

**THIRD STREET ALLIANCE
for
WOMEN AND CHILDREN**

**FINANCIAL REPORT
(Audited)**

December 31, 2017

THIRD STREET ALLIANCE FOR WOMEN AND CHILDREN

Table of Contents

December 31, 2017 and 2016

	Page
Independent Auditors' Report on the Financial Statements	1-2
Financial Statements	
Statements of financial position	3-4
Statements of activities	5-6
Statements of functional expenses	7-8
Statements of cash flows	9-10
Notes to financial statements	11-19



Certified Public Accountants | Business Consultants

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Third Street Alliance for Women and Children
Easton, Pennsylvania

We have audited the accompanying financial statements of Third Street Alliance for Women and Children (a nonprofit organization), which comprise the statements of financial position as of December 30, 2017 and 2016, the related statements of activities and changes in net assets, 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.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Third Street Alliance for Women and Children as of December 31, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Buckno Lisicky & Co PC

Bethlehem, Pennsylvania
May 7, 2018

THIRD STREET ALLIANCE FOR WOMEN AND CHILDREN**Statements of Financial Position****December 31, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 218,579	\$ 160,959
Investments, at fair value	1,512,400	1,318,753
State unemployment bond	2,349	2,352
Accounts/grants receivable	69,308	82,190
Prepaid expenses and other current assets	<u>11,263</u>	<u>9,115</u>
TOTAL CURRENT ASSETS	<u>1,813,899</u>	<u>1,573,369</u>
ENDOWMENT INVESTMENTS		
Cash and cash equivalents	15,490	11,178
Investments, at fair value	<u>933,855</u>	<u>837,299</u>
TOTAL ENDOWMENT INVESTMENTS	<u>949,345</u>	<u>848,477</u>
PROPERTY AND EQUIPMENT		
Property and equipment	3,294,241	2,930,958
Less: Accumulated depreciation	<u>(1,849,664)</u>	<u>(1,758,759)</u>
TOTAL PROPERTY AND EQUIPMENT	<u>1,444,577</u>	<u>1,172,199</u>
TOTAL ASSETS	<u>\$ 4,207,821</u>	<u>\$ 3,594,045</u>

See auditors' report and accompanying notes to financial statements

THIRD STREET ALLIANCE FOR WOMEN AND CHILDREN**Statements of Financial Position****December 31, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
	<u>LIABILITIES AND NET ASSETS</u>	
CURRENT LIABILITIES		
Notes payable, bank	\$ 232,590	\$ -
Accounts payable	77,876	12,984
Accrued expenses	42,190	39,926
Deferred income	3,000	5,000
Deposits held in escrow	<u>2,511</u>	<u>7,267</u>
TOTAL CURRENT LIABILITIES	<u>358,167</u>	<u>65,177</u>
NET ASSETS		
Unrestricted	2,888,872	2,574,854
Temporarily restricted	11,436	105,537
Permanently restricted	<u>949,346</u>	<u>848,477</u>
TOTAL NET ASSETS	<u>3,849,654</u>	<u>3,528,868</u>
 TOTAL LIABILITIES NET ASSETS	 <u>\$ 4,207,821</u>	 <u>\$ 3,594,045</u>

See auditors' report and accompanying notes to financial statements

THIRD STREET ALLIANCE FOR WOMEN AND CHILDREN

Statement of Activities

Year Ended December 31, 2017

	2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
PUBLIC SUPPORT				
Grants and contracts	\$ 8,750	\$ 621,202	\$ -	\$ 629,952
Contributions and bequests	215,467	174,217	-	389,684
Special events - net	52,353	-	-	52,353
United Way	-	145,000	-	145,000
CCIS	-	237,347	-	237,347
Food Programs	-	53,060	-	53,060
TOTAL PUBLIC SUPPORT	<u>276,570</u>	<u>1,230,826</u>	<u>-</u>	<u>1,507,396</u>
REVENUE				
Service fees - programs	3,415	269,669	-	273,084
Service fees - rentals	3,920	-	-	3,920
Sales to the public - Net	118	2,021	-	2,139
Interest and dividends	34,968	-	19,733	54,701
Realized gain	68,590	-	83,589	152,179
Unrealized holding gain	151,428	-	61,783	213,211
TOTAL REVENUE	<u>262,439</u>	<u>271,690</u>	<u>165,105</u>	<u>699,234</u>
TOTAL SUPPORT AND REVENUE	<u>539,009</u>	<u>1,502,516</u>	<u>165,105</u>	<u>2,206,630</u>
TRANSFERS				
Met Temp restrictions	1,596,617	(1,596,617)	-	-
Inter-fund transfer	64,236	-	(64,236)	-
TOTAL TRANSFERS	<u>1,660,853</u>	<u>(1,596,617)</u>	<u>(64,236)</u>	<u>-</u>
EXPENSES				
Program activities	1,503,547	-	-	1,503,547
Support services, administration	290,287	-	-	290,287
Support services, fundrasing	92,010	-	-	92,010
TOTAL EXPENSES	<u>1,885,844</u>	<u>-</u>	<u>-</u>	<u>1,885,844</u>
CHANGE IN NET ASSETS	314,018	(94,101)	100,869	320,786
NET ASSETS, JANUARY 1	<u>2,574,854</u>	<u>105,537</u>	<u>848,477</u>	<u>3,528,868</u>
NET ASSETS, DECEMBER 31	<u>\$ 2,888,872</u>	<u>\$ 11,436</u>	<u>\$ 949,346</u>	<u>\$ 3,849,654</u>

