

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

Consolidated Financial Statements

For the Year Ended December 31, 2016

**eliminating racism  
empowering women  
ywca**

**Seattle | King | Snohomish**

## Table of Contents

---

	Page
<b>Independent Auditor's Report</b>	1 - 2
<b>Consolidated Financial Statements:</b>	
Consolidated Statement of Financial Position	3
Consolidated Statement of Activities	4
Consolidated Statement of Changes in Net Assets	5
Consolidated Statement of Functional Expenses	6
Consolidated Statement of Cash Flows	7
Notes to Consolidated Financial Statements	8 - 32
<b>Supplementary Information:</b>	
Consolidating Statement of Financial Position	33
Consolidating Statement of Activities	34

## 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, 2016, 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), a consolidated entity.

Summerfield's financial statements reflect total assets of approximately \$18 million at December 31, 2016, and total revenues of approximately \$392,000 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 Summerfield, is based solely on the report of the other auditors.

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 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



T: 425-454-4919  
T: 800-504-8747  
F: 425-454-4620

10900 NE 4th St  
Suite 1700  
Bellevue WA  
98004

[clarknuber.com](http://clarknuber.com)

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, 2016, 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 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 25, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2015 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 31, 2017 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 31, 2017

**CONSOLIDATED FINANCIAL STATEMENTS**

**YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF  
SEATTLE-KING COUNTY-SNOHOMISH COUNTY AND SUBSIDIARIES**  
**Consolidated Statement of Financial Position**  
**December 31, 2016**  
**(With Comparative Totals for 2015)**

	<u>2016</u>	<u>2015</u>
<b>Assets</b>		
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 2,485,834	\$ 2,200,778
Accounts and grants receivable	4,697,843	3,160,989
Current portion of pledges receivable, net	330,122	679,149
Prepaid expenses and other current assets	<u>752,626</u>	<u>693,909</u>
<b>Total Current Assets</b>	<b>8,266,425</b>	<b>6,734,825</b>
Pledges receivable, net of current portion		694,517
Investments	32,651,246	31,412,078
Limited use assets	5,543,893	5,265,782
Land, buildings and equipment, net	130,188,923	117,486,708
Capitalized costs and other assets, net	<u>343,350</u>	<u>284,365</u>
<b>Total Assets</b>	<b><u>\$ 176,993,837</u></b>	<b><u>\$ 161,878,275</u></b>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities:</b>		
Accounts payable	\$ 1,148,760	\$ 772,263
Construction payable	508,004	
Accrued salaries	1,371,401	1,204,741
Other current liabilities	1,972,265	1,371,560
Current portion of long-term debt	<u>19,363,105</u>	<u>2,494,698</u>
<b>Total Current Liabilities</b>	<b>24,363,535</b>	<b>5,843,262</b>
Deferred revenue	142,855	157,141
Long-term debt, net of current portion	<u>64,334,858</u>	<u>75,181,638</u>
<b>Total Liabilities</b>	<b>88,841,248</b>	<b>81,182,041</b>
<b>Net Assets:</b>		
Unrestricted-		
Controlling interest	55,924,956	47,324,270
Noncontrolling interest	<u>2,796,396</u>	<u>3,080,113</u>
Total unrestricted net assets	58,721,352	50,404,383
Temporarily restricted	22,013,808	22,886,799
Permanently restricted	<u>7,417,429</u>	<u>7,405,052</u>
<b>Total Net Assets</b>	<b><u>88,152,589</u></b>	<b><u>80,696,234</u></b>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 176,993,837</u></b>	<b><u>\$ 161,878,275</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, 2016**  
**(With Comparative Totals for 2015)**

	Unrestricted	Temporarily Restricted	Permanently Restricted	2016 Total	2015 Total
<b>Operating Activities</b>					
<b>Support and Revenues:</b>					
Public support-					
Governmental fees and grants	\$ 19,193,276	\$ -	\$ -	\$ 19,193,276	\$ 18,579,858
Contributions	3,053,046	3,627,818		6,680,864	5,510,762
United Way grants		1,441,790		1,441,790	1,389,639
Net assets released from restriction	<u>7,899,435</u>	<u>(7,899,435)</u>			
Total public support	30,145,757	(2,829,827)		27,315,930	25,480,259
Earned revenue-					
Program service fees and rents	7,066,403			7,066,403	6,589,547
Operating investment return	<u>1,110,796</u>			<u>1,110,796</u>	<u>1,069,962</u>
Total earned revenue	<u>8,177,199</u>			<u>8,177,199</u>	<u>7,659,509</u>
<b>Total Support and Revenues</b>	<b>38,322,956</b>	<b>(2,829,827)</b>		<b>35,493,129</b>	<b>33,139,768</b>
<b>Expenses:</b>					
Program services-					
Permanent housing	15,369,010			15,369,010	14,692,287
Homeless services	10,089,543			10,089,543	9,419,098
Economic empowerment	4,217,299			4,217,299	4,463,994
Children & youth	1,732,952			1,732,952	1,685,181
Health & safety	3,400,153			3,400,153	2,482,832
Supporting services-					
Management and general	2,481,264			2,481,264	2,180,259
Fundraising	<u>1,893,425</u>			<u>1,893,425</u>	<u>1,679,941</u>
<b>Total Expenses</b>	<b>39,183,646</b>			<b>39,183,646</b>	<b>36,603,592</b>
<b>Change in Net Assets</b>					
<b>From Operating Activities</b>	<b>(860,690)</b>	<b>(2,829,827)</b>		<b>(3,690,517)</b>	<b>(3,463,824)</b>
<b>Nonoperating Activities</b>					
Endowment contributions			12,377	12,377	28,912
Contributions of property		2,795,503		2,795,503	
Gain on sale of building	5,802,760			5,802,760	
Gain on debt forgiveness	240,000			240,000	
Nonoperating investment return	(148,405)	1,956,836		1,808,431	(941,792)
Net assets released from restriction	<u>2,795,503</u>	<u>(2,795,503)</u>			
<b>Change in Net Assets</b>					
<b>From Nonoperating Activities</b>	<b>8,689,858</b>	<b>1,956,836</b>	<b>12,377</b>	<b>10,659,071</b>	<b>(912,880)</b>
<b>Total Change in Net Assets</b>					
<b>From Operating and Nonoperating Activities</b>	<b>7,829,168</b>	<b>(872,991)</b>	<b>12,377</b>	<b>6,968,554</b>	<b>(4,376,704)</b>
Noncontrolling interest in net losses of subsidiaries	<u>771,518</u>			<u>771,518</u>	<u>631,657</u>
<b>Change in Net Assets From Operating and Nonoperating Activities Excluding Noncontrolling Interest</b>	<b><u>\$ 8,600,686</u></b>	<b><u>\$ (872,991)</u></b>	<b><u>\$ 12,377</u></b>	<b><u>\$ 7,740,072</u></b>	<b><u>\$ (3,745,047)</u></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, 2016**  
**(With Comparative Totals for 2015)**

