# YWCA Metropolitan Chicago

## Financial Report
## with Additional Information
## June 30, 2016

# YWCA Metropolitan Chicago

## Contents

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Independent Auditor's Report

To the Board of Directors
YWCA Metropolitan Chicago

## Report on the Financial Statements

We have audited the accompanying financial statements of YWCA Metropolitan Chicago (the "Agency" or the "YWCA"), which comprise the statement of financial position as of June 30, 2016 and 2015 and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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

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

### *Auditor's Responsibility*

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

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

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

Praxity MEMBER
GLOBAL ALLIANCE OF INDEPENDENT FIRMS

To the Board of Directors
YWCA Metropolitan Chicago

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of YWCA Metropolitan Chicago as of June 30, 2016 and 2015 and the changes in its net assets, functional expenses, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2016 on our consideration of YWCA Metropolitan Chicago's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 YWCA Metropolitan Chicago's internal control over financial reporting and compliance.

Plante & Moran, PLLC

November 21, 2016

## Statement of Financial Position

| | June 30, 2016 | June 30, 2015 |
|---|---|---|
| **Assets** | | |
| Cash | $ 250,419 | $ 763,911 |
| Receivables: | | |
| Grants receivable - Net of allowance for doubtful accounts of $217,722 and $0 as of June 30, 2016 and 2015, respectively | 1,648,365 | 1,335,586 |
| Pledges receivable - Net of allowance for doubtful accounts of $16,463 and $16,863 as of June 30, 2016 and 2015, respectively | 26,023 | 17,927 |
| Prepaid expenses and other | 211,116 | 202,057 |
| Leasehold improvements and equipment | 550,744 | 315,581 |
| Investments | 3,273,192 | 3,501,801 |
| Investments held in trust by others | 11,555,749 | 12,204,714 |
| Total assets | **$ 17,515,608** | **$ 18,341,577** |
| **Liabilities and Net Assets** | | |
| **Liabilities** | | |
| Accounts payable | $ 168,013 | $ 283,673 |
| Bank line of credit | 875,000 | 300,000 |
| Accrued expenses: | | |
| Payroll | 228,971 | 217,008 |
| Vacation | 256,649 | 246,928 |
| Unemployment | 120,744 | 99,947 |
| Other | 331,399 | 290,652 |
| Term loan | - | 118,155 |
| Deferred revenue | 74,666 | 91,732 |
| Deferred rent | 161,863 | 165,376 |
| Total liabilities | 2,217,305 | 1,813,471 |
| **Net Assets** | | |
| Unrestricted | 3,041,103 | 3,015,999 |
| Temporarily restricted | 669,109 | 1,275,051 |
| Permanently restricted | 11,588,091 | 12,237,056 |
| Total net assets | 15,298,303 | 16,528,106 |
| Total liabilities and net assets | **$ 17,515,608** | **$ 18,341,577** |

## Statement of Activities and Changes in Net Assets

| | Year Ended | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | June 30, 2016 | | | | June 30, 2015 | | | |
| | Unrestricted | Temporarily Restricted | Permanently Restricted | Total | Unrestricted | Temporarily Restricted | Permanently Restricted | Total |
| **Revenue and Support** | | | | | | | | |
| Public support: | | | | | | | | |
| Contributions and other | $ 1,835,909 | $ 85,000 | $ - | $ 1,920,909 | $ 870,541 | $ 938,024 | $ - | $ 1,808,565 |
| United Way | 251,211 | - | - | 251,211 | 245,004 | - | - | 245,004 |
| Special events - Net of direct expenses of $207,925 and $288,955 in 2016 and 2015, respectively | 582,343 | - | - | 582,343 | 518,973 | - | - | 518,973 |
| Total public support | 2,669,463 | 85,000 | - | 2,754,463 | 1,634,518 | 938,024 | - | 2,572,542 |
| Government fees and grants: | | | | | | | | |
| Illinois State Board of Education | 2,927,238 | - | - | 2,927,238 | 2,980,911 | - | - | 2,980,911 |
| Illinois Department of Human Services | 2,458,524 | - | - | 2,458,524 | 2,344,395 | - | - | 2,344,395 |
| Illinois Coalition Against Sexual Assault | 2,762,784 | - | - | 2,762,784 | 2,712,137 | - | - | 2,712,137 |
| The Ounce of Prevention Fund | 203,311 | - | - | 203,311 | 203,316 | - | - | 203,316 |
| Other government support | 165,150 | - | - | 165,150 | 158,973 | - | - | 158,973 |
| Total government fees and grants | 8,517,007 | - | - | 8,517,007 | 8,399,732 | - | - | 8,399,732 |
| Program service fees | 200,176 | - | - | 200,176 | 174,991 | - | - | 174,991 |
| Other revenue: | | | | | | | | |
| Net realized and unrealized losses on investments | (89,605) | - | - | (89,605) | (68,383) | - | - | (68,383) |
| Interest and dividend income | 540,977 | - | - | 540,977 | 394,728 | - | - | 394,728 |
| Change in fair value of beneficial interest in trust | - | - | (648,965) | (648,965) | - | - | 1,352,014 | 1,352,014 |
| Miscellaneous income | 27,138 | - | - | 27,138 | 36,678 | - | - | 36,678 |
| Total other revenue | 478,510 | - | (648,965) | (170,455) | 363,023 | - | 1,352,014 | 1,715,037 |
| Total revenue and support | 11,865,156 | 85,000 | (648,965) | 11,301,191 | 10,572,264 | 938,024 | 1,352,014 | 12,862,302 |
| Net assets released from restrictions | 690,942 | (690,942) | - | - | 267,525 | (267,525) | - | - |
| Total revenue, support, and net assets released from restrictions | 12,556,098 | (605,942) | (648,965) | 11,301,191 | 10,839,789 | 670,499 | 1,352,014 | 12,862,302 |