See auditors' report and accompanying notes to financial statements

THIRD STREET ALLIANCE FOR WOMEN AND CHILDREN

Statement of Activities

Year Ended December 31, 2016

	2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
PUBLIC SUPPORT				
Grants and contracts	\$ -	\$ 732,958	\$ -	\$ 732,958
Contributions and bequests	172,779	3,067	-	175,846
Special events - net	54,464	-	-	54,464
United Way	-	135,000	-	135,000
CCIS	-	232,099	-	232,099
Food Programs	-	60,329	-	60,329
TOTAL PUBLIC SUPPORT	<u>227,243</u>	<u>1,163,453</u>	<u>-</u>	<u>1,390,696</u>
REVENUE				
Service fees - programs	5,978	276,844	-	282,822
Service fees - rentals	6,153	-	-	6,153
Sales to the public - Net	1,616	2,290	-	3,906
Interest and dividends	25,996	-	18,767	44,763
Realized gain	6,121	-	44,182	50,303
Unrealized holding gain/(loss)	31,905	-	(12,127)	19,778
TOTAL REVENUE	<u>77,769</u>	<u>279,134</u>	<u>50,822</u>	<u>407,725</u>
TOTAL SUPPORT AND REVENUE	<u>305,012</u>	<u>1,442,587</u>	<u>50,822</u>	<u>1,798,421</u>
TRANSFERS				
Met Temp restrictions	1,343,781	(1,343,781)	-	-
Inter-fund transfer	65,429	-	(65,429)	-
TOTAL TRANSFERS	<u>1,409,210</u>	<u>(1,343,781)</u>	<u>(65,429)</u>	<u>-</u>
EXPENSES				
Program activities	1,343,781	-	-	1,343,781
Support services, administration	301,961	-	-	301,961
Support services, fundraising	64,969	-	-	64,969
TOTAL EXPENSES	<u>1,710,711</u>	<u>-</u>	<u>-</u>	<u>1,710,711</u>
CHANGE IN NET ASSETS	3,511	98,806	(14,607)	87,710
NET ASSETS, JANUARY 1	<u>2,571,343</u>	<u>6,731</u>	<u>863,084</u>	<u>3,441,158</u>
NET ASSETS, DECEMBER 31	<u>\$ 2,574,854</u>	<u>\$ 105,537</u>	<u>\$ 848,477</u>	<u>\$ 3,528,868</u>

See auditors' report and accompanying notes to financial statements

THIRD STREET ALLIANCE FOR WOMEN AND CHILDREN

Statement of Functional Expenses

Year Ended December 31, 2017

	2017			
	Support Services Administration	Program Activities	Fundraising	Total
PAYROLL AND BENEFITS				
Salaries and wages	\$ 114,495	\$ 982,690	\$ 68,140	\$ 1,165,325
Payroll taxes	8,249	71,609	4,909	84,767
Employee Benefits	42,333	73,407	4,045	119,785
Unemployment	5,144	17,271	-	22,415
Workers' compensation	1,404	12,121	840	14,365
TOTAL PAYROLL AND BENEFITS	171,625	1,157,098	77,934	1,406,657
Professional fees	1,851	12,592	-	14,443
Telephone	3,391	10,402	-	13,793
Repairs and maintenance	20,935	44,995	-	65,930
Insurance	6,968	15,949	-	22,917
Utilities	7,729	49,373	-	57,102
Postage	534	1,031	-	1,565
Printing and publicity	752	10,573	-	11,325
Supplies	3,995	59,958	-	63,953
Local transportation and parking	2,511	10,213	-	12,724
Conferences and education	4,228	9,920	-	14,148
Fundraising expenses	-	-	14,076	14,076
Equipment purchases	644	235	-	879
Van expense	-	1,616	-	1,616
Technology	7,119	21,154	-	28,273
Food program	-	36,668	-	36,668
Investment management and other				
bank fees	22,226	3,132	-	25,358
Recognition	755	398	-	1,153
Total expenses before depreciation and interest	255,263	1,445,307	92,010	1,792,580
Depreciation	32,665	58,240	-	90,905
Interest expense	2,359	-	-	2,359
TOTAL EXPENSES	\$ 290,287	\$ 1,503,547	\$ 92,010	\$ 1,885,844

