

# **Women's Center and Shelter of Greater Pittsburgh**

Consolidated Financial Statements

Years Ended June 30, 2016 and 2015  
with Independent Auditor's Report

**MaherDuessel**  
Certified Public Accountants

Pittsburgh | Harrisburg | Butler

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# **WOMEN'S CENTER AND SHELTER OF GREATER PITTSBURGH**

YEARS ENDED JUNE 30, 2016 AND 2015

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## Independent Auditor's Report

Board of Directors  
Women's Center and Shelter of Greater Pittsburgh

We have audited the accompanying consolidated financial statements of the Women's Center and Shelter of Greater Pittsburgh (WC&S) and affiliate, which comprise the consolidated statements of financial position as of June 30, 2016 and 2015, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

### **Management's Responsibility for the Consolidated Financial Statements**

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

### **Auditor's Responsibility**

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

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

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

### **Opinion**

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of WC&S and affiliate as of June 30, 2016 and 2015, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Maher Duessel*  
Pittsburgh, Pennsylvania  
October 18, 2016

# WOMEN'S CENTER AND SHELTER OF GREATER PITTSBURGH

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2016 AND 2015

	2016	2015
<b>Assets</b>		
Cash and cash equivalents	\$ 976,509	\$ 1,139,559
Accounts receivable	174,359	129,020
Prepaid expenses	88,388	64,729
Inventory	-	209
Restricted cash	918,765	-
Contributions receivable	998,079	307,533
Investments in trust - fair value	7,663,161	7,764,310
Construction in progress	1,257,551	632,236
Land, building, and equipment , net	2,282,719	2,300,528
<b>Total Assets</b>	<b>\$ 14,359,531</b>	<b>\$ 12,338,124</b>
<b>Liabilities and Net Assets</b>		
Liabilities:		
Accounts payable	\$ 82,716	\$ 20,154
Accrued expenses	194,292	189,818
Unearned revenue	47,028	-
Line of credit	200,000	600,000
Notes payable	67,563	129,696
Total Liabilities	591,599	939,668
Net Assets:		
Unrestricted:		
Invested in land, building, and equipment	3,340,270	2,332,764
Board-designated for Reserve Fund	7,554,394	7,800,560
Undesignated - other	844,393	956,376
Total unrestricted	11,739,057	11,089,700
Temporarily restricted	1,894,875	174,756
Permanently restricted	134,000	134,000
Total Net Assets	13,767,932	11,398,456
<b>Total Liabilities and Net Assets</b>	<b>\$ 14,359,531</b>	<b>\$ 12,338,124</b>

See accompanying notes to consolidated financial statements.

# WOMEN'S CENTER AND SHELTER OF GREATER PITTSBURGH

## CONSOLIDATED STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2016 AND 2015

	2016	2015
<b>Unrestricted Net Assets:</b>		
Revenues, gains, and other support:		
Contributions:		
Individuals and others	\$ 1,383,444	\$ 992,181
Foundations and trusts	1,016,592	621,515
PCADV (DHS federal/state funds)	945,592	1,036,044
Governmental grants	1,063,274	838,495
United Way:		
Allocation	196,598	150,345
Contributor choice	147,427	153,190
Investment income (loss)	(45,419)	262,293
Special events - net	79,474	158,811
Fees for services	56,372	31,988
Other revenues	14,064	20,280
Net assets released from restrictions	172,426	134,351
Total revenues, gains, and other support	5,029,844	4,399,493
Expenses:		
Program services:		
Adult services	911,423	1,085,266
Hotline program	434,578	296,826
Empowerment center	115,426	38,391
Prevention and awareness	176,655	212,490
Children's program	347,294	463,059
Legal advocacy program	613,253	619,383
Civil-legal program	679,695	596,599
Batterers intervention	347,057	141,175
Medical advocacy program	95,312	193,668
Total program services	3,720,693	3,646,857
Management and general	291,621	299,260
Fundraising	368,173	281,981
Total expenses	4,380,487	4,228,098
<b>Change in Unrestricted Net Assets</b>	649,357	171,395
<b>Temporarily Restricted Net Assets:</b>		
Contributions:		
Foundations and trusts	1,892,545	154,733
Net assets released from restriction	(172,426)	(134,351)
<b>Change in Temporarily Restricted Net Assets</b>	1,720,119	20,382
<b>Change in Net Assets</b>	2,369,476	191,777
<b>Net Assets:</b>		
Beginning of year	11,398,456	11,206,679
End of year	\$ 13,767,932	\$ 11,398,456

See accompanying notes to consolidated financial statements.