	Unrestricted		Total	Temporarily Restricted	Permanently Restricted	2016 Total	2015 Total
	Controlling Interest	Noncontrolling Interest					
Beginning of year net assets	\$ 47,324,270	\$ 3,080,113	\$ 50,404,383	\$ 22,886,799	\$ 7,405,052	\$ 80,696,234	\$ 85,072,945
Change in net assets from operating and nonoperating activities excluding noncontrolling interest	8,600,686		8,600,686	(872,991)	12,377	7,740,072	(3,745,054)
Change in net assets from noncontrolling interests:							
Operating and nonoperating net losses		(771,518)	(771,518)			(771,518)	(631,657)
Syndication costs		(87,199)	(87,199)			(87,199)	
Partner contribution		575,000	575,000			575,000	
Total change in net assets	8,600,686	(283,717)	8,316,969	(872,991)	12,377	7,456,355	(4,376,711)
<b>End of Year Net Assets</b>	<b>\$ 55,924,956</b>	<b>\$ 2,796,396</b>	<b>\$ 58,721,352</b>	<b>\$ 22,013,808</b>	<b>\$ 7,417,429</b>	<b>\$ 88,152,589</b>	<b>\$ 80,696,234</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, 2016**  
**(With Comparative Totals for 2015)**

	Program Services					Supporting Services				2016 Total Expenses	2015 Total Expenses
	Permanent Housing	Homeless Services	Economic Empowerment	Children & Youth	Health & Safety	Total Program	Management and General	Fund-Raising	Total Supporting		
Salaries	\$ 2,651,053	\$ 4,145,292	\$ 2,515,051	\$ 1,018,927	\$ 1,882,205	\$ 12,212,528	\$ 1,367,510	\$ 832,452	\$ 2,199,962	\$ 14,412,490	\$ 13,927,709
Employee benefits	420,096	715,397	350,641	110,547	266,612	1,863,293	205,614	85,323	290,937	2,154,230	2,161,741
Payroll taxes	235,691	390,048	238,682	95,993	170,489	1,130,903	108,854	75,294	184,148	1,315,051	1,237,642
<b>Total personnel costs</b>	<b>3,306,840</b>	<b>5,250,737</b>	<b>3,104,374</b>	<b>1,225,467</b>	<b>2,319,306</b>	<b>15,206,724</b>	<b>1,681,978</b>	<b>993,069</b>	<b>2,675,047</b>	<b>17,881,771</b>	<b>17,327,092</b>
Grants to others	3,143,622	2,538,092	147,226	59,394	432,457	6,320,791				6,320,791	5,986,701
Occupancy	2,872,796	1,018,525	175,692	85,562	76,420	4,228,995	73,780	17,947	91,727	4,320,722	3,926,404
Interest	1,672,343		51,782			1,724,125				1,724,125	1,705,754
In-kind expenses	413,161	296,247	164,504	38,617	104,697	1,017,226	50,087	88,839	138,926	1,156,152	360,847
Supplies	147,797	179,519	96,229	120,995	82,323	626,863	142,738	268,655	411,393	1,038,256	923,049
Professional services	221,356	105,113	30,017	20,490	84,740	461,716	202,807	231,230	434,037	895,753	689,538
Property and liability insurance	224,669	84,147	39,866	27,203	32,989	408,874	52,190	16,746	68,936	477,810	500,131
Transportation	54,736	101,380	88,278	32,513	64,683	341,590	17,319	15,925	33,244	374,834	361,802
Telephone	89,511	74,841	64,408	21,431	49,024	299,215	11,555	4,502	16,057	315,272	339,510
Rental and maintenance of equipment	48,789	54,161	49,100	22,935	18,355	193,340	15,471	1,085	16,556	209,896	165,721
Printing and publications	4,672	7,915	5,360	2,243	4,859	25,049	26,226	126,711	152,937	177,986	156,888
Licenses, permits and fees	84,338	1,488	6,596	970	4,485	97,877	30,861	31,428	62,289	160,166	164,504
Conferences and meetings	12,254	24,811	22,008	7,467	9,570	76,110	23,235	17,953	41,188	117,298	116,614
Advertising	5,579	13,033	9,702	3,122	4,930	36,366	9,336	10,998	20,334	56,700	59,075
Dues	9,740	32,926	722	412	240	44,040	5,590	993	6,583	50,623	46,794
Miscellaneous	8,132	4,849	2,604	4,237	8,417	28,239	5,418	15,003	20,421	48,660	81,025
Payments to affiliated organizations							40,000		40,000	40,000	40,000
Postage and shipping	10,229	3,767	269	436	4,597	19,298	2,704	17,174	19,878	39,176	53,699
<b>Total Expenses Before Depreciation</b>	<b>12,330,564</b>	<b>9,791,551</b>	<b>4,058,737</b>	<b>1,673,494</b>	<b>3,302,092</b>	<b>31,156,438</b>	<b>2,391,295</b>	<b>1,858,258</b>	<b>4,249,553</b>	<b>35,405,991</b>	<b>33,005,148</b>
Depreciation of buildings	2,879,117	220,167	116,941	36,855	44,443	3,297,523	34,389	13,066	47,455	3,344,978	3,262,516
Depreciation of equipment	159,329	77,825	41,621	22,603	53,618	354,996	55,580	22,101	77,681	432,677	335,935
<b>Total Expenses</b>	<b>\$ 15,369,010</b>	<b>\$ 10,089,543</b>	<b>\$ 4,217,299</b>	<b>\$ 1,732,952</b>	<b>\$ 3,400,153</b>	<b>\$ 34,808,957</b>	<b>\$ 2,481,264</b>	<b>\$ 1,893,425</b>	<b>\$ 4,374,689</b>	<b>\$ 39,183,646</b>	<b>\$ 36,603,599</b>