## Statement of Activities and Changes in Net Assets (Continued)

| | Year Ended | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | June 30, 2016 | | | | June 30, 2015 | | | |
| | Unrestricted | Temporarily Restricted | Permanently Restricted | Total | Unrestricted | Temporarily Restricted | Permanently Restricted | Total |
| **Expenses** | | | | | | | | |
| Program services | $ 9,903,949 | $ - | $ - | $ 9,903,949 | $ 9,414,114 | $ - | $ - | $ 9,414,114 |
| Management and general | 1,428,830 | - | - | 1,428,830 | 1,419,932 | - | - | 1,419,932 |
| Fundraising | 1,198,215 | - | - | 1,198,215 | 716,933 | - | - | 716,933 |
| Total expenses | 12,530,994 | - | - | 12,530,994 | 11,550,979 | - | - | 11,550,979 |
| **Increase (Decrease) in Net Assets** - Before write-off of uncollectible pledges | 25,104 | (605,942) | (648,965) | (1,229,803) | (711,190) | 670,499 | 1,352,014 | 1,311,323 |
| **Write-off of Uncollectible Pledges** | - | - | - | - | - | (105,686) | - | (105,686) |
| **Increase (Decrease) in Net Assets** | 25,104 | (605,942) | (648,965) | (1,229,803) | (711,190) | 564,813 | 1,352,014 | 1,205,637 |
| **Net Assets** - Beginning of year | 3,015,999 | 1,275,051 | 12,237,056 | 16,528,106 | 3,727,189 | 710,238 | 10,885,042 | 15,322,469 |
| **Net Assets** - End of year | **$ 3,041,103** | **$ 669,109** | **$ 11,588,091** | **$ 15,298,303** | **$ 3,015,999** | **$ 1,275,051** | **$ 12,237,056** | **$ 16,528,106** |

See Notes to Financial Statements.

# Statement of Functional Expenses
## Year Ended June 30, 2016

| | Program Services | | | | | | Support Services | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Child Care Food Subsidies | Counsel and Support Services | Information Referral and Linkage | Research and Advocacy | Supplemental Education | Total | Management and General | Fundraising | Total | 2016 Total |
| Salaries | $ 146,039 | $ 1,239,819 | $ 1,421,314 | $ 859,334 | $ 598,693 | $ 4,265,199 | $ 674,343 | $ 496,966 | $ 1,171,309 | $ 5,436,508 |
| Employee health and retirement benefits and payroll taxes | 43,583 | 301,605 | 301,273 | 179,510 | 154,451 | 980,422 | 127,991 | 100,603 | 228,594 | 1,209,016 |
| Total salaries and related expenses | 189,622 | 1,541,424 | 1,722,587 | 1,038,844 | 753,144 | 5,245,621 | 802,334 | 597,569 | 1,399,903 | 6,645,524 |
| Professional fees | 32,966 | 23,112 | 20,745 | 30,640 | 41,934 | 149,397 | 320,680 | 162,991 | 483,671 | 633,068 |
| Supplies | 4,539 | 43,661 | 25,695 | 8,299 | 21,113 | 103,307 | 4,455 | 4,278 | 8,733 | 112,040 |
| Telephone | 10,698 | 80,651 | 47,320 | 4,767 | 24,289 | 167,725 | 44,066 | 16,767 | 60,833 | 228,558 |
| Postage | 4,748 | 384 | 8,735 | 63 | 94 | 14,024 | 2,598 | 1,852 | 4,450 | 18,474 |
| Occupancy | 22,630 | 407,821 | 137,519 | 9,387 | 211,951 | 789,308 | 101,999 | 53,017 | 155,016 | 944,324 |
| Outside printing and artwork | 4,956 | 1,511 | 21,882 | 692 | 601 | 29,642 | 124 | 24,883 | 25,007 | 54,649 |
| Program activity | 2,659,108 | - | 220,293 | - | - | 2,879,401 | - | - | - | 2,879,401 |
| Equipment rental and maintenance | 5,679 | 18,230 | 11,895 | 1,013 | 4,359 | 41,176 | 10,631 | 8,332 | 18,963 | 60,139 |
| Membership dues | 185 | 1,435 | - | 150 | 850 | 2,620 | 47,932 | 823 | 48,755 | 51,375 |
| Interest expense | - | - | - | - | - | - | 9,761 | - | 9,761 | 9,761 |
| Other expenses | 17,243 | 236,434 | 37,904 | 44,319 | 66,804 | 402,704 | 23,256 | 327,703 | 350,959 | 753,663 |
| Depreciation and amortization | - | - | - | - | 79,024 | 79,024 | 60,994 | - | 60,994 | 140,018 |
| Total functional expenses | **$ 2,952,374** | **$ 2,354,663** | **$ 2,254,575** | **$ 1,138,174** | **$ 1,204,163** | **$ 9,903,949** | **$ 1,428,830** | **$ 1,198,215** | **$ 2,627,045** | **$ 12,530,994** |

# YWCA Metropolitan Chicago

## Statement of Functional Expenses
## Year Ended June 30, 2015

| | Program Services | | | | | | Support Services | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Child Care Food Subsidies | Counsel and Support Services | Information Referral and Linkage | Research and Advocacy | Supplemental Education | Total | Management and General | Fundraising | Total | 2015 Total |
| Salaries | $ 153,217 | $ 1,207,639 | $ 1,335,224 | $ 735,185 | $ 505,556 | $ 3,936,821 | $ 713,702 | $ 448,098 | $ 1,161,800 | $ 5,098,621 |
| Employee health and retirement benefits and payroll taxes | 43,147 | 277,121 | 263,911 | 160,817 | 124,907 | 869,903 | 133,872 | 96,988 | 230,860 | 1,100,763 |
| Total salaries and related expenses | 196,364 | 1,484,760 | 1,599,135 | 896,002 | 630,463 | 4,806,724 | 847,574 | 545,086 | 1,392,660 | 6,199,384 |
| Professional fees | 38,946 | 31,369 | 14,870 | 124,402 | 22,240 | 231,827 | 280,450 | 36,140 | 316,590 | 548,417 |
| Supplies | 2,410 | 33,834 | 34,251 | 10,502 | 10,632 | 91,629 | 5,405 | 3,000 | 8,405 | 100,034 |
| Telephone | 10,010 | 56,588 | 32,356 | 8,075 | 14,185 | 121,214 | 22,950 | 17,596 | 40,546 | 161,760 |
| Postage | 5,248 | 646 | 21,293 | 12 | 33 | 27,232 | 1,085 | 3,603 | 4,688 | 31,920 |
| Occupancy | 24,367 | 427,690 | 156,806 | 34,599 | 232,030 | 875,492 | 75,449 | 52,761 | 128,210 | 1,003,702 |
| Outside printing and artwork | 5,767 | 218 | 36,464 | 1,038 | 599 | 44,086 | 1,125 | 3,982 | 5,107 | 49,193 |
| Program activity | 2,698,645 | - | 145,983 | - | 1,007 | 2,845,635 | - | - | - | 2,845,635 |
| Equipment rental and maintenance | 2,401 | 16,662 | 29,727 | 643 | 4,045 | 53,478 | 5,594 | 5,792 | 11,386 | 64,864 |
| Membership dues | 100 | 1,957 | 581 | - | 645 | 3,283 | 56,989 | 2,305 | 59,294 | 62,577 |
| Interest expense | - | - | - | - | - | - | 14,820 | - | 14,820 | 14,820 |
| Other expenses | 11,725 | 1,116 | 22,721 | 61,578 | 40,609 | 137,749 | 50,093 | 46,668 | 96,761 | 234,510 |
| Depreciation and amortization | - | - | - | - | 175,765 | 175,765 | 58,398 | - | 58,398 | 234,163 |
| Total functional expenses | **$ 2,995,983** | **$ 2,054,840** | **$ 2,094,187** | **$ 1,136,851** | **$ 1,132,253** | **$ 9,414,114** | **$ 1,419,932** | **$ 716,933** | **$ 2,136,865** | **$ 11,550,979** |