**WOMEN'S CENTER AND SHELTER OF  
GREATER PITTSBURGH**

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2016

	Program Services									Supporting Services			Total	
	Adult Services	Hotline Program	Empowerment Center	Prevention and Awareness	Children's Program	Legal Advocacy Program	Civil-Legal Program	Batterers Intervention	Medical Advocacy Program	Total Program Services	Management and General	Fundraising		Total Supporting Services
Salaries and related expenses:														
Salaries and wages	\$ 416,929	\$ 275,910	\$ 60,177	\$ 95,679	\$ 187,886	\$ 339,783	\$ 405,561	\$ 213,948	\$ 57,279	\$ 2,053,152	\$ 114,004	\$ 130,750	\$ 244,754	\$ 2,297,906
Payroll taxes and benefits	131,321	92,108	15,335	27,006	64,717	115,685	131,256	60,667	23,747	661,842	31,211	39,231	70,442	732,284
Total salaries and related expenses	<u>548,250</u>	<u>368,018</u>	<u>75,512</u>	<u>122,685</u>	<u>252,603</u>	<u>455,468</u>	<u>536,817</u>	<u>274,615</u>	<u>81,026</u>	<u>2,714,994</u>	<u>145,215</u>	<u>169,981</u>	<u>315,196</u>	<u>3,030,190</u>
Specific assistance	103,069	-	19,012	-	1,413	-	482	-	-	123,976	-	-	-	123,976
Professional fees	76,372	11,543	3,580	4,923	33,606	40,429	21,245	20,502	1,575	213,775	95,436	81,975	177,411	391,186
Supplies	5,965	2,222	3,305	947	7,159	3,143	3,518	1,853	521	28,633	19,243	258	19,501	48,134
Donated items	70,442	-	-	-	11,867	-	-	-	-	82,309	4,500	-	4,500	86,809
Other non-personnel related expenses	8,036	3,934	1,041	29,576	3,079	11,481	16,821	3,112	865	77,945	8,500	52,410	60,910	138,855
Rent, parking, and other occupancy	21,310	9,586	3,165	3,891	8,820	51,775	34,164	18,192	3,316	154,219	669	541	1,210	155,429
Equipment rental/maintenance	9,889	4,124	1,095	1,676	3,296	5,820	6,450	3,294	905	36,549	1,344	-	1,344	37,893
Travel and meetings	1,013	153	38	60	30	365	1,085	127	145	3,016	1,563	1,976	3,539	6,555
Other expenses	65,837	34,408	8,270	12,657	24,948	43,937	58,180	24,890	6,829	279,956	15,105	60,682	75,787	355,743
Business expenses	1,240	590	408	240	473	835	933	472	130	5,321	46	350	396	5,717
Total	<u>\$ 911,423</u>	<u>\$ 434,578</u>	<u>\$ 115,426</u>	<u>\$ 176,655</u>	<u>\$ 347,294</u>	<u>\$ 613,253</u>	<u>\$ 679,695</u>	<u>\$ 347,057</u>	<u>\$ 95,312</u>	<u>\$ 3,720,693</u>	<u>\$ 291,621</u>	<u>\$ 368,173</u>	<u>\$ 659,794</u>	<u>\$ 4,380,487</u>

See accompanying notes to consolidated financial statements.