See accompanying notes.

**YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF  
SEATTLE-KING COUNTY-SNOHOMISH COUNTY AND SUBSIDIARIES**  
**Consolidated Statement of Cash Flows**  
**December 31, 2016**  
**(With Comparative Totals for 2015)**

	<u>2016</u>	<u>2015</u>
<b>Cash Flows From Operating Activities:</b>		
Change in net assets from operating and nonoperating activities	\$ 6,968,554	\$ (4,376,711)
Adjustments to reconcile change in net assets to net cash provided by operating activities-		
Contributions restricted to long-term investment	(12,377)	(28,912)
Financing cost amortization	46,985	58,773
Depreciation and amortization	3,772,770	3,598,451
Gain on sale of building	(5,802,759)	
Gain on debt forgiveness	(240,000)	
Unrealized and realized (gain) loss on investments	(1,819,093)	1,028,354
Changes in operating assets and liabilities:		
Accounts and grants receivable	(1,536,854)	(232,111)
Pledges receivable	904,421	618,723
Prepaid expenses and other assets	(70,018)	(57,789)
Accounts payable	351,987	(253,647)
Accrued salaries	166,660	69,275
Other current liabilities	600,705	177,057
Deferred revenue	(14,286)	(14,286)
<b>Net Cash Provided by Operating Activities</b>	<b>3,316,695</b>	<b>587,177</b>
<b>Cash Flows From Investing Activities:</b>		
Purchases of land, building and equipment	(20,252,109)	(856,729)
Proceeds from sale of building	10,134,631	
Proceeds from sale of investments	1,379,656	609,069
Purchase of investments	(799,731)	(960,199)
Decrease in limited use assets	(278,111)	245,560
<b>Net Cash Used by Investing Activities</b>	<b>(9,815,664)</b>	<b>(962,299)</b>
<b>Cash Flows From Financing Activities:</b>		
Capital contributions from noncontrolling interest	575,000	
Payment of syndication costs	(87,199)	
Principal payments on long-term debt	(2,592,081)	(3,430,487)
Proceeds from issuance of long-term debt	8,949,705	2,443,028
Proceeds from contributions restricted for long-term investment	151,500	28,912
Additions to deferred financing costs	(142,982)	(13,822)
Additions to capitalized tax credit fees	(69,918)	
<b>Net Cash Provided (Used) by Financing Activities</b>	<b>6,784,025</b>	<b>(972,369)</b>
<b>Net Change in Cash and Cash Equivalents</b>	<b>285,056</b>	<b>(1,347,491)</b>
Cash and cash equivalents balance, beginning of year	2,200,778	3,548,269
<b>Cash and Cash Equivalents Balance, End of Year</b>	<b>\$ 2,485,834</b>	<b>\$ 2,200,778</b>
<b>Supplementary Disclosure of Cash Flow Information:</b>		
Cash paid during the year for interest	\$ 1,025,544	\$ 1,500,694
Fixed assets purchased on account	\$ 592,339	\$ 59,825

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, 2016**

---

**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:

Permanent Housing - Affordable permanent housing, primarily for low and very low income women and families; coordination of tenant based housing voucher programs in Snohomish County; resident services, 24-hour front desk and security services at some sites, and information/referral.

