under Section 403(b) of the IRC. The Organization does not match contributions to this plan.

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 \$188,237 and \$119,226 at December 31, 2018 and 2017, 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 \$411,072 and \$487,541 as of December 31, 2018 and 2017, 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 \$657,768 and \$471,831 for claims that have been reported but not yet paid, and for claims incurred but not yet reported as of December 31, 2018 and 2017, respectively. The accrual is included in other current liabilities on the consolidated statements 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 \$1,121,855 and \$1,219,947 for the years ended December 31, 2018 and 2017, respectively, net of employee premiums paid.

Note 10 - Concentration

For the years ended December 31, 2018 and 2017, the Organization received 56% and 53%, 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, 2018**

Note 11 - Leases

Real Estate Leases - The Organization has entered into lease agreements for time-limited housing and other facilities requiring cash payments with terms expiring on various dates through 2019. Future minimum lease obligations under these noncancelable operating lease agreements total \$88,137 for 2019. Rent expense for 2018 and 2017 was \$329,138 and \$393,617, respectively.

Commercial Leases - The Seneca and Opportunity Place buildings have commercial tenants with noncancelable operating leases with terms expiring through 2024. The future minimum rental income to be received by the Organization under these leases is as follows:

For the Year Ending December 31,

2019	\$	348,007
2020		305,148
2021		298,928
2022		245,457
2023		207,735
Thereafter		<u>13,360</u>
Total Minimum Rental Receipts	\$	<u>1,418,635</u>

Note 12 - Board Designated Funds

The Organization's Board of Directors has established board designated reserve funds that totaled \$1,867,467 and \$1,466,652 as of December 31, 2018 and 2017, 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. These balances are included with investments on the statement of financial position.

The Organization's Board of Directors has also established quasi-endowment funds for general operating purposes, and to accumulate reserves that help ensure the long-term maintenance of certain of the Organization's facilities. These balances are included with investments on the statement of financial position. See Note 14.

**YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF
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**Notes to Consolidated Financial Statements
For the Year Ended December 31, 2018**

Note 12 - Continued

	<u>2018</u>	<u>2017</u>
Board Designated Reserve Funds:		
Building Reserve	\$ 193,415	\$ 193,415
Equipment Reserve	140,623	97,239
Passage Point Reserve	149,014	224,014
Special Project Reserve		69,503
Housing Reserve	<u>1,384,415</u>	<u>882,481</u>
Total Board Designated Reserve Funds	1,867,467	1,466,652
Quasi-Endowments:		
General Fund	631,323	672,411
Family Village at Redmond Fund	3,160,093	3,571,593
Building Fund	<u>3,082,558</u>	<u>3,436,841</u>
Total Quasi-Endowment Funds	6,873,974	7,680,845
Total Board Designated Net Assets	<u>\$ 8,741,441</u>	<u>\$ 9,147,497</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, 2018**

Note 13 - Net Assets With Donor Restrictions

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

	<u>2018</u>	<u>2017</u>
Subject to the Passage of Time or Expenditure for Specified Purpose:		
Restricted for specific programs and/or timing	\$ 3,225,980	\$ 2,574,894
Passage Point exchange funds (timing restriction)	3,946,950	4,068,084
Sound Families grant (timing restriction)	<u>1,150,430</u>	<u>1,258,863</u>
Total Subject to the Passage of Time or Expenditure for Specified Purpose	8,323,360	7,901,841
Donor-Restricted Endowment Funds:		
Original gifts and required retained earnings (corpus)-		
General endowment	5,765,663	5,697,723
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	<u>723,806</u>	<u>723,806</u>
	7,489,469	7,421,529
Accumulated unappropriated donor-restricted earnings on endowments	<u>15,413,583</u>	<u>18,260,485</u>
Total Endowment Funds With Donor Restrictions	<u>22,903,052</u>	<u>25,682,014</u>
Total Net Assets With Donor Restrictions	<u>\$ 31,226,412</u>	<u>\$ 33,583,855</u>

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

Note 14 - Endowments

The Organization's endowment consists of funds established for a variety of purposes, and consists of both donor-restricted endowment funds and funds without donor restrictions that have been designated by the Board of Directors to function as endowments (quasi-endowments). 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 net assets with donor restrictions - corpus (a) the original value of gifts donated to the permanent endowment, and (b) the original value of subsequent gifts to the permanent endowment.