**WOMEN'S CENTER AND SHELTER OF  
GREATER PITTSBURGH**

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2015

	Program Services									Supporting Services			Total	
	Adult Services	Hotline Program	Empowerment Program	Prevention and Awareness	Children's Program	Legal Advocacy Program	Civil-Legal Program	Batterers Intervention	Medical Advocacy Program	Total Program Services	Management and General	Fundraising		Total Supporting Services
Salaries and related expenses:														
Salaries and wages	\$ 512,806	\$ 191,022	\$ 26,021	\$ 111,268	\$ 240,545	\$ 344,668	\$ 369,980	\$ 82,419	\$ 125,544	\$ 2,004,273	\$ 111,721	\$ 152,797	\$ 264,518	\$ 2,268,791
Payroll taxes and benefits	148,181	58,146	5,925	29,741	66,933	108,185	111,627	20,257	39,236	588,231	29,234	35,393	64,627	652,858
Total salaries and related expenses	660,987	249,168	31,946	141,009	307,478	452,853	481,607	102,676	164,780	2,592,504	140,955	188,190	329,145	2,921,649
Specific assistance	100,373	370	-	-	3,411	-	-	-	-	104,154	-	-	-	104,154
Professional fees	88,181	11,498	1,884	3,949	37,641	42,442	11,089	12,134	3,600	212,418	98,279	10,440	108,719	321,137
Supplies	7,486	1,680	217	1,274	7,891	3,524	3,400	1,350	1,100	27,922	18,111	45	18,156	46,078
Donated items	102,456	-	-	-	51,913	-	-	-	-	154,369	9,400	-	9,400	163,769
Other non-personnel related expenses	9,316	2,609	323	11,809	4,394	10,987	6,828	1,631	1,628	49,525	11,205	50,973	62,178	111,703
Rent, parking, and other occupancy	32,236	8,506	1,086	6,008	14,071	56,452	36,494	12,158	7,246	174,257	1,659	1,253	2,912	177,169
Equipment rental/maintenance	14,530	3,974	514	2,845	6,200	11,273	7,987	1,890	2,593	51,806	1,312	-	1,312	53,118
Travel and meetings	933	-	-	116	54	18	2,146	420	508	4,195	3,733	1,940	5,673	9,868
Other expenses	67,323	18,626	2,370	45,197	29,389	41,009	46,253	8,728	11,955	270,850	14,503	28,790	43,293	314,143
Business expenses	1,445	395	51	283	617	825	795	188	258	4,857	103	350	453	5,310
Total	\$ 1,085,266	\$ 296,826	\$ 38,391	\$ 212,490	\$ 463,059	\$ 619,383	\$ 596,599	\$ 141,175	\$ 193,668	\$ 3,646,857	\$ 299,260	\$ 281,981	\$ 581,241	\$ 4,228,098

See accompanying notes to consolidated financial statements.

# WOMEN'S CENTER AND SHELTER OF GREATER PITTSBURGH

## CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2016 AND 2015

	2016	2015
<b>Cash Flows From Operating Activities:</b>		
Change in net assets	\$ 2,369,476	\$ 191,777
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	184,739	181,326
Net (depreciation) appreciation of investments	(188,535)	(115,085)
Debt accretion	4,696	4,561
Contributions restricted for long-term purposes	(1,749,519)	(235,000)
Change in:		
Accounts receivable	(45,339)	(38,392)
Prepaid expenses	(23,659)	23,933
Inventory	209	-
Contributions receivable	29,721	(3,552)
Accounts payable	62,562	(57,139)
Accrued expenses	4,474	(5,386)
Unearned revenue	47,028	-
Total adjustments	(1,673,623)	(244,734)
Net cash provided by (used in) operating activities	695,853	(52,957)
<b>Cash Flows From Investing Activities:</b>		
Purchase of fixed assets	(792,245)	(571,941)
Restricted cash	(918,765)	-
Purchase of long-term investments	(1,385,421)	(2,752,540)
Proceeds from sale of long-term investments	1,675,105	2,662,511
Net cash provided by (used in) investing activities	(1,421,326)	(661,970)
<b>Cash Flows From Financing Activities:</b>		
Payment on notes payable	(66,829)	(9,782)
Line of credit draws	200,000	600,000
Line of credit repayments	(600,000)	-
Collection of contributions restricted for long-term purposes:		
Capital campaign	1,029,252	2,300
Net cash provided by (used in) financing activities:	562,423	592,518
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(163,050)	(122,409)
<b>Cash and Cash Equivalents:</b>		
Beginning of year	1,139,559	1,261,968
End of year	\$ 976,509	\$ 1,139,559
<b>Supplemental Information:</b>		
Interest paid	\$ 16,195	\$ 10,239
In-kind contributions	\$ 170,772	\$ 256,306

See accompanying notes to consolidated financial statements.



# WOMEN'S CENTER AND SHELTER OF GREATER PITTSBURGH

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2016 AND 2015

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### 1. ORGANIZATION

Women's Center and Shelter of Greater Pittsburgh's (WC&S) mission is to end intimate partner violence in the lives of women and their children by providing sanctuary from domestic violence for women and their children within a supportive community where confidentiality is guaranteed; inform women of the resources available to them; work with all appropriate organizations/agencies to create resources for women victims of domestic violence and their children; accompany women as they proceed through the legal system; work with children to help them learn alternative responses to violence; educate the public about the needs of women, particularly those of women who have experienced domestic violence; and work for system changes to alter societal attitudes, behaviors, and responses.