# YWCA Metropolitan Chicago

## Statement of Cash Flows

| | Year Ended June 30, 2016 | Year Ended June 30, 2015 |
|---|---|---|
| **Cash Flows from Operating Activities** | | |
| (Decrease) increase in net assets | $ (1,229,803) | $ 1,205,637 |
| Adjustments to reconcile (decrease) increase in net assets to net cash from operating activities: | | |
| Write-off of pledges receivable | - | 105,686 |
| Amortization of discount on pledges | - | (22,390) |
| Depreciation and amortization | 140,018 | 234,164 |
| Net realized and unrealized losses on investments | 89,605 | 68,383 |
| Change in fair value of beneficial interest in trust | 648,965 | (1,352,014) |
| Contributions restricted for long-term assets | (464,243) | - |
| Increase in grants receivable | (312,779) | (565,941) |
| (Increase) decrease in pledges receivable | (8,096) | 39,028 |
| Increase in prepaid expenses | (9,059) | (67,728) |
| (Decrease) increase in accounts payable and accrued expenses | (32,432) | 224,398 |
| (Decrease) increase in contract advances, deferred revenue, and deferred rent | (20,579) | 58,208 |
| Net cash used in operating activities | (1,198,403) | (72,569) |
| **Cash Flows from Investing Activities** | | |
| Fixed-asset purchases | (375,181) | (140,092) |
| Sale of investments | 205,183 | 857,189 |
| Reinvestment of interest and dividend income | (66,179) | (82,924) |
| Net cash (used in) provided by investing activities | (236,177) | 634,173 |
| **Cash Flows from Financing Activities** | | |
| Payments on term loan | (118,155) | (128,928) |
| Net line of credit borrowings (payments) | 575,000 | (150,000) |
| Collection of contributions restricted for acquisition of long-term assets | 464,243 | - |
| Net cash provided by (used in) financing activities | 921,088 | (278,928) |
| **Net (Decrease) Increase in Cash** | (513,492) | 282,676 |
| **Cash** - Beginning of year | 763,911 | 481,235 |
| **Cash** - End of year | **$ 250,419** | **$ 763,911** |
| **Supplemental Disclosure of Cash Flow Information** - Cash payments for interest | **$ 14,820** | **$ 14,590** |

## Note 1 - Nature of Business and Significant Accounting Policies

**Nature of Operations** - YWCA Metropolitan Chicago (the "Agency" or the "YWCA") recognizes that the health of our communities relies on three critical empowerment priorities for women: freedom from violence, access to quality education and training, and economic sustainability. Through many transformational programs and services, and guided by a mission of eliminating racism and empowering women, YWCA Metropolitan Chicago is working to address these issues throughout metro Chicagoland and seeks to be an innovative leader and global role model for helping women transition from surviving to thriving.

Operating out of eight centers in the greater Chicago area, last year, YWCA Metropolitan Chicago served over 200,000 women, children, and families.

The broad scope of current services includes violence prevention education, crisis intervention, counseling for survivors of sexual assault and their families, medical and legal advocacy, computer technology training, business and entrepreneurial services, financial management education, career services, science, technology, engineering, and math (STEM) education for girls, and many programs designed to help improve the access and quality of early childhood education.

- The YWCA is the largest provider of sexual violence services in the state of Illinois.
- The YWCA operates the only rape crisis hotlines in Chicago and DuPage County.
- The YWCA conducts trainings for child care providers and provides referrals for families.
- The YWCA's Economic Empowerment Services offer women and girls help with planning for a career, career advancement, and financial sustainability.

The accounting policies of the Agency conform to accounting principles generally accepted in the United States of America as applicable to voluntary health and welfare organizations.

**Basis of Presentation - Classification of Net Assets** - The Agency's net assets have been grouped into the following three classes:

- **Unrestricted** - Net assets that are not subject to donor-imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of the board of directors or may otherwise be limited by contractual agreements with outside parties.

## Note 1 - Nature of Business and Significant Accounting Policies (Continued)

- **Temporarily Restricted** - Net assets whose use by the Agency is subject to donor-imposed stipulations that can be fulfilled by actions of the Agency pursuant to those stipulations or that expire by the passage of time. Donor-restricted contributions whose restrictions expire during the same fiscal year are recognized as unrestricted revenue.
- **Permanently Restricted** - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Agency. The Agency's permanent endowment funds primarily consist of beneficial interest in trusts. The donors of these assets permit the Agency to use the distributed interest and dividends on these assets for operations.

Revenue is reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or law. Expirations of donor-imposed stipulations that simultaneously increase one class of net assets and decrease another are reported as reclassifications between applicable classes of net assets.

**Investments** - Investments consist of equity funds, fixed-income funds, a hedge fund, a real estate fund, and commodity funds. Investments are stated at fair value. The realized gains and losses on investments sold are computed using the specific recorded cost of each security. Interest and dividend income is recorded on the accrual basis. The YWCA's investments are exposed to various risks such as interest rate, credit, and overall market volatility. Due to these risk factors, it is reasonably possible that changes in the value of investments will occur in the near term and could materially affect the amounts reported in the statement of financial position.

**Investments Held in Trust by Others** - The Agency has funds held in trust by others from which income is received based on the Agency's ownership share. The interest in trusts is stated at the estimated fair value of the assets based on the percentage of the trust designated to the Agency applied to the total fair value of the trust, which is based primarily on quoted market prices of the trust's underlying assets. The Agency's share of such trusts' assets is included in the statement of financial position as investments held in trust by others and is classified as permanently restricted net assets.

## Note 1 - Nature of Business and Significant Accounting Policies (Continued)

**Leasehold Improvements and Equipment** - Leasehold improvements and equipment are stated at cost. Donated assets are recorded at their fair values as of the dates of the gifts. The Agency's policy is to capitalize all fixed assets with a cost greater than $5,000, other than those acquired with government funds, and to depreciate the cost over the estimated useful lives of the assets using the straight-line method. All fixed assets with a cost of over $500 acquired with government funds are also capitalized per contract requirements. Leasehold improvements are amortized over the terms of the leases or their useful lives, if shorter. Expenditures for maintenance and repairs are generally charged to operating expense.