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

**Notes to Consolidated Financial Statements
For the Year Ended December 31, 2018**

Note 14 - Continued

The remaining portion of the donor-restricted endowment funds and accumulated earnings are classified as net assets with donor restrictions - accumulated earnings 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:

	Without Donor Restrictions	With Donor Restrictions			Total Endowments
		Corpus	Accumulated Earnings	Total	
Endowment Net Assets, December 31, 2018	\$ 6,873,974	\$ 7,489,469	\$ 15,413,583	\$ 22,903,052	\$ 29,777,026
Endowment Net Assets, December 31, 2017	\$ 7,680,845	\$ 7,421,529	\$ 18,260,485	\$ 25,682,014	\$ 33,362,859

Changes to endowment net assets for the year ended December 31, 2018, were as follows:

	Without Donor Restrictions	With Donor Restrictions			Total Endowments
		Corpus	Accumulated Earnings	Total	
Endowment net assets, December 31, 2017	\$ 7,680,845	\$ 7,421,529	\$ 18,260,485	\$ 25,682,014	\$ 33,362,859
Endowment investment return-					
Interest and dividends	242,363		828,229	828,229	1,070,592
Realized and unrealized losses	<u>(770,234)</u>	<u></u>	<u>(2,632,131)</u>	<u>(2,632,131)</u>	<u>(3,402,365)</u>
Total endowment investment return	(527,871)		(1,803,902)	(1,803,902)	(2,331,773)
Endowment contributions		67,940		67,940	67,940
Appropriation of endowment for expenditure	<u>(279,000)</u>	<u></u>	<u>(1,043,000)</u>	<u>(1,043,000)</u>	<u>(1,322,000)</u>
Endowment Net Assets, December 31, 2018	<u>\$ 6,873,974</u>	<u>\$ 7,489,469</u>	<u>\$ 15,413,583</u>	<u>\$ 22,903,052</u>	<u>\$ 29,777,026</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, 2018**

Note 14 - Continued

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, 2018 or 2017.

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 60% on the MSCI All Country World Index, and 40% on the Fixed Income Barclays Aggregate Bond Index, 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.

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 15 - 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 16 - Transferable Development Rights

Transferable Development Rights (TDRs) represent development rights that can be sold by owners of qualifying properties to new projects being built in the city. The Organization sold TDRs available on one of its building parcels during 2018, recognizing \$1,203,103 of net revenue from the sale. The Organization allocated the proceeds to nonoperating income.

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

**Notes to Consolidated Financial Statements
For the Year Ended December 31, 2018**

Note 17 - Liquidity and Availability of Financial Assets

The Organization structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, it invests cash in excess of daily requirements in highly liquid investments. Approximately 50% of the Organization's funding comes from government grants which usually reimburse the Organization after the expenses are incurred. To help manage unanticipated liquidity needs, the Organization has a line of credit in the amount of \$1 million which it could draw upon.

The following reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts not available for general expenditure because of internal, contractual or donor-imposed restrictions that limit the use of the financial assets to uses other than program expenditures to be incurred in the normal course of operations within one year of the statement of financial position date. Amounts not available include amounts set aside for long-term investing in the quasi-endowment (\$6.9M) and board designated reserves (\$1.9M) that could be drawn upon if the governing board approves that action. Although the Organization does not intend to spend from its quasi-endowment other than amounts appropriated for general expenditure as part of its annual budget approval and appropriation process, amounts from its quasi-endowment could be made available if necessary. However, amounts already appropriated from either the donor-restricted endowment or quasi-endowment for general expenditure within one year of the balance sheet date have not been subtracted as unavailable.

	<u>2018</u>	<u>2017</u>
Cash and cash equivalents	\$ 4,314,284	\$ 5,291,976
Accounts and grants receivable	4,432,659	2,592,008
Pledges receivable, current portion	1,254,558	646,422
Investments	31,834,650	35,919,188
Endowment funds appropriated for following year	1,322,000	1,251,000
Less: cash not available for general expenditures	(2,800,000)	(2,800,000)
Less: unappropriated endowment earnings	(15,413,583)	(18,260,485)
Less: net assets with donor restriction not available for expenditure in the next year	(1,584,787)	(1,514,430)
Less: board designated reserves	(1,867,467)	(1,466,652)
Less: quasi endowment	(6,873,974)	(7,680,845)
Less: endowment corpus	<u>(7,489,469)</u>	<u>(7,421,529)</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 7,128,871</u>	<u>\$ 6,556,653</u>