WC&S has been awarded the Pennsylvania Association of Nonprofit Organizations (PANO) Seal of Excellence for successfully demonstrating compliance with the Standards for Excellence voluntary certification program.

During 2015, WC&S began a capital campaign to raise funds to renovate its facility and expand its capacity. Also during 2015, a separate program was created for Batterers Intervention.

In 2008, the governing body of WC&S formed Women's Center and Shelter Civil Law Project (CLP), a non-profit company. The primary purpose of the CLP is to provide civil legal services to women in crisis. The CLP Board of Directors is separate from the WC&S Board but is elected by WC&S. WC&S is the sole member of the CLP. For the year ended June 30, 2016, the CLP reported assets, liabilities, net assets, revenues, and expenses as \$4,580, \$0, \$4,580, \$109,828, and \$109,828, respectively, and is presented as part of these consolidated financial statements (financial statements). For the year ended June 30, 2015, the CLP reported assets, liabilities, net assets, revenues, and expenses as \$35,480, \$30,900, \$4,580, \$40,300, and \$40,300, respectively.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Basis of Accounting

WC&S's financial statements have been prepared on the accrual basis of accounting. Revenues are recognized as they are earned and expenses are recorded when liabilities are incurred.

#### Revenue Recognition

Contributions are recognized when they are received or unconditionally pledged. WC&S records unconditional promises to give at their net realizable value. WC&S receives the

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# WOMEN'S CENTER AND SHELTER OF GREATER PITTSBURGH

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2016 AND 2015

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majority of its grant and contract revenue from federal, state, county, and city agencies. WC&S recognizes contract revenue (up to the contract amount) either on a pro-rata basis over the period of the grant or to the extent of expenses. Revenue recognition depends on the contract. Unearned revenue consists of amounts received in advance of the related expenses being incurred. Any of its funding sources may, at its discretion, request reimbursement for expenses or return of funds, or both as a result of non-compliance by WC&S with the terms of the grants or contracts. Management is unaware of any instances of non-compliance with grant or contract terms.

Contributions of donated non-cash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

### Net Asset Classes

WC&S's financial statements are classified for accounting and reporting purposes into three classes of net assets (unrestricted, temporarily restricted, and permanently restricted) established according to their nature and purpose. Separate accounts are maintained for individual funds; however, for financial reporting purposes, funds that have similar characteristics have been combined into net asset classes.

The assets, liabilities, and net assets of WC&S are reported in net asset classes as follows:

Unrestricted - Used to accumulate all unrestricted and board-designated resources from operations. This class represents the part of net assets of a not-for-profit organization that is neither permanently restricted nor temporarily restricted by donor-imposed stipulations.

Temporarily Restricted - Represents a portion of the net assets of WC&S resulting (a) from contributions and other inflows of assets whose use by WC&S is limited by donor-imposed stipulations that can be fulfilled and removed by actions of WC&S pursuant to those stipulations and (b) from reclassifications to (or from) other classes of net assets as a consequence of donor-imposed stipulations, and their fulfillment and removal by action of WC&S pursuant to those stipulations. When donor restrictions are met, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statements of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same fiscal year are reported as unrestricted support.

# WOMEN'S CENTER AND SHELTER OF GREATER PITTSBURGH

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2016 AND 2015

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Permanently Restricted - Represents net assets with a donor-imposed restriction that stipulates that resources be maintained permanently but permits WC&S to use up or expend part or all of the income derived from the donated assets.

### Use of Estimates in the Preparation of Financial Statements

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

### Investments

Investments are recorded at their fair values in the consolidated statements of financial position. Unrealized gains and losses are included in investment income. Investment income from restricted assets is recorded as unrestricted income.

### Fixed Assets

Fixed assets are capitalized at cost over \$500. Donated equipment is capitalized at fair value at the date of receipt. Depreciation is provided over the estimated useful life of the asset on a straight-line basis.

### Cash and Cash Equivalents

For purposes of the consolidated statements of cash flows, WC&S considers all highly liquid investments available for current use (and not included in the investment trust account) with an initial maturity of three months or less to be cash equivalents. Additionally, activity related to the cash equivalents restricted for acquisition of property is excluded from operating activities in the statement of cash flows.