When leasehold improvements and equipment are disposed of, the cost and accumulated depreciation are eliminated from the accounts and any resulting gain or loss is included in the statement of activities and changes in net assets.

**Income Tax Status** - The Agency is exempt from income tax under provisions of Internal Revenue Code Section 501(c)(3). Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Agency and recognize a tax liability if the Agency has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS or other applicable taxing authorities. Management has analyzed the tax positions taken by the Agency and has concluded that as of June 30, 2016 and 2015, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. The Agency is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

**Deferred Revenue** - Deferred revenue represents payments received for special events and other purposes that have not been earned as of the report date.

**Deferred Rent** - The Agency records a deferred rent liability for tenant improvement allowances and the excess of straight-line rent expense over actual rent payments. The Agency amortizes the deferred rent over the terms of the leases as reductions to rent expense.

**Government Fees and Grants, Contributions, and Other Revenue** - The Agency receives all of its government fees and grant revenue from federal, state, and city agencies. The Agency recognizes grant revenue (up to the ceiling) either on a pro-rata basis over a 12-month period, which represents the service period for certain arrangements, or as expenses are incurred. Government fee revenue is recognized as services are provided in amounts provided for under the terms of the underlying agreements.

## Note 1 - Nature of Business and Significant Accounting Policies (Continued)

Any of the funding sources may, at its discretion, request reimbursement for expenses or return of funds, or both, as a result of noncompliance by the Agency with the terms of the grants.

Contributions received, including unconditional promises, are recognized at fair value, net of allowances. Donor-restricted contributions and promises, whose restrictions are met in the same reporting period, are reported as unrestricted support. Promises of noncash assets are recorded at their fair value. Conditional promises are recorded when donor stipulations are substantially met.

A substantial number of individuals and organizations have volunteered their services to the Agency. The estimated value of such donated services has not been recorded in the financial statements. However, donations of public service announcements on the radio have been reflected in the financial statements at their fair value at the date the services were received. These donations totaled approximately $290,000 at June 30, 2016. There were no such donations in 2015.

**Grants and Pledges Receivable** - Grants and pledges receivable consist of government grants and other unconditional promises, and are recorded at fair value. Management monitors the collection of pledge and grant receivables on a monthly basis and amounts are written off when deemed uncollectible.

**Cash** - Cash consists of cash on hand, cash in banks, and short-term highly liquid investments, which are readily convertible into cash within 90 days of purchase. The cash in the Agency's bank accounts may at times exceed federally insured limits. The Agency has not experienced any losses in such accounts. The Agency believes it is not exposed to any significant credit risk on cash.

**Use of Estimates** - 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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue, expenses, and other changes in net assets during the reporting period. Actual results could differ from those estimates.

**Functional Allocation of Expenses** - The costs of providing the program and support services have been reported on a functional basis in the statement of activities and changes in net assets. Indirect costs have been allocated between the various programs and support services based on estimates, as determined by management. Although the methods of allocation used are considered reasonable, other methods could be used that would produce a different amount.

### Note 1 - Nature of Business and Significant Accounting Policies (Continued)

**Upcoming Accounting Change** - The Financial Accounting Standards Board (FASB) issued Accounting Standards Update No. 2016-14, *Not-for-Profit Entities* (Topic 958): *Presentation of Financial Statements of Not-for-Profit Entities* in August 2016. ASU No. 2016-14 requires significant changes to the financial reporting model of organizations that follow FASB not-for-profit rules, including changing from three classes of net assets to two classes, net assets with donor restrictions and net assets without donor restrictions. The ASU will also require changes in the way certain information is aggregated and reported by the Agency, including required disclosures about the liquidity and availability of resources. The new standard is effective for the Agency's year ending June 30, 2019 and thereafter and must be applied on a retrospective basis. The Agency is currently evaluating the impact this standard will have on the financial statements.

In May 2014, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which will supersede the current revenue recognition requirements in Topic 605, *Revenue Recognition*. The ASU is based on the principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The ASU also requires additional disclosure about the nature, amount, timing, and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. The new guidance will be effective for the Agency's year ending June 30, 2020. The ASU permits application of the new revenue recognition guidance to be applied using one of two retrospective application methods. The Agency has not yet determined which application method it will use or the potential effects of the new standard on the financial statements, if any.

## Note 1 - Nature of Business and Significant Accounting Policies (Continued)

In February 2016, the Financial Accounting Standards Board issued ASU 2016-02, *Leases*, which will supersede the current lease requirements in ASC 840. The ASU requires lessees to recognize a right-of-use asset and related lease liability for all leases, with a limited exception for short-term leases. Leases will be classified as either finance or operating, with the classification affecting the pattern of expense recognition in the statement of operations. Currently, leases are classified as either capital or operating, with only capital leases recognized on the balance sheet. The reporting of lease-related expenses in the statements of operations and cash flows will be generally consistent with the current guidance. The new lease footnote guidance will be effective for the Agency's year ending June 30, 2021 and will be applied using a modified retrospective transition method to the beginning of the earliest period presented. The new lease standard is expected to have a significant effect on the Agency's financial statements as a result of the leases for operating facilities classified as operating leases. The effect of applying the new lease guidance on the financial statements has not yet been determined.

**Subsequent Events** - The financial statements and related disclosures include evaluation of events up through and including November 21, 2016, which is the date the financial statements were available to be issued.

## Note 2 - Fair Value Measurements

Accounting standards require certain assets and liabilities be reported at fair value in the financial statements and provide a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the inputs and valuation techniques used to measure fair value.

The following tables present information about the Agency's assets measured at fair value on a recurring basis at June 30, 2016 and 2015 and the valuation techniques used by the Agency to determine those fair values.

Fair values determined by Level 1 inputs use quoted prices in active markets for identical assets or liabilities that the Agency has the ability to access.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and other inputs such as interest rates and yield curves that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset. These Level 3 fair value measurements are based primarily on management's own estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset.

### Note 2 - Fair Value Measurements (Continued)

In instances whereby inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Agency's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

**Assets Measured at Fair Value on a Recurring Basis at June 30, 2016**

| | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) | Balance at June 30, 2016 |
|---|---|---|---|---|
| **Assets** | | | | |
| Mutual funds: | | | | |
| Domestic | $ 1,189,089 | $ - | $ - | $ 1,189,089 |
| International | 1,020,833 | - | - | 1,020,833 |
| Government/Corporate | 798,479 | - | - | 798,479 |
| Real estate fund | 168,538 | - | - | 168,538 |
| Commodity funds | 51,469 | - | - | 51,469 |
| Beneficial interest in trusts | - | - | 11,555,749 | 11,555,749 |
| Total | $ 3,228,408 | $ - | $ 11,555,749 | $ 14,784,157 |

Not included in the above table are cash and cash equivalents of $44,784.