See auditors' report and accompanying notes to financial statements

THIRD STREET ALLIANCE FOR WOMEN AND CHILDREN

Statement of Functional Expenses

Year Ended December 31, 2016

	2016			
	Support Services Administration	Program Activities	Fundraising	Total
Payroll and benefits				
Salaries and wages	\$ 149,963	\$ 872,659	\$ 44,423	\$ 1,067,045
Payroll taxes	9,185	65,393	3,398	77,976
Employee Benefits	26,979	53,334	3,489	83,802
Unemployment	2,752	9,316	-	12,068
Workers' compensation	1,648	10,671	535	12,854
TOTAL PAYROLL AND BENEFITS	190,527	1,011,373	51,845	1,253,745
Professional fees	6,151	9,987	-	16,138
Telephone	1,533	7,224	-	8,757
Repairs and maintenance	4,862	51,938	-	56,800
Insurance	5,013	17,043	-	22,056
Utilities	7,983	50,554	-	58,537
Postage	355	430	-	785
Printing and publicity	3,016	12,614	-	15,630
Supplies	8,321	57,947	-	66,268
Local transportation and parking	1,985	3,720	-	5,705
Conferences and education	4,823	379	-	5,202
Fundraising expenses	-	-	13,124	13,124
Equipment purchases	105	419	-	524
Van expense	-	1,295	-	1,295
Technology	12,427	19,543	-	31,970
Food program	-	38,255	-	38,255
Investment management and other				
bank fees	21,994	2,621	-	24,615
Recognition	1,728	2,922	-	4,650
Total expenses before depreciation and interest	270,823	1,288,264	64,969	1,624,056
Depreciation	31,138	55,517	-	86,655
Interest expense	-	-	-	-
TOTAL EXPENSES	\$ 301,961	\$ 1,343,781	\$ 64,969	\$ 1,710,711

See auditors' report and accompanying notes to financial statements

THIRD STREET ALLIANCE FOR WOMEN AND CHILDREN**Statements of Cash Flows****Years Ended December 31, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 320,786	\$ 87,710
Adjustments to reconcile change in net assets to net cash provided operating activities:		
Depreciation	90,905	86,655
Unrealized gains on investments	(213,211)	(19,778)
Realized gains on investments	(152,179)	(50,303)
Change in assets and liabilities:		
State unemployment bond	3	-
Accounts/grants receivable	12,882	(38,611)
Interest receivable	-	3,816
Prepaid expenses	(2,148)	(8,154)
Accounts payable	64,892	3,518
Accrued expenses	2,264	17,236
Payroll taxes payable	-	(4,488)
Deferred income	(2,000)	1,000
Deposits held in escrow	<u>(4,756)</u>	<u>4,248</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>117,438</u>	<u>82,849</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(363,283)	(60,461)
Purchase of investments	(838,392)	(1,052,812)
Proceeds from sale of investments	904,955	1,034,069
Change in endowment cash and cash equivalents	<u>4,312</u>	<u>12,125</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(292,408)</u>	<u>(67,079)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from notes payable, bank	<u>232,590</u>	<u>-</u>
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>232,590</u>	<u>-</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	57,620	15,770
Cash and cash equivalents, beginning of year	<u>160,959</u>	<u>145,189</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 218,579</u>	<u>\$ 160,959</u>

See auditors' report and accompanying notes to financial statements

THIRD STREET ALLIANCE FOR WOMEN AND CHILDREN

Statements of Cash Flows

Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Interest	\$ <u>2,359</u>	\$ <u>-</u>

See auditors' report and accompanying notes to financial statements

NOTE 1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of activities

The Organization is dedicated to helping women and children of all faiths experience new understandings and deeper relationships, and better enabling them to cope with the everyday struggles of life. They are also committed to providing shelter for homeless women and children, day care, after school care programs for children, as well as adult day care programs.