### Expense Allocation

The allocation of functional expenses approximates program usage. Salaries and occupancy space are the major bases for allocation.

# WOMEN'S CENTER AND SHELTER OF GREATER PITTSBURGH

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2016 AND 2015

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### Tax-Exempt Status

WC&S is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, WC&S qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(1). Further, WC&S annually files a Form 990. WC&S is duly registered as a Charitable Organization with the Department of State, Commonwealth of Pennsylvania.

Accordingly, no provision for income taxes is recorded in the financial statements. WC&S has not identified any material uncertain tax positions requiring an accrual or disclosure in the financial statements.

### Concentration of Risk Factors

A significant portion of WC&S grants and contributions are from organizations and individuals within the Allegheny County area. In addition, its employees, volunteers, clients, and vendors primarily reside in the Allegheny County area and therefore, economic and demographic influences on this area could impact WC&S operations.

Additionally, at June 30, 2016 and 2015, WC&S had \$1,578,301 and \$759,187, respectively, in deposits in local financial institutions in excess of the amount insured by the FDIC. The solvency of the financial institutions is not a concern of management at this time.

Concentration of credit risk for investments in marketable securities is mitigated by both the distribution of investment funds among asset managers and the overall diversification of managed investment portfolios. Investment securities are also exposed to various other risks such as interest rate and market risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in values of investment securities will occur in the near-term and that such change could materially affect the amount reported on the statements of financial position.

### Pending Accounting Standards Update

The Financial Accounting Standards Board (FASB) has issued amendments of the FASB Accounting Standard Codification that will become effective in future years as shown below. Management has not yet determined the impact of these statements on WC&S's financial statements:

ASU No. 2014-09, "*Revenue from Contracts with Customers (Topic 606)*," effective for WC&S's financial statements for the year ending June 30, 2020. This standard provides a

# WOMEN'S CENTER AND SHELTER OF GREATER PITTSBURGH

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2016 AND 2015

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single, comprehensive revenue recognition model for all contracts with customers, and contains principles to determine the measurement of revenue and timing of when it is recognized. Early adoption will be permitted for annual reporting periods beginning after December 15, 2017.

ASU-2016-02, "*Leases (Topic 842)*," effective for WC&S's financial statements for the year ending June 30, 2021. This standard will require lessees to recognize assets and liabilities on the statements of financial position for the rights and obligations created by all leases with terms of more than twelve months. Disclosures also will be required by lessees to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

ASU No. 2016-14, "*Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*," effective for WC&S's financial statements for the year ending June 30, 2019. This standard aims to improve how a nonprofit organization classifies its net assets and provides information in its financial statements and notes about its financial performance, cash flow, and liquidity. The ASU changes the net asset classification, requires presentation of expenses both by nature and function, requires investment return reported net of investment expenses, requires placed-in-service approach for gifts of/for long-lived assets and provides enhanced disclosures for: governing body restrictions; composition of net assets with donor restrictions; qualitative and quantitative information on liquidity; methods to allocate costs among program and support functions; and underwater donor-restricted endowments.

### Reclassification

Certain items for 2015 have been reclassified to conform to the 2016 presentation. The reclassification had no effect on the change in net assets.

### Subsequent Events

Subsequent events have been evaluated through the Independent Auditor's Report date, which is the date the financial statements were available to be issued.

# WOMEN'S CENTER AND SHELTER OF GREATER PITTSBURGH

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2016 AND 2015

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### 3. CONTRIBUTIONS RECEIVABLE

At June 30, WC&S had contributions receivable as follows:

	<u>2016</u>	<u>2015</u>
Due within one year	\$ 503,287	\$ 105,206
Due within two to five years	<u>494,792</u>	<u>202,327</u>
Total	<u>\$ 998,079</u>	<u>\$ 307,533</u>

All contributions receivable are deemed fully collectible and, as such, no allowance has been recorded. The effect of a present valuation of the contributions receivable has been deemed by management as immaterial.

### 4. RESERVE FUND

The objectives of WC&S' Reserve Fund are to support ongoing operations, promote public and donor confidence in the long-term sustainability of WC&S, provide for nonrecurring expenses that will build long-term capacity, provide an internal source of funds for situations such as a sudden increase in expenses, one-time budgeted expenses, unanticipated loss in funding, or uninsured losses, and to maintain an internal line of credit to manage cash flow and maintain financial flexibility. To satisfy its long-term rate-of-return objectives, WC&S relies on a total rate-of-return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

WC&S invests reserve assets with an overall asset allocation of 60% equities and 40% bonds and cash with the ability of a 10% variance from these allocations due to market conditions. Endowment funds are invested in a manner that will protect the principal value relative to inflation, encourage capital appreciation, a safeguard against the loss of principal due to the assumption of undue risk.