**Assets Measured at Fair Value on a Recurring Basis at June 30, 2015**

| | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) | Balance at June 30, 2015 |
|---|---|---|---|---|
| **Assets** | | | | |
| Mutual funds: | | | | |
| Domestic | $ 1,304,642 | $ - | $ - | $ 1,304,642 |
| International | 937,833 | - | - | 937,833 |
| Government/Corporate | 926,153 | - | - | 926,153 |
| Real estate fund | 173,580 | - | - | 173,580 |
| Commodity fund | 108,987 | - | - | 108,987 |
| Beneficial interest in trusts | - | - | 12,204,714 | 12,204,714 |
| Total | $ 3,451,195 | $ - | $ 12,204,714 | $ 15,655,909 |

Not included in the above table are cash and cash equivalents of $50,606.

**Level 1 Inputs** - Estimated fair values for the Agency's equity funds, fixed-income funds, hedge fund, real estate fund, and commodity funds were based on quoted market prices in active markets.

## Note 2 - Fair Value Measurements (Continued)

**Level 3 Inputs** - Beneficial interest in trusts are stated at fair value, which is based on the percentage of the trust designated to the Agency applied to the total fair value of the trust, which is based on quoted market prices of the underlying assets when available. Changes in the fair value of the underlying trust assets, as determined by the trustees that hold and managed these assets, are recognized in the statement of activities and changes in net assets in the period in which they occur.

The following tables set forth a summary of the changes in the fair value of the Agency's Level 3 assets for the years ended June 30, 2016 and 2015:

| | Fair Value at July 1, 2015 | Total Realized and Unrealized Losses | Fair Value at June 30, 2016 |
|---|---|---|---|
| **Assets** | | | |
| Beneficial Trust A | $ 9,620,921 | $ (486,573) | $ 9,134,348 |
| Beneficial Trust B | 1,213,868 | (81,092) | 1,132,776 |
| Beneficial Trust C | 330,531 | (21,957) | 308,574 |
| Beneficial Trust D | 284,580 | (18,902) | 265,678 |
| Beneficial Trust E | 754,814 | (40,441) | 714,373 |
| Total Level 3 assets at fair value | $ 12,204,714 | $ (648,965) | $ 11,555,749 |

| | Fair Value at July 1, 2014 | Total Realized and Unrealized Gains (Losses) | Fair Value at June 30, 2015 |
|---|---|---|---|
| **Assets** | | | |
| Beneficial Trust A | $ 8,184,299 | $ 1,436,622 | $ 9,620,921 |
| Beneficial Trust B | 1,281,155 | (67,287) | 1,213,868 |
| Beneficial Trust C | 336,136 | (5,605) | 330,531 |
| Beneficial Trust D | 289,406 | (4,826) | 284,580 |
| Beneficial Trust E | 761,704 | (6,890) | 754,814 |
| Total Level 3 assets at fair value | $ 10,852,700 | $ 1,352,014 | $ 12,204,714 |

## Note 3 - Pledges Receivable

In 2016 and 2015, there was no discount applied to pledges due to the short-term nature and balance at year end. The pledges are due as follows:

| | 2016 | 2015 |
|---|---|---|
| Less than one year | $ 31,248 | $ 11,652 |
| One to five years | 11,238 | 23,138 |
| Subtotal | 42,486 | 34,790 |
| Less allowance for uncollectible pledges | (16,463) | (16,863) |
| Total | $ 26,023 | $ 17,927 |

## Note 4 - Leasehold Improvements and Equipment

Leasehold improvements and equipment are summarized as follows:

| | 2016 | 2015 | Depreciable Life - Years |
|---|---|---|---|
| Equipment | $ 510,798 | $ 510,798 | 7 |
| Leasehold improvements | 1,601,202 | 1,226,022 | 5-10 |
| Total cost | 2,112,000 | 1,736,820 | |
| Accumulated depreciation and amortization | 1,561,256 | 1,421,239 | |
| Net leasehold improvements and equipment | $ 550,744 | $ 315,581 | |

## Note 5 - Line of Credit

The Agency was obligated under a line of credit with BMO Harris Bank N.A. for $875,000 and $300,000 as of June 30, 2016 and 2015, respectively. Borrowings under this line are secured by investments held at Northern Trust Bank and bear interest at the adjusted LIBOR plus 2.5 percent or base rate plus 1 percent. The effective rate was 4.50 percent and 2.68 percent as of June 30, 2016 and 2015, respectively. As of June 30, 2016 and 2015, maximum additional borrowings available on this line of credit were $125,000 and $700,000, respectively. The line of credit agreement matures on May 31, 2017, but it is management's expectation that the agreement will be renewed. The debt covenants related to the line of credit include maintaining a minimum balance of $3,000,000 in unrestricted cash and investments and maintaining a minimum debt service coverage ratio of 1.25.

## Note 6 - Term Loan

As of June 30, 2015, the Agency was obligated under a term loan with BMO Harris Bank N.A. for $118,115. This loan matured on May 31, 2016. Borrowings under this loan bore interest at the adjusted LIBOR plus 2.5 percent or base rate plus 1 percent. The effective rate was 2.68 percent as of June 30, 2015. The Agency made monthly installment repayments of $10,744 on this term loan beginning June 1, 2011, with a final installment of all principal to be paid on May 31, 2016. The debt covenants related to the term loan included maintaining a minimum balance of $3,000,000 in unrestricted cash and investments and maintaining a minimum debt service coverage ratio of 1.25. The Agency made a final installment of all principal outstanding on its term loan with BMO Harris Bank N.A. on May 2, 2016.

## Note 7 - Operating Leases

The Agency leases space for its main office and programs as described in Note 1. The Agency also leases seven other locations throughout metropolitan Chicago.

Between October 2007 and July 2016, the Agency entered into operating lease agreements for seven of its locations. The various operating leases expire through September 2023. The Agency is responsible for its proportionate share of operating expenses and real estate taxes as defined by the respective agreements. Total rent expense and lease space maintenance expense for 2016 and 2015 was $817,097 and $856,656, respectively.

As part of the lease for the Agency's location in the south side of Chicago, Illinois, the lessor reimbursed the Agency for $91,000 of the leasehold improvement costs. The Agency has recorded the additional $91,000 as leasehold improvements with an offsetting deferred rent liability. The leasehold improvements will be amortized on a straight-line basis over the life of the operating lease, which is 10 years.