Homeless and Other Services - Day center for homeless women; time-limited housing; case management, housing placement services, eviction prevention, veterans support services, and information/referral. Community and volunteer services, and racial equity and social justice work both internal and external to the Organization.

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.

Children and Youth - 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.

Health and Safety - Counseling for women recovering from domestic violence, and educational outreach in the community regarding domestic violence; behavioral health services; assessment, education, and advocacy for clients needing access to health care.

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

**Notes to Consolidated Financial Statements  
For the Year Ended December 31, 2016**

---

**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), 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, and Snohomish Portfolio LLLP. All intercompany transactions have been eliminated.

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. As part of a program evaluation process during 2016, the YWCA decided it would no longer subsidize the operations of Dress for Success Seattle. A group of DFSS volunteers stepped forward and offered to take over the operations. Subsequent to year end, the Articles of Incorporation and Bylaws were amended, new board members were elected, and all YWCA board members were removed as DFSS board members. As of January 17, 2017, the new articles were recorded and the two entities ceased to be related parties.

Summerfield Housing LLC - Summerfield Housing LLC was a separate entity created in 2005 to purchase and hold real property to be used for affordable housing. It held title to the 52-unit apartment complex in Bellevue known as Summerfield Apartments. Summerfield Housing LLC was wholly-owned by YWCA. In March 2016, the real property was sold to Summerfield Rehab LLLP, see below.

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.

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

**Notes to Consolidated Financial Statements  
For the Year Ended December 31, 2016**

---

**Note 2 - Continued**

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.

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.

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

**Notes to Consolidated Financial Statements  
For the Year Ended December 31, 2016**

---

**Note 2 - Continued**

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, and Administrative General Partner, and a Nonprofit General Partner, with ownership interest of 99.99%, 0.0%, 0.009%, and 0.001%, respectively. 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.

Snohomish Portfolio Admin GP LLC - In 2016, the 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. The YWCA owns 79% of Snohomish Portfolio Admin GP LLC.

Snohomish Portfolio LLLP - In 2016, Snohomish Portfolio Admin GP LLC (General Partner) and the YWCA (Initial Limited Partner) formed Snohomish Portfolio LLLP. 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 Limited Partner has a 99.99% interest and the General Partner has a 0.01% interest in income, losses and capital events of Snohomish Portfolio LLLP. The activities of Snohomish Portfolio 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.

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.

**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, 2016 and 2015, there was \$337,541 and \$342,365 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.

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

**Notes to Consolidated Financial Statements  
For the Year Ended December 31, 2016**

---

**Note 2 - Continued**

**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>2016</u>	<u>2015</u>
Cash-		
Bond payment funds	\$ 1,213,546	\$ 1,200,513
Building reserve accounts	3,696,125	3,520,720
Tenant security deposits	296,681	202,184
Investments-		
YWCA funds held in trust	<u>337,541</u>	<u>342,365</u>
	<u><u>\$ 5,543,893</u></u>	<u><u>\$ 5,265,782</u></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 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.



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

**Notes to Consolidated Financial Statements  
For the Year Ended December 31, 2016**

---

**Note 2 - Continued**

**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, 2016 or 2015.

**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.

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>2016</u>	<u>2015</u>
Goods	\$ 933,156	\$ 137,851
Leased facilities	<u>20,657</u>	<u>26,550</u>
Total in-kind revenue	953,813	164,401
Plus in-kind lease amortization expense	<u>202,339</u>	<u>196,446</u>
<b>Total In-Kind Expense</b>	<b><u>\$ 1,156,152</u></b>	<b><u>\$ 360,847</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.

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

**Notes to Consolidated Financial Statements  
For the Year Ended December 31, 2016**

---

**Note 2 - Continued**

**Operating and Nonoperating Activities** - All activities are considered operating except for revenues, expenses, gains, and losses related to endowments, capital projects, loan forgiveness, 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; Summerfield Rehab LLLP; Snohomish Portfolio Admin GP LLC; and Snohomish Portfolio 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.

**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.

**Change in Accounting Principle** - During 2016, the Organization implemented the requirements of the Financial Accounting Standards Board's Accounting Standards Update No. 2015-03 – *Interest - Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs* (ASU 2015-03). ASU 2015-03 changes the accounting for debt issuance costs (financing costs) by requiring that such costs be reported on the balance sheet as a direct deduction to the related debt liability. Previously, financing costs were reported as a deferred charge asset on the consolidated statement of financial position. The Organization has restated the 2015 consolidated financial statements to conform to the 2016 presentation and as a result \$713,799 of unamortized financing costs were reclassified from capitalized costs to long-term debt on the consolidated statement of financial position as of December 31, 2015.

**Reclassification of Prior Year Balances** - Certain reclassifications have been made to prior year amounts to conform to the presentation in the current year consolidated 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, 2015, from which the summarized information was derived.

**Subsequent Events** - The Organization has evaluated subsequent events through May 31, 2017, the date on which the consolidated financial statements were issued.