WC&S's average spending policy is approximately 3.3% of the total market value derived from an expected asset allocation of 60% equities and 40% bonds with average long-term returns of 8% and 3%, respectively. Actual spending may vary according to the needs of WC&S.

# WOMEN'S CENTER AND SHELTER OF GREATER PITTSBURGH

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2016 AND 2015

The reserve asset portfolio was comprised of the following at June 30, 2016 and 2015:

	2016	2015
Cash and cash equivalents:		
Money market	\$ 25,233	\$ 170,250
Investments:		
Money market funds	230,594	159,997
Bonds and notes	2,221,629	2,259,069
Equities	2,473,519	2,603,357
Mutual funds	2,224,851	2,202,317
Exchange traded funds and other	512,568	539,570
Total reserve asset portfolio	\$ 7,688,394	\$ 7,934,560

The reserve net asset classes are primarily unrestricted, Board-designated, and a portion related to permanently restricted net assets as described in the table below.

During fiscal 2016, WC&S had the following reserve and endowment related activities:

	Board- Designated Reserve	Permanently Restricted Endowment	Total Reserve and Endowment
Investment return:			
Investment income	\$ 140,622	\$ 2,494	\$ 143,116
Net appreciation (depreciation)	(185,249)	(3,286)	(188,535)
Investment fees	(54,410)	(965)	(55,375)
Total investment return (loss)	(99,037)	(1,757)	(100,794)
Transfers to/from other funds	(147,129)	1,757	(145,372)
Total change in reserve and endowment funds	(246,166)	-	(246,166)
Reserve and endowment funds:			
Beginning of year	7,800,560	134,000	7,934,560
End of year	\$ 7,554,394	\$ 134,000	\$ 7,688,394

# WOMEN'S CENTER AND SHELTER OF GREATER PITTSBURGH

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2016 AND 2015

During fiscal 2015, WC&S had the following reserve and endowment related activities:

	Board- Designated Reserve	Permanently Restricted Endowment	Total Reserve and Endowment
Investment return:			
Investment income	\$ 144,749	\$ 2,459	\$ 147,208
Net appreciation (depreciation)	113,163	1,922	115,085
Investment fees	(54,875)	(932)	(55,807)
Total investment return (loss)	203,037	3,449	206,486
Transfers to/from other funds	(347,351)	(3,449)	(350,800)
Total change in reserve and endowment funds	(144,314)	-	(144,314)
Reserve and endowment funds:			
Beginning of year	7,944,874	134,000	8,078,874
End of year	\$ 7,800,560	\$ 134,000	\$ 7,934,560

### 5. INVESTMENTS

WC&S investments are managed by registered investment advisors. These investments are reported at fair value. As of June 30, 2016 and 2015, investments consist of the following:



# WOMEN'S CENTER AND SHELTER OF GREATER PITTSBURGH

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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	2016	2015
Money market accounts	\$ 230,594	\$ 159,997
Fixed income:		
Taxable	2,099,109	2,239,025
High yield	122,520	-
Tax-exempt	-	20,044
Equities:		
U.S. large cap	2,473,519	2,603,357
Mutual funds:		
U.S. mid cap	655,799	609,513
U.S. small cap	338,001	444,583
Developed international	790,580	740,990
Emerging markets	354,561	327,729
Real estate investment trust	85,910	79,502
Exchange traded funds and other	512,568	539,570
Total investments	\$ 7,663,161	\$ 7,764,310

Investment income (loss) for the years ended June 30, 2016 and 2015 is summarized as follows:

	2016	2015
Interest and dividend income	\$ 143,116	\$ 147,208
Net realized and unrealized gain (loss)	(188,535)	115,085
	\$ (45,419)	\$ 262,293

In accordance with accounting principles generally accepted in the United States of America, all investments of WC&S are measured using Level 1, Level 2, and Level 3 fair value inputs. Level 1 fair value is defined as inputs based upon “measuring the value at quoted prices available in active markets for identical assets or liabilities as of the report date. A quoted price for an identical asset or liability in an active market provides the most reliable fair value measurement because it is directly observable to the market.” Level 2 is defined as inputs based upon “measuring pricing units other than at quoted prices in active markets, which are either directly or indirectly observable as of the report date. The nature of these securities includes investments for which quoted prices are available but traded less frequently and investments that are fair valued using other securities, the parameters of which can be directly observed.” Level

# WOMEN’S CENTER AND SHELTER OF GREATER PITTSBURGH

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2016 AND 2015

3 is defined as inputs based upon “significant unobservable inputs, as they trade infrequently or not at all.”