The Agency also records, as a deferred rent liability, the excess of straight-line rent expenses over the actual rent payments required under certain lease agreements.

## Note 7 - Operating Leases (Continued)

The following is a schedule of the future minimum base rental payments required under operating leases that have initial or remaining noncancelable lease terms in excess of one year as of June 30, 2016:

| Years Ending June 30 | | Future Rental Payments |
|---|---|---|
| 2017 | | $ 786,271 |
| 2018 | | 625,187 |
| 2019 | | 581,994 |
| 2020 | | 436,078 |
| 2021 | | 181,824 |
| Thereafter | | 234,817 |
| | Total minimum payments required | $ 2,846,171 |

## Note 8 - Multiemployer Defined Benefit Pension Plans

The Agency participates in Young Women's Christian Association Retirement Fund, Inc. (the "Fund"), a multiemployer cash balance defined benefit pension plan established to provide retirement, death, and disability benefits for eligible employees of participating Young Women's Christian Associations and the Fund. The plan number and the employer identification number of the Fund are 001 and 13-1624231, respectively. Contribution rates are determined by each participating association and can be either 10.0 percent, 7.5 percent, 5.0 percent, or 3.0 percent. Based on the selected contribution rate, the Fund will add a corresponding pay credit of 4.0 percent, 3.0 percent, 2.0 percent, or 1.2 percent to each participant's account. The Fund also allows non-highly compensated participants to make voluntary after-tax contributions that are limited to 10 percent of compensation. Benefits under the Fund are generally based on compensation levels and years of service.

The financial risks of participating in multiemployer plans are different from single-employer defined benefit pension plans in the following respects:

- Assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers.
- If a participating employer discontinues contributions to a plan, the unfunded obligations of the plan may be borne by the remaining participating employers.
- If a participating employer chooses to stop participating in a plan, a withdrawal liability may be created based on the unfunded vested benefits for all employees in the plan.

## Note 8 - Multiemployer Defined Benefit Pension Plans (Continued)

Contributions to the Fund from the Agency were $108,041 and $93,126 (based on a contribution rate of 3.0 percent) for the years ended June 30, 2016 and 2015, respectively. Based on information as of December 31, 2015, the year end of the Fund, the Agency's contributions to the Fund do not represent more than 5 percent of total contributions received by the Fund.

As of December 31, 2015, the certification zone status of the Fund, as defined by the Department of Labor Pension Protection Act, is green, indicating the Fund is more than 80 percent funded.

The following information is based on the financial statements of the Fund as of December 31, 2015:

| | |
|---|---|
| Total plan assets | $ 403,573,522 |
| Actuarial present value of accumulated plan benefits | $ 331,377,362 |
| Total contributions received by the Fund | $ 11,755,720 |
| Indicated level of funding | 121.8 % |

## Note 9 - Temporarily Restricted Net Assets

Temporarily restricted net assets at June 30, 2016 and 2015 are restricted for the following:

| | 2016 | 2015 |
|---|---|---|
| Purpose restricted - Southside Center | $ - | $ 200,018 |
| Time restricted - Southside Center | 16,128 | 17,928 |
| Purpose restricted - Westside Center | 478,043 | 681,000 |
| Time and purpose restricted | 41,667 | 112,500 |
| Purpose restricted - Other | 133,271 | 263,605 |
| Total temporarily restricted net assets | $ 669,109 | $ 1,275,051 |

## Note 10 - Permanently Restricted Net Assets

The Agency is the beneficiary of several split-interest agreements including various charitable gift annuity agreements. The assets related to these agreements are held and administered by unrelated third-party trustees. Under the charitable gift annuity agreements, the YWCA is to receive the residual value of the contributed assets, including interest earned, net of administrative fees.

The beneficial interest in trust assets has been recorded by the Agency as permanently restricted assets of $11,555,749 and $12,204,714 as of June 30, 2016 and 2015, respectively, which represents the YWCA's share of the fair value of those assets. The remaining balance in permanently restricted net assets of $32,342 as of June 30, 2016 and 2015 represents various other permanently restricted endowments, the income from which can be used for operating purposes.

## Note 11 - Concentrations

The Agency receives a significant portion of its support and revenue from government fees and grants, as reported on the statement of activities and changes in net assets. Gross receivables from the three largest funding sources amounted to 88 percent and 87 percent of total grants receivable as of June 30, 2016 and 2015, respectively. If these governmental units terminated their support of the Agency, its ability to provide the services described in Note 1 could be significantly reduced.

# Additional Information

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# Independent Auditor's Report on Additional Information

To the Board of Directors
YWCA Metropolitan Chicago

We have audited the financial statements of YWCA Metropolitan Chicago as of and for the years ended June 30, 2016 and 2015 and have issued our report thereon dated November 21, 2016, which contained an unmodified opinion on those financial statements.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Young Parents Program: schedule of income and expenses (unaudited) and the Illinois Coalition Against Sexual Assault - Sexual Assault Services: schedule of income and expenses (unaudited) are 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. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Plante & Moran, PLLC

November 21, 2016

Praxity MEMBER
GLOBAL ALLIANCE OF INDEPENDENT FIRMS

# YWCA Metropolitan Chicago

## Young Parents Program: Schedule of Income and Expenses
## For the Year Ended June 30, 2016
## (Unaudited)

| | | |
|---|---|---|
| **Income:** | | |
| Ounce of Prevention | $ | 203,311 |
| United Way | | 50,000 |
| YWCA income - Other | | 6,949 |
| Total income | | 260,260 |
| **Expenses:** | | |
| Salaries and wages | | 143,418 |
| Taxes and benefits | | 38,953 |
| Total payroll cost | | 182,371 |
| Supplies | | 2,923 |
| Telephone and internet | | 5,987 |
| Postage and shipping | | 6 |
| Occupancy | | 48,703 |
| Insurance | | 5,306 |
| Program specific assistance | | 12,820 |
| Equipment expense | | 1,500 |
| Management and general | | 52,381 |
| Miscellaneous expenses | | 600 |
| Total other expenses | | 130,226 |
| Total expenses | | 312,597 |
| **Net deficit** | **$** | **(52,337)** |