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

**Notes to Consolidated Financial Statements  
For the Year Ended December 31, 2016**

**Note 3 - Pledges Receivable**

Pledges receivable are due as follows:

	<u>2016</u>	<u>2015</u>
Receivable in less than one year	\$ 352,174	\$ 691,652
Receivable in one to five years		<u>736,028</u>
	352,174	1,427,680
Less allowance for uncollectible pledges	(22,052)	(8,507)
Less unamortized discount 2.27% for pledges received in 2015, 1.78% to 3.3% for pledges received in prior years		(45,507)
Less current portion, net	<u>(330,122)</u>	<u>(679,149)</u>
<b>Long-Term Portion</b>	<b><u>\$ -</u></b>	<b><u>\$ 694,517</u></b>

Pledges receivable of \$12,503 at December 31, 2015, 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. There were no such long-term pledges receivable at December 31, 2016.

**Contributed Facilities** - The Organization had a lease for the Trinity Apartments at the below-market annual rental rate of \$1. The original lease term was 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 anticipated lease term was included in pledges receivable at December 31, 2015 at \$911,552. During the year ended December 31, 2016, the owner of the Apartments donated the land and building to the Organization. The Organization reversed the remaining pledge balance, and recognized the additional market value of the property as contribution revenue in the consolidated statements of activities.

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

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

	<u>2016</u>	<u>2015</u>
Land	\$ 20,386,067	\$ 18,598,706
Buildings and leasehold improvements	141,829,967	128,629,498
Construction in progress	221,134	177,717
Furniture and equipment	<u>4,297,369</u>	<u>4,023,176</u>
	166,734,537	151,429,097
Less accumulated depreciation	<u>(36,545,614)</u>	<u>(33,942,389)</u>
<b>Total Land, Buildings and Equipment, Net</b>	<b><u>\$ 130,188,923</u></b>	<b><u>\$ 117,486,708</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, 2016**

---

**Note 5 - Investments**

Investments held at December 31 are summarized as follows:

	<u>2016</u>	<u>2015</u>
Cash and cash equivalents	\$ 1,046,265	\$ 1,757,878
Marketable debt securities	10,454,334	10,284,149
Marketable equity securities	<u>21,150,647</u>	<u>19,370,051</u>
<b>Total Investments</b>	<b><u>\$ 32,651,246</u></b>	<b><u>\$ 31,412,078</u></b>

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

	<u>2016</u>	<u>2015</u>
Interest and dividends	\$ 1,100,134	\$ 1,156,524
Realized gains	53,380	272,970
Unrealized gains (losses)	<u>1,765,713</u>	<u>(1,301,324)</u>
<b>Total Investment Return</b>	<b><u>\$ 2,919,227</u></b>	<b><u>\$ 128,170</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>2016</u>	<u>2015</u>
Operating investment return	\$ 1,110,796	\$ 1,069,962
Nonoperating investment return (loss)	<u>1,808,431</u>	<u>(941,792)</u>
<b>Total Investment Return</b>	<b><u>\$ 2,919,227</u></b>	<b><u>\$ 128,170</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.

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

**Notes to Consolidated Financial Statements  
For the Year Ended December 31, 2016**

---

**Note 6 - Continued**

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, 2016 or 2015.

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

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

**Notes to Consolidated Financial Statements  
For the Year Ended December 31, 2016**

**Note 6 - Continued**

**Fair Values Measured on a Recurring Basis** - Fair values of assets and liabilities measured on a recurring basis at December 31, 2016, were as follows:

	Fair Value Measurements as of December 31, 2016			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 1,061,348	\$ -	\$ -	\$ 1,061,348
Closed-end funds	660,732			660,732
Debt securities-				
Corporate bonds		483,347		483,347
Mortgage backed bonds		380,945		380,945
Government bonds		1,257,934		1,257,934
Mutual funds-				
International	652,560			652,560
Large value fund	5,245,046			5,245,046
Intermediate-term bond	4,659,758			4,659,758
Short-term bond	2,488,862			2,488,862
Real estate	504,258			504,258
Large growth	3,773,260			3,773,260
Small blend	1,949,484			1,949,484
Emerging market	525,533			525,533
Diversified emerging market	762,508			762,508
Mid-cap growth	2,579,825			2,579,825
Foreign large growth	814,269			814,269
Commodities	164,196			164,196
Large blend	4,650,330			4,650,330
Moderate allocation	376,387			376,387
<b>Total Assets at Fair Value</b>	<b>\$ 30,868,356</b>	<b>\$ 2,122,226</b>	<b>\$ -</b>	<b>32,990,582</b>
Less funds held for others (restricted investments)				(339,336)
<b>Total Unrestricted Investments</b>				<b>\$ 32,651,246</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, 2016**

**Note 6 - Continued**

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		
Mortgage backed bonds		843,786		
Government bonds		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
	<u>\$ 29,669,812</u>	<u>\$ 2,076,703</u>	<u>\$ -</u>	31,746,515
Less funds held for others (restricted investments)				<u>(334,437)</u>
<b>Total Unrestricted Investments</b>				<u><b>\$ 31,412,078</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, 2016**

---

**Note 7 - Long-Term Debt**

	<u>2016</u>	<u>2015</u>
Note payable to US Bank; bearing interest at 2.74% per annum; secured by the board restricted and temporarily restricted endowment funds held at US Bank; due date of October 31, 2017; note balance includes accrued interest of \$12,147 and \$9,229 at December 31, 2016 and 2015, respectively (Note 17).	\$ 13,312,147	\$ 15,309,229
<u>Lexington-Concord Building:</u> 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 \$420,965 and \$405,374 at December 31, 2016 and 2015, respectively.	1,980,080	1,964,489
<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 \$28,110 and \$30,273 at December 31, 2016 and 2015, respectively.	247,983	250,146
<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 \$28,138 and \$29,701 at December 31, 2016 and 2015, respectively.	193,944	195,507