The fair values of investments held by WC&S are determined using quoted prices in active markets for identical assets and, as such, are classified at June 30, 2016 and 2015 as Level 1 assets within the fair value hierarchy.

### 6. FIXED ASSETS

Fixed assets are comprised of the following amounts at June 30, 2016:

	Balance at June 30, 2015	Additions/ Reclass	Deletions/ Reclass	Balance at June 30, 2016
Construction in progress	\$ 632,236	\$ 625,315	\$ -	\$ 1,257,551
Land and improvements	\$ 254,086	\$ -	\$ -	\$ 254,086
Building	4,382,276	-	-	4,382,276
Office equipment	559,146	166,930	(51,028)	675,048
	5,195,508	166,930	(51,028)	5,311,410
Less: accumulated depreciation	(2,894,980)	(184,739)	51,028	(3,028,691)
Net land, building, and equipment	\$ 2,300,528	\$ (17,809)	\$ -	\$ 2,282,719

# WOMEN'S CENTER AND SHELTER OF GREATER PITTSBURGH

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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Fixed assets are comprised of the following amounts at June 30, 2015:

	Balance at June 30, 2014	Additions/ Reclass	Deletions/ Reclass	Balance at June 30, 2015
Construction in progress	\$ -	\$ 632,236	\$ -	\$ 632,236
Land and improvements	\$ 254,086	\$ -	\$ -	\$ 254,086
Building	4,480,499	-	(98,223)	4,382,276
Office equipment	522,205	37,928	(987)	559,146
	5,256,790	37,928	(99,210)	5,195,508
Less: accumulated depreciation	(2,714,641)	(181,326)	987	(2,894,980)
Net land, building, and equipment	\$ 2,542,149	\$ (143,398)	\$ (98,223)	\$ 2,300,528

### 7. NOTES PAYABLE

WC&S has a secured note payable to the Urban Redevelopment Authority of Pittsburgh (URA) in the original amount of \$200,000 with interest at 4%. This was payable over a twenty-five year period in monthly installments of \$1,056 including principal and interest, with final maturity in fiscal year 2021. WC&S paid off this loan during 2016. WC&S also has a second note payable in the face amount of \$200,000 due to the URA that bears no interest and is due in one lump sum in 2036. The notes payable presentation on the statements of financial position approximates the present value of the URA note payable discounted at an appropriate interest rate:

Principal due in 2036	\$ 200,000
Less: future accretion on zero-interest note	(132,437)
Total	\$ 67,563

# WOMEN'S CENTER AND SHELTER OF GREATER PITTSBURGH

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2016 AND 2015

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### 8. PENSION PLAN

WC&S has a profit-sharing plan (plan) for eligible employees. This plan has a July 1 through June 30 plan year. For employees hired prior to April 1, 2012, WC&S contributes 10.34% of eligible participant salaries. For employees hired on or after April 1, 2012, WC&S contributes 5% of eligible participant salaries, and up to a 2% matching contribution. WC&S's aggregate plan contribution was \$188,091 and \$188,621 for the years ended June 30, 2016 and 2015, respectively.

### 9. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes at June 30:

	<u>2016</u>	<u>2015</u>
Legal Advocacy Program	\$ 5,329	\$ 22,717
Children's Program	9,500	51,173
Shelter Program	27,657	3,763
24-Hour Hotline	-	60,000
Education Program	1,500	9,753
Development	20,000	25,000
Development - future operations	122,340	-
Building improvements	1,708,549	-
Other	-	2,350
	<u>\$ 1,894,875</u>	<u>\$ 174,756</u>

Net assets of \$172,426 and \$134,351 were released from donor restrictions during the fiscal years ended June 30, 2016 and 2015, respectively, by incurring expenses satisfying the restricted purpose.

Income from permanently restricted net assets is designated for long-term investment and aid for women who have been subject to physical or psychological abuse.