# YWCA Metropolitan Chicago

## Illinois Coalition Against Sexual Assault – Sexual Assault Services: Schedule of Income and Expenses For the Year Ended June 30, 2016 (Unaudited)

| | | |
|---|---|---|
| **Income:** | | |
| Contributions | $ | 57,177 |
| Other program revenue | | 129,741 |
| ICASA General Funds | | 643,850 |
| ICASA VOCA Advocacy/Counseling | | 900,308 |
| ICASA VOCA Rise Children's Center | | 603,103 |
| ICASA IDPH - VAWA Prevention | | 158,966 |
| ICASA Satellite | | 102,214 |
| ICASA VAWA SASP | | 38,655 |
| ICASA VAWA ARRA | | 12,759 |
| ICASA General Member Travel | | 5,997 |
| ICASA VOCA One-Tine | | 4,570 |
| ICASA DHS Disability - ILL Images | | 4,251 |
| Illinois Criminal Justice Inf. Auth. | | 182,962 |
| United Way | | 201,211 |
| Attorney General | | 105,149 |
| Cook County Health and Hospitals System | | 65,000 |
| DuPage Co. | | 27,735 |
| Restricted revenue | | 63,480 |
| Fundraising activities | | 469 |
| Total income | | 3,307,597 |
| **Expenses:** | | |
| Salaries | | 2,010,469 |
| Benefits | | 472,635 |
| Prof. fees and contractual | | 37,051 |
| Supplies | | 55,622 |
| Telephone and internet | | 93,492 |
| Postage and shipping | | 421 |
| Occupancy | | 410,078 |
| Marketing | | 1,511 |
| Travel | | 83,754 |
| Prog. membership (match) | | 1,435 |
| Other expenses | | 222,481 |
| Equipment expense | | 18,230 |
| Management and general expense allocation | | 690,200 |
| Total expenses | | 4,097,379 |
| **Net deficit** | **$** | **(789,782)** |

# YWCA Metropolitan Chicago

## Federal Awards
## Supplemental Information
## June 30, 2016

# Contents

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Report on Schedule of Expenditures of Federal Awards
Required by the Uniform Guidance

Independent Auditor's Report

To the Board of Directors
YWCA Metropolitan Chicago

We have audited the financial statements of YWCA Metropolitan Chicago (the "YWCA") as of and for the year ended June 30, 2016, and have issued our report thereon dated November 21, 2016, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statement as a whole. We have not performed any procedures with respect to the audited financial statements subsequent to November 21, 2016.

The accompanying schedule of expenditures of federal awards is presented for the purpose of additional analysis as required by the Uniform Guidance, 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.

Plante & Moran, PLLC

March 16, 2017

Praxity MEMBER
GLOBAL ALLIANCE OF INDEPENDENT FIRMS

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Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Independent Auditor's Report

To Management and the Board of Directors
YWCA Metropolitan Chicago

We have audited, in accordance with the 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, the financial statements of YWCA Metropolitan Chicago (the "YWCA"), which comprise the statement of financial position as of June 30, 2016, and the related basic statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 21, 2016.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered YWCA Metropolitan Chicago's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the YWCA's internal control. Accordingly, we do not express an opinion on the effectiveness of the YWCA's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified a certain deficiency in internal control that we consider to be a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the YWCA's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described as Finding 2016-001 in the accompanying schedule of findings and questioned costs to be a material weakness.

Praxity MEMBER
GLOBAL ALLIANCE OF INDEPENDENT FIRMS

To Management and the Board of Directors
YWCA Metropolitan Chicago

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether YWCA Metropolitan Chicago's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**YWCA Metropolitan Chicago's Response to Findings**

YWCA Metropolitan Chicago's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. YWCA Metropolitan Chicago's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the YWCA's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the YWCA's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Plante & Moran, PLLC

November 21, 2016

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Report on Compliance for Each Major Federal Program;
Report on Internal Control Over Compliance

Independent Auditor's Report

To the Board of Directors
YWCA Metropolitan Chicago

## Report on Compliance for Each Major Federal Program

We have audited YWCA Metropolitan Chicago's (the "YWCA") compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on its major federal program for the year ended June 30, 2016. YWCA Metropolitan Chicago's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### *Management's Responsibility*

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal program.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on compliance for each of YWCA Metropolitan Chicago's major federal programs based on our audit of the types of compliance requirements referred to above.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about YWCA Metropolitan Chicago's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of YWCA Metropolitan Chicago's compliance.

Praxity MEMBER
GLOBAL ALLIANCE OF INDEPENDENT FIRMS

To the Board of Directors
YWCA Metropolitan Chicago

***Opinion on Each Major Federal Program***

In our opinion, YWCA Metropolitan Chicago complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2016.

**Report on Internal Control Over Compliance**

Management of YWCA Metropolitan Chicago is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered YWCA Metropolitan Chicago's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the YWCA's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Plante & Moran, PLLC

March 16, 2017

## Schedule of Expenditures of Federal Awards
## Year Ended June 30, 2016

| Federal Grantor/Pass-through Grantor | Program Title | Grant Identifier | Federal CFDA Number | Total Amount Provided to Subrecipients | June FY2016 SEFA Amt |
|---|---|---|---|---|---|
| U.S. Department of Education - | | | | | |
| Illinois Department of Human Services | Race to the Top | 8040844RT | 84.412 | $ - | $ 120,968 |
| U.S. Department of Health and Human Services: | | | | | |
| Illinois Coalition Against Sexual Assault | IDPH-VAWA Prevention Member Travel | N/A | 93.136 | - | 153 |
| Illinois Coalition Against Sexual Assault | IDPH-VAWA Prevention | N/A | 93.136 | - | 158,966 |
| Illinois Coalition Against Sexual Assault | IDPH-VAWA RPE Evaluation | N/A | 93.136 | - | 787 |
| | | | | - | 159,906 |
| | CCDF Cluster Programs: | | | | |
| Illinois Department of Human Services | Child Care Development Block Grant | 80408490W | 93.575 | - | 1,247,944 |
| Illinois Department of Human Services | Child Care Mandatory and Matching Funds of the Child Care and Development Fund | 80408490W | 93.596 | - | 883,194 |
| | | Total CCDF Cluster | | - | 2,131,138 |
| The Ounce of Prevention Fund | Young Parents Program | 2014-15T | 93.667 | - | 30,788 |
| Total U.S Department of Health and Human Services | | | | - | 2,321,832 |
| U.S. Department of Agriculture - | | | | | |
| Illinois State Board of Education | Child and Adult Care Food Program | 15-016-271p-00 | 10.558 | - | 2,927,238 |
| U.S. Department of Justice: | | | | | |
| Illinois Coalition Against Sexual Assault | VAWA SASP | N/A | 16.017 | - | 38,655 |
| Illinois Coalition Against Sexual Assault | Disab IL Imagines | N/A | 16.529 | - | 4,251 |
| Illinois Coalition Against Sexual Assault | VOCA Advocacy/Counseling | N/A | 16.575 | - | 900,308 |
| Illinois Coalition Against Sexual Assault | VOCA RISE Children's | N/A | 16.575 | - | 603,103 |
| Illinois Coalition Against Sexual Assault | VOCA One Time | N/A | 16.575 | - | 3,783 |
| Illinois Criminal Justice Information Authority | Services to Victims of Sexual Assault | 212091, 212020 & 212114 | 16.575 | - | 29,874 |
| Illinois Criminal Justice Information Authority | Services to Victims of Sexual Assault | 216020, 216091 & 216114 | 16.575 | - | 153,090 |
| | | Total for CFDA 16.575 | | - | 1,690,158 |
| Illinois Coalition Against Sexual Assault | VAWA Satellite Member Travel | N/A | 16.588 | - | 720 |
| Illinois Coalition Against Sexual Assault | VAWA Satellite | N/A | 16.588 | - | 102,214 |
| | | Total for CFDA 16.588 | | - | 102,934 |
| Total U.S. Department of Justice | | | | - | 1,835,998 |
| U.S. Department of Housing and Urban Development - | | | | | |
| Catholic Charities | SHIFT Program | IL0313L5T141407 | 14.235 | - | 63,742 |
| Total expenditures of federal awards | | | | - | 7,269,778 |