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

**Notes to Consolidated Financial Statements  
For the Year Ended December 31, 2016**

---

**Note 7 - Continued**

	2016	2015
<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 was forgiven effective December 5, 2016 (federal funds - Community Development Block Grant).		240,000
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.	2,733,144	2,813,218

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

**Notes to Consolidated Financial Statements  
For the Year Ended December 31, 2016**

---

**Note 7 - Continued**

	2016	2015
<p>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 \$568,226 and \$525,129 at December 31, 2016 and 2015, respectively.</p>	4,877,952	4,834,855
<p>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.</p>	717,516	740,567
<p>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 \$90,425 and \$82,122 at December 31, 2016 and 2015, respectively.</p>	340,425	332,122
<p>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.</p>	225,000	225,000
<p><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 \$47,474 and \$48,615 at December 31, 2016 and 2015, respectively. See Note 17.</p>	11,697,474	11,978,616

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

**Notes to Consolidated Financial Statements  
For the Year Ended December 31, 2016**

---

**Note 7 - Continued**

	<u>2016</u>	<u>2015</u>
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
<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 \$4,198 and \$4,606 at December 31, 2016 and 2015, respectively.	1,019,741	1,118,914
<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.	5,265,000	5,360,000
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

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

**Notes to Consolidated Financial Statements  
For the Year Ended December 31, 2016**

---

**Note 7 - Continued**

	<u>2016</u>	<u>2015</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 \$105,017 and \$81,700 at December 31, 2016 and 2015, respectively.	2,355,017	2,331,700
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 \$7,413 and \$14,318 at December 31, 2016 and 2015, respectively.	710,173	721,893
<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.	2,865,000	2,915,000
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 \$107,275 and \$86,411 at December 31, 2016 and 2015, respectively.	2,107,275	2,086,411
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 \$102,411 and \$81,518 at December 31, 2016 and 2015, respectively.	2,102,411	2,081,518

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

**Notes to Consolidated Financial Statements  
For the Year Ended December 31, 2016**

---

**Note 7 - Continued**

	<u>2016</u>	<u>2015</u>
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 \$38,258 and \$30,453 at December 31, 2016 and 2015.	788,258	780,453
<u>Summerfield Rehab LLLP:</u> Note payable to King County Housing Authority associated with the issuance of 2016 Revenue Bonds (Summerfield Rehab LLLP); monthly interest-only payments at 2.625%, with final payment of principal and interest due no later than March 2, 2018, subject to one 6-month extension option. After certain conditions have been met, the lender shall convert up to \$3.45 million to a term loan at 4.25% through March 2035.	<u>8,858,724</u>	<u>                    </u>
Less unamortized debt issuance costs	84,635,588 <u>(937,625)</u>	78,517,962 <u>(841,626)</u>
	<u><b>\$ 83,697,963</b></u>	<u><b>\$ 77,676,336</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, 2016**

---

**Note 7 - Continued**

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

For the Year Ending December 31,

2017	\$ 19,363,105
2018	749,813
2019	782,728
2020	821,283
2021	860,549
Thereafter	<u>60,498,053</u>
Total principal	83,075,531
Deferred interest	1,560,057
Less unamortized debt issuance costs	(937,625)
Less current portion	<u>(19,363,105)</u>
<b>Total Long-Term Debt</b>	<b><u>\$ 64,334,858</u></b>

Interest expense totaled \$1,724,125 and \$1,705,754 for the years ended December 31, 2016 and 2015, 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.

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%. The line is collateralized by cash and investments held at the bank. There were no borrowings outstanding at December 31, 2016.

**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, 2016 and 2015, 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, 2016 and 2015, were \$922,890 and \$860,032, 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.

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

**Notes to Consolidated Financial Statements  
For the Year Ended December 31, 2016**

---

**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 \$104,232 and \$106,253 at December 31, 2016 and 2015, 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 \$471,541 and \$450,859 as of December 31, 2016 and 2015, 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 \$443,770 and \$266,275 for claims that have been reported but not yet paid, and for claims incurred but not yet reported as of December 31, 2016 and 2015, 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 \$1,241,781 and \$1,264,578 for the years ended December 31, 2016 and 2015, respectively, net of employee premiums paid.

**Note 10 - Concentration**

For the years ended December 31, 2016 and 2015, the Organization received 50% and 56%, 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.

**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 2021. The following is a summary of future minimum lease obligations under these noncancelable operating lease agreements:

For the Year Ending December 31,

2017	\$ 343,341
2018	66,841
2019	68,834
2020	70,890
2021	5,922
	<hr/>
<b>Total Minimum Rental Payments</b>	<b><u>\$ 555,828</u></b>

Rent expense for 2016 and 2015 was \$412,088 and \$366,596, 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, 2016**

---

**Note 11 - Continued**

**Commercial Leases** - The Seneca and Opportunity Place buildings have commercial tenants with noncancelable operating leases with terms expiring through 2021. The future minimum rental income to be received by the Organization under these leases is as follows:

For the Year Ending December 31,

2017	\$ 272,104
2018	262,449
2019	69,152
2020	32,657
2021	33,637
Thereafter	<u>19,961</u>
<b>Total Minimum Rental Receipts</b>	<b><u><u>\$ 689,960</u></u></b>

**Note 12 - Board Designated Reserves**

The Organization's Board of Directors has established board designated funds that totaled \$1,891,655 and \$2,338,512 as of December 31, 2016 and 2015, 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.

**Note 13 - Temporarily Restricted Net Assets**

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

	<u>2016</u>	<u>2015</u>
Accumulated unappropriated earnings on endowments	\$ 15,472,869	\$ 14,437,033
Restricted for specific programs and/or timing	898,425	1,580,133
Passage Point exchange funds (timing restriction)	4,189,218	4,310,352
Sound Families grant (timing restriction)	1,453,296	1,647,729
Trinity in-kind lease (timing restriction)		<u>911,552</u>
<b>Total Temporarily Restricted Net Assets</b>	<b><u><u>\$ 22,013,808</u></u></b>	<b><u><u>\$ 22,886,799</u></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, 2016**

---

**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>2016</u>	<u>2015</u>
General endowment	\$ 5,693,623	\$ 5,678,746
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>726,306</u>
<b>Total Permanently Restricted Net Assets</b>	<b><u>\$ 7,417,429</u></b>	<b><u>\$ 7,405,052</u></b>

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.

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

**Notes to Consolidated Financial Statements  
For the Year Ended December 31, 2016**

---

**Note 15 - Continued**

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, 2016	\$ -	\$ 15,472,869	\$ 7,417,429	\$ 22,890,298
Endowment Net Assets, December 31, 2015	\$ -	\$ 14,437,033	\$ 7,405,052	\$ 21,842,085

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

**Notes to Consolidated Financial Statements  
For the Year Ended December 31, 2016**

**Note 15 - Continued**

Changes to endowment net assets for the year ended December 31, 2016, were as follows:

	<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 investment return- Interest and dividends		537,862		537,862
Realized and unrealized gains		1,418,974		1,418,974
Total endowment investment return		1,956,836		1,956,836
Endowment contributions			12,377	12,377
Appropriation of endowment for expenditure		(921,000)		(921,000)
<b>Endowment Net Assets, December 31, 2016</b>	<b>\$ -</b>	<b>\$ 15,472,869</b>	<b>\$ 7,417,429</b>	<b>\$ 22,890,298</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, 2016 or 2015.

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, 2016**

---

**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 Event**

YW AHF Everett LLC holds title to the 90-unit apartment complex in Everett known as Wear To Live. YW AHF Lynnwood LLC holds title to the 64-unit apartment complex in Lynnwood known as Somerset Village Apartments. YW AHF Mountlake Terrace LLC holds title to the 66-unit apartment complex in Mountlake Terrace known as Victorian Woods. All three LLC's are wholly-owned by YWCA. The three properties will be eligible for refinancing with Low Income Housing Tax Credits (LIHTC) in July 2017. As described in Note 1, two new entities were formed in 2016 to facilitate the refinancing: Snohomish Portfolio LLLP and Snohomish Portfolio Admin GP LLC. YWCA has entered into a letter of intent with Boston Capital to be the investor member (replacing YWCA). Closing is tentatively planned for August 2017. At closing, the new LLLP will purchase the three apartment complexes and close on funding for LIHTC and the required renovation work. At closing, the Affordable Housing Fund note payable to Everett Housing Authority will be fully paid off (\$11,697,474 outstanding as of December 31, 2016). In addition, approximately \$7,000,000 of the US Bank term loan (\$13,300,000 outstanding as of December 31, 2016) is also expected to be paid off from the refinancing proceeds.

The renovation work is expected to be completed by December 31, 2018 at an estimated cost of \$12,000,000, and will be funded through tax-exempt bonds issued by the Washington State Housing Finance Commission.