Basis of accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

Basis of presentation

Financial statement presentation follows the requirements of the Financial Accounting Standards Board (FASB) in its Accounting Standards Codification (ASC) No. 958-205, which provides guidance for the classification of net assets. The amounts for each of the three classes of net assets are based on the existence or absence of donor-imposed restrictions described as follows:

Unrestricted – net assets of the Organization whose use has not been restricted by an outside donor or law. They are available for any use carrying out the operations of the Organization.

Temporarily restricted – net assets of the Organization whose use has been limited by donor-imposed stipulations that either expire with the passage of time or can be fulfilled and removed by actions of the Organization. When such stipulations end or are fulfilled, the temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restriction.

Permanently restricted – net assets of the Organization whose use has been permanently restricted by an outside donor. Such assets include contributions required to be invested in perpetuity, the income from which is available to support the operations of the Organization.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that

THIRD STREET ALLIANCE FOR WOMEN AND CHILDREN

Notes to Financial Statements

December 31, 2017 and 2016

affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Property and equipment

Acquisitions of property and equipment generally in excess of \$1,000 are capitalized. Lesser amounts are expensed. Property and equipment are carried at cost or, if donated, at the approximate fair value at the time or date of the donation. Depreciation is computed using primarily the straight-line method.

Revenue recognition

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished) temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Income taxes

The Organization is a non-profit organization that is exempt from income taxes under section 501(c)(3) of the Internal Revenue Code. The income tax returns from 2014, 2015, 2016, and 2017 are subject to IRS review, generally for three years after they are filed.

Cash and cash equivalents

Cash and cash equivalents in the statement of cash flows include all monies in banks and certificates of deposit, if any, with maturity dates of less than three months. The carrying value of cash and cash equivalents approximates the fair value because of the short maturities of those financial instruments. Cash and cash equivalents do not include cash held in endowment funds.

Investments

The Organization has adopted SFAS No. 124, *Accounting for Certain Investments Held by Not-for-Profit Organizations*. Under SFAS No. 124, investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change of net assets if their

THIRD STREET ALLIANCE FOR WOMEN AND CHILDREN

Notes to Financial Statements

December 31, 2017 and 2016

restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

Fair Value Measurement

Financial Accounting Standards Board (FASB) *Accounting Standards Codification* (ASC) 820, *Fair Value Measurement and Disclosure*, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets and liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the organization has the ability to access.

Level 2: Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means

If the asset or liability has a specific (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2017 and 2016.

US Government Securities and Common Stock : Valued at the closing price reported in the active market in which the security is traded.

Corporate Bonds : Certain corporate bonds are valued at the closing price reported in the active market in which the bond is traded.

THIRD STREET ALLIANCE FOR WOMEN AND CHILDREN

Notes to Financial Statements

December 31, 2017 and 2016

Mutual Funds : Mutual Funds are valued at the closing price reported in the active market in which the fund is traded.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at reporting date.

Functional allocation of expenses

The costs of providing various programs have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated between various programs and support services.

Sources of funds

The Organization's principal sources of funds are from public support, program service fees, and sales to the public. In addition to the aforementioned sources, the Organization receives funds on a fee-for-service basis from Northampton County, Pennsylvania for Adult Day Care, Bridge Housing, and resident programs. The majority of the resources are unrestricted and are used in the general operations of the Organization. The Organization also receives money from FEMA for emergency shelter and, at times, will be named as a beneficiary of an estate to which it receives bequests.

Date of management's review

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through May 7, 2018, the date the financial statements were available to be issued.

NOTE 2. PROPERTY AND EQUIPMENT

Property and equipment as of December 31, 2017 and 2016, consisted of the following:

	2017	2016
Land	\$ 53,057	\$ 53,057
Building and improvements	2,637,174	2,212,913
Furniture and equipment	604,010	664,988
Total	3,294,241	2,930,958
Less: accumulated depreciation	1,849,664	1,758,759
Total	<u>\$ 1,444,577</u>	<u>\$ 1,172,199</u>

THIRD STREET ALLIANCE FOR WOMEN AND CHILDREN**Notes to Financial Statements****December 31, 2017 and 2016**

Depreciation expense is recorded and allocated by program. Depreciation expense for the years ended December 31, 2017 and 2016 is \$90,905 and \$86,655, respectively.

NOTE 3. INVESTMENTS

As of December 31, 2017 and 2016, the fair value measurement of all investments has been determined as Level 1 hierarchy investments. The cost and fair values of the Organization's investments are as follows:

December 31, 2017:