See Notes to Schedule of Expenditures of Federal Awards.

| Federal Grantor/Pass-through Grantor | Program Title | Grant Identifier | Federal CFDA Number | Total Amount Provided to Subrecipients | June FY2016 SEFA Amt |
|---|---|---|---|---|---|
| Noncash Assistance as per Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards: | | | | | |
| U.S. Department of Health and Human Services: | | | | | |
| | CCDF Cluster Programs: | | | | |
| Illinois Department of Human Services | Child Care Mandatory and Matching Funds of the Child Care and Development Fund | FCSRI00662 | 93.596 | $ - | $ 2,994,228 |
| Illinois Department of Human Services | Child Care Development Block Grant | | 93.575 | - | 1,724,475 |
| | | CCDF Cluster Total | | - | 4,718,703 |
| Illinois Department of Human Services | TANF Cluster Program - TANF - Child Care Subsidy | FCSRI00662 | 93.558 | - | 8,464,547 |
| Illinois Department of Human Services | Social Service Block Grant | FCSRI00662 | 93.667 | - | 85,603 |
| Total U.S. Department of Health and Human Services | | | | - | 8,550,150 |
| Total noncash assistance | | | | - | 13,268,853 |
| Total expenditures of federal awards and noncash assistance | | | | **$ -** | **$ 20,538,631** |

### Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of YWCA Metropolitan Chicago under programs of the federal government for the year ended June 30, 2016. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of YWCA Metropolitan Chicago, it is not intended to and does not present the financial position, changes in net assets, or cash flows of YWCA Metropolitan Chicago.

### Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-122, *Cost Principles for Non-Profit Organizations*, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

The YWCA has not elected to use the 10 percent *de minimus* indirect cost rate to recover indirect costs as allowed under the Uniform Guidance.

### Note 3 - Noncash Assistance

The value of the noncash assistance received was determined in accordance with the provisions of the Uniform Guidance.

**Summary of Noncash Assistance** - The grantee received noncash assistance during the year ended June 30, 2016 that is included on the schedule of expenditures of federal awards.

### Note 4 - Loans Balances

YWCA Metropolitan Chicago had no loan balances outstanding at June 30, 2016.

## Section I - Summary of Auditor's Results

### Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? __X__ Yes ______ No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? ______ Yes __X__ None reported

Noncompliance material to financial statements noted? ______ Yes __X__ No

### Federal Awards

Internal control over major programs:

- Material weakness(es) identified? ______ Yes __X__ No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? ______ Yes __X__ None reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516 (a)? ______ Yes __X__ No

Identification of major programs:

| CFDA Numbers | Name of Federal Program or Cluster |
|---|---|
| 93.575 and 93.596 | CCDF Cluster: Child Care and Development Block Grant and Child Care Mandatory and Matching Funds of the Child Care and Development Fund |

Dollar threshold used to distinguish between type A and type B programs: $750,000

Auditee qualified as low-risk auditee? __X__ Yes ______ No

## Section II - Financial Statement Audit Findings

| Reference Number | Finding |
|---|---|
| 2016-001 | **Finding Type** - Material weakness |

**Criteria** - Contribution revenue should be recognized when the unconditional commitment is received by the YWCA.

**Condition** - A contribution restricted for capital improvements was classified as deferred revenue.

**Context** - The exception noted during deferred revenue testing was material to the financial statements.

**Cause** - There was a lack of understanding of generally accepted accounting principals (GAAP) regarding the classification of temporarily restricted revenue and the corresponding release from restriction. Revenue was being recognized over the life of the capital improvements to offset corresponding amortization.

**Effect** - An adjustment in the amount of $336,467 was recorded to reduce deferred revenue and increase contribution revenue.

**Recommendation** - We recommend continued improvement over the financial reporting and revenue recognition process to ensure that all contributions and exchange transactions are properly recorded and classified in accordance with GAAP. We also recommend that this understanding be clearly communicated to all employees, particularly the employees coding and recording the receipt of this revenue.

**Views of Responsible Officials and Planned Corrective Actions** - Management agrees with the finding and recommendation.

## Section III - Federal Program Audit Findings

None

## Summary Schedule of Prior Audit Findings
## Year Ended June 30, 2016

| Prior Year Finding Number | Fiscal Year in Which the Finding Initially Occurred | Federal Program, CFDA Number, and Name | Original Finding Description | Status/Partial Corrective Action (as applicable) | Planned Corrective Action (if finding not corrected) |
|---|---|---|---|---|---|
| 2015-001 | 2015 | N/A | The accounts payable subsidiary ledger was not reconciled to the trial balance and certain invoices were not properly accrued for at the start of the audit fieldwork. | Corrected as of June 30, 2016 | N/A |

eliminating racism
empowering women
ywca
metropolitan chicago

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March 9, 2017

Federal Audit Clearinghouse
RE: YWCA Metropolitan Chicago
**Corrective Action Plan**
Fiscal Year Ended June 30, 2016

Finding Number: 2016-001
Condition: A contribution restricted for capital improvements was classified as deferred revenue.
Planned Corrective Action: Staff have been trained on treatment and will attend continuing education on GAAP annually to maintain up to date GAAP knowledge in this area.
Contact person responsible for corrective action: Laura Sailer, Chief Financial Officer
Anticipated Completion Date: 12/08/2016