SUPPLEMENTARY INFORMATION

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

**Consolidating Statement of Financial Position
December 31, 2018**

	YWCA and Other Controlled Subsidiaries	Angeline's LLC	YWCA Family Village at Issaquah II LLC	Summerfield Rehab LLLP	Snohomish Portfolio LLLP	Eliminations	Consolidated Total 2018
Assets							
Current Assets:							
Cash and cash equivalents	\$ 3,414,103	\$ 91,129	\$ 84,222	\$ 454,589	\$ 270,241	\$ -	\$ 4,314,284
Accounts and grants receivable	4,265,127	22,201	5,290	36,080	103,961		4,432,659
Current portion of pledges receivable, net	1,254,558						1,254,558
Intercompany receivables	14,938			44,148	53,834	(112,920)	
Prepaid expenses and other current assets	698,281				9,765		708,046
Total Current Assets	9,647,007	113,330	89,512	534,817	437,801	(112,920)	10,709,547
Pledges receivable, net of current portion	478,811						478,811
Investments	31,834,650						31,834,650
Investment in subsidiary	2,020,284					(2,020,284)	
Limited use assets	2,646,925	1,329,075	584,724	136,241	82,357		4,779,322
Long-term intercompany receivables	6,853,022					(6,853,022)	
Notes receivable from related parties	40,373,964					(40,373,964)	
Land, buildings and equipment, net	61,592,912	11,334,917	14,129,183	16,997,355	64,489,316	(35,276,294)	133,267,389
Capitalized costs and other assets, net	236,684		26,115	56,751	112,543		432,093
Total Assets	\$ 155,684,259	\$ 12,777,322	\$ 14,829,534	\$ 17,725,164	\$ 65,122,017	\$ (84,636,484)	\$ 181,501,812
Liabilities and Net Assets							
Current Liabilities:							
Accounts payable	\$ 731,541	\$ 68,404	\$ 7,019	\$ 24,843	\$ 106,716	\$ -	\$ 938,523
Construction payable					1,024,144		1,024,144
Accrued salaries	1,201,432						1,201,432
Other current liabilities	1,585,869		24,166	24,073	112,418		1,746,526
Related party payables	41,558	114,153	339,478	475,133	6,000,000	(6,965,985)	4,337
Line of credit	2,927,523						2,927,523
Current portion of long-term debt	126,774	119,083		45,526	14,149,815		14,441,198
Total Current Liabilities	6,614,697	301,640	370,663	569,575	21,393,093	(6,965,985)	22,283,683
Deferred revenue	114,283						114,283
Notes payable to related party		3,202,605	4,824,037	8,695,959	23,651,363	(40,373,964)	
Long-term debt, net of current portion	32,463,029	8,649,653	7,783,319	3,254,821	19,080,607		71,231,429
Total Liabilities	39,192,009	12,153,898	12,978,019	12,520,355	64,125,063	(47,339,949)	93,629,395
Net Assets and Equity:							
Net assets without donor restrictions							
Controlling interest	85,265,838					(35,276,294)	49,989,544
Noncontrolling interest in consolidated subsidiaries						6,656,461	6,656,461
Total net assets without donor restrictions	85,265,838					(28,619,833)	56,646,005
Net assets with donor restrictions	31,226,412						31,226,412
Owners' equity		623,424	1,851,515	5,204,809	996,954	(8,676,702)	
Total Net Assets and Equity	116,492,250	623,424	1,851,515	5,204,809	996,954	(37,296,535)	87,872,417
Total Liabilities, Net Assets and Equity	\$ 155,684,259	\$ 12,777,322	\$ 14,829,534	\$ 17,725,164	\$ 65,122,017	\$ (84,636,484)	\$ 181,501,812

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, 2018**

	YWCA and Other Controlled Subsidiaries	Angeline's LLC	YWCA Family Village at Issaquah II LLC	Summerfield Rehab LLLP	Snohomish Portfolio LLLP	Eliminations	Consolidated Total 2018
Operating Activities							
Support and Revenues:							
Public support-							
Governmental fees and grants	\$ 19,020,731	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,020,731
Contributions	6,595,029						6,595,029
United Way grants	1,309,058						1,309,058
Total public support	26,924,818						26,924,818
Earned revenue-							
Program service fees and rents	3,288,173	1,476,448	533,433	751,837	2,794,298	(1,311,042)	7,533,147
Operating investment return	1,196,000	1,238	520				1,197,758
Total earned revenue	4,484,173	1,477,686	533,953	751,837	2,794,298	(1,311,042)	8,730,905
Total Support and Revenues	31,408,991	1,477,686	533,953	751,837	2,794,298	(1,311,042)	35,655,723
Expenses:							
Program services-							
Housing	21,567,195	1,734,887	996,051	1,113,519	3,939,621	(2,115,546)	27,235,727
Economic advancement	4,907,292						4,907,292
Health & safety	2,621,427						2,621,427
Supporting services-							
Management and general	2,950,396						2,950,396
Fundraising	1,869,386						1,869,386
Total Expenses	33,915,696	1,734,887	996,051	1,113,519	3,939,621	(2,115,546)	39,584,228
Change in Net Assets From Operating Activities	(2,506,705)	(257,201)	(462,098)	(361,682)	(1,145,323)	804,504	(3,928,505)
Nonoperating Activities							
Endowment contributions	67,940						67,940
Proceeds from sale of TDRs	1,203,416						1,203,416
Nonoperating investment return	(2,536,323)						(2,536,323)
Gain on withdrawal of investor member	623,868					(623,868)	
Developer fee revenue	4,054,271					(4,054,271)	
Loss on investment in subsidiary	(223)					223	
Change in Net Assets From Nonoperating Activities	3,412,949					(4,677,916)	(1,264,967)
Total Change in Net Assets From Operating and Nonoperating Activities	906,244	(257,201)	(462,098)	(361,682)	(1,145,323)	(3,873,412)	(5,193,472)
Noncontrolling interest in net losses of subsidiaries						2,226,081	2,226,081
Change in Net Assets From Operating and Nonoperating Activities Excluding Noncontrolling Interest	\$ 906,244	\$ (257,201)	\$ (462,098)	\$ (361,682)	\$ (1,145,323)	\$ (1,647,331)	\$ (2,967,391)

See independent auditor's report.