**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, 2016**

	YWCA and Wholly-Controlled Subsidiaries	Angeline's LLC	YWCA Family Village at Issaquah II LLC	Summerfield Rehab LLLP	Eliminations	Consolidated Total 2016
<b>Assets</b>						
<b>Current Assets:</b>						
Cash and cash equivalents	\$ 2,213,397	\$ 83,007	\$ 85,137	\$ 104,293	\$ -	\$ 2,485,834
Accounts and grants receivable	4,664,102	17,015	2,310	14,416		4,697,843
Current portion of pledges receivable, net	330,122					330,122
Intercompany receivables	66,229		18,174		(84,403)	
Prepaid expenses and other current assets	752,626					752,626
<b>Total Current Assets</b>	<b>8,026,476</b>	<b>100,022</b>	<b>105,621</b>	<b>118,709</b>	<b>(84,403)</b>	<b>8,266,425</b>
Investments	32,651,246					32,651,246
Investment in subsidiary	1,396,664				(1,396,664)	
Limited use assets	3,788,488	1,184,722	557,833	12,850		5,543,893
Long-term intercompany receivables	2,765,101				(2,765,101)	
Notes receivable from related parties	14,169,720				(14,169,720)	
Land, buildings and equipment, net	87,119,199	12,181,051	14,991,768	17,851,780	(1,954,875)	130,188,923
Capitalized costs and other assets, net	244,119		33,197	66,034		343,350
<b>Total Assets</b>	<b>\$ 150,161,013</b>	<b>\$ 13,465,795</b>	<b>\$ 15,688,419</b>	<b>\$ 18,049,373</b>	<b>\$ (20,370,763)</b>	<b>\$ 176,993,837</b>
<b>Liabilities and Net Assets</b>						
<b>Current Liabilities:</b>						
Accounts payable	\$ 1,049,922	\$ 52,994	\$ 11,172	\$ 30,488	\$ -	\$ 1,144,576
Construction payable				508,004		508,004
Accrued salaries	1,371,401					1,371,401
Other current liabilities	1,931,144		23,650	17,471		1,972,265
Related party payables	18,174	109,002	429,115	2,297,397	(2,849,504)	4,184
Current portion of long-term debt	13,806,222	108,805	55,000	5,393,078		19,363,105
<b>Total Current Liabilities</b>	<b>18,176,863</b>	<b>270,801</b>	<b>518,937</b>	<b>8,246,438</b>	<b>(2,849,504)</b>	<b>24,363,535</b>
Deferred revenue	142,855					142,855
Notes payable to related party		3,381,112	4,654,652	6,133,956	(14,169,720)	
Long-term debt, net of current portion	44,530,227	8,749,479	7,726,217	3,328,935		64,334,858
<b>Total Liabilities</b>	<b>62,849,945</b>	<b>12,401,392</b>	<b>12,899,806</b>	<b>17,709,329</b>	<b>(17,019,224)</b>	<b>88,841,248</b>
<b>Net Assets and Equity:</b>						
Unrestricted-controlling interest	57,879,831				(1,954,875)	55,924,956
Unrestricted-noncontrolling interest in consolidated subsidiaries					2,796,396	2,796,396
Total unrestricted net assets	57,879,831				841,521	58,721,352
Temporarily restricted	22,013,808					22,013,808
Permanently restricted	7,417,429					7,417,429
Owners' equity		1,064,403	2,788,613	340,044	(4,193,060)	
<b>Total Net Assets and Equity</b>	<b>87,311,068</b>	<b>1,064,403</b>	<b>2,788,613</b>	<b>340,044</b>	<b>(3,351,539)</b>	<b>88,152,589</b>
<b>Total Liabilities, Net Assets and Equity</b>	<b>\$ 150,161,013</b>	<b>\$ 13,465,795</b>	<b>\$ 15,688,419</b>	<b>\$ 18,049,373</b>	<b>\$ (20,370,763)</b>	<b>\$ 176,993,837</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, 2016**

	YWCA and Wholly-Controlled Subsidiaries	Angeline's LLC	YWCA Family Village at Issaquah II LLC	Summerfield Rehab LLLP	Eliminations	Consolidated Total 2016
<b>Operating Activities</b>						
<b>Support and Revenues:</b>						
Public support-						
Governmental fees and grants	\$ 19,193,276	\$ -	\$ -	\$ -	\$ -	\$ 19,193,276
Contributions	6,680,864					6,680,864
United Way grants	1,441,790					1,441,790
Total public support	27,315,930					27,315,930
Earned revenue-						
Program service fees and rents	5,170,340	1,416,067	524,625	391,662	(436,291)	7,066,403
Operating investment return	1,109,986	594	216			1,110,796
Total earned revenue	6,280,326	1,416,661	524,841	391,662	(436,291)	8,177,199
<b>Total Support and Revenues</b>	<b>33,596,256</b>	<b>1,416,661</b>	<b>524,841</b>	<b>391,662</b>	<b>(436,291)</b>	<b>35,493,129</b>
<b>Expenses:</b>						
Program services-						
Permanent housing	12,878,382	1,585,850	979,390	539,519	(614,131)	15,369,010
Homeless services	10,089,543					10,089,543
Economic empowerment	4,217,299					4,217,299
Children & youth	1,732,952					1,732,952
Health & safety	3,400,153					3,400,153
Supporting services-						
Management and general	2,548,549				(67,285)	2,481,264
Fundraising	1,893,425					1,893,425
<b>Total Expenses</b>	<b>36,760,303</b>	<b>1,585,850</b>	<b>979,390</b>	<b>539,519</b>	<b>(681,416)</b>	<b>39,183,646</b>
<b>Change in Net Assets</b>						
From Operating Activities	(3,164,047)	(169,189)	(454,549)	(147,857)	245,125	(3,690,517)
<b>Nonoperating Activities</b>						
Endowment contributions	12,377					12,377
Contributions of property	2,795,503					2,795,503
Nonoperating investment return	1,808,431					1,808,431
Gain on sale of building	5,802,760					5,802,760
Gain on debt forgiveness	240,000					240,000
Developer fee revenue	2,200,000				(2,200,000)	
Loss on investment in subsidiary	(77)				77	
<b>Change in Net Assets</b>						
From Nonoperating Activities	12,858,994				(2,199,923)	10,659,071
<b>Total Change in Net Assets From Operating and Nonoperating Activities</b>	<b>9,694,947</b>	<b>(169,189)</b>	<b>(454,549)</b>	<b>(147,857)</b>	<b>(1,954,798)</b>	<b>6,968,554</b>
Noncontrolling interest in net losses of subsidiaries					771,518	771,518
<b>Change in Net Assets From Operating and Nonoperating Activities Excluding Noncontrolling Interest</b>	<b>\$ 9,694,947</b>	<b>\$ (169,189)</b>	<b>\$ (454,549)</b>	<b>\$ (147,857)</b>	<b>\$ (1,183,280)</b>	<b>\$ 7,740,072</b>

See independent auditor's report.