# WOMEN'S CENTER AND SHELTER OF GREATER PITTSBURGH

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2016 AND 2015

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### 10. CONTRIBUTED FACILITIES, MATERIAL, AND SERVICES

WC&S receives and recognizes at fair value various in-kind contributions for food and clothing, household items, and various services. The contributed services include amounts for volunteers in legal services, therapy, the shelter, and others.

The above contributions can be summarized as follows for the years ended June 30:

	<u>2016</u>	<u>2015</u>
Contributed services	\$ 77,830	\$ 77,303
Food, clothing, and other	86,809	154,369
Special events services and materials	<u>6,133</u>	<u>24,634</u>
Total	<u>\$ 170,772</u>	<u>\$ 256,306</u>

### 11. FUNDRAISING EVENTS

WC&S schedules several events during the year for fundraising purposes. They are detailed as follows for the years ending June 30:

	<u>2016</u>	<u>2015</u>
Annual Event	\$ 129,199	\$ 174,639
Third Party Events	<u>2,389</u>	<u>51,810</u>
	131,588	226,449
Less cost of events	<u>(52,114)</u>	<u>(67,638)</u>
Total	<u>\$ 79,474</u>	<u>\$ 158,811</u>

### 12. LEASES

During fiscal year 2015, WC&S entered into a non-cancelable operating lease for office space for its legal program offices through March 31, 2020. Prior to entering into this lease, WC&S was paying rent on a month-to-month basis.

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# WOMEN'S CENTER AND SHELTER OF GREATER PITTSBURGH

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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The following is a schedule of future minimum lease payments under the lease:

Year Ending June 30,	Amount
2017	\$ 54,000
2018	54,000
2019	54,000
2020	40,500
Total	<u>\$ 202,500</u>

Total rent expense for the years ended June 30, 2016 and 2015 was \$54,000 and \$54,130, respectively.

### **13. REQUIRED DISCLOSURES FOR THE YEAR ENDED JUNE 30, 2016 - PENNSYLVANIA COALITION AGAINST DOMESTIC VIOLENCE**

Actual dollars spent under the WC&S domestic violence organization-wide budget were \$3,535,958.

Match requirement monies were provided as required and were spent during the contract period July 1, 2015 through June 30, 2016.

WC&S expended \$1,155,043 in Federal Financial Assistance for the fiscal year ended June 30, 2016 and was required to have a Single Audit performed.

There was no interest income earned on grant funds.

### **14. CONDITIONAL PLEDGE**

As of June 30, 2016, WC&S has one conditional pledge totaling \$1,500,000. A conditional pledge is defined by WC&S as a donor-imposed stipulation that specifies a future and uncertain event whose occurrence or failure to occur gives the donor the right of return of the assets or releases the donor from the obligation to transfer assets in the future. Payment of the pledge was conditioned upon WC&S securing all funding for Phase 1 of the renovation project. Payment was received in July 2016 when all conditions were met.

# **WOMEN'S CENTER AND SHELTER OF GREATER PITTSBURGH**

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

YEARS ENDED JUNE 30, 2016 AND 2015

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### **15. LINE OF CREDIT**

On February 12, 2015, WC&S obtained a standby term note in the amount of \$1,000,000. The standby term note bore interest at 1.25% above the LIBOR Advantage Rate throughout fiscal year 2016 until the note was paid off and closed in May 2016.

In June 2016, WC&S entered into a loan agreement with the Wilkesburg Borough Industrial and Commercial Development Authority (Authority) and a regional bank (or financial institution). Through this agreement, the Authority issued a Revenue Note, Series 2016 in the amount of \$9,000,000 to assist in the short-term financing of the facility renovation costs. The draw-down Revenue Note bears a rate equal to the Bank Qualified Tax Exempt Rate (the LIBOR Rate plus one hundred basis points). As of June 30, 2016, \$200,000 has been drawn from the note. The note is secured by the deposits of WC&S and matures on June 16, 2018.

### **16. CONSTRUCTION COMMITMENT**

At June 30, 2016, WC&S has construction commitments totaling approximately \$8 million for building renovations.

### **17. SUBSEQUENT EVENT**

Subsequent to year-end, WC&S entered into an agreement with Pittsburgh Urban Initiative (PUI) to receive a portion of the New Markets Tax Credit Allocation received by PUI from the Community Development Financial Institutions Funds of the Department of Treasury (CDFI Fund). WC&S is expected to net approximately \$1,617,000 under this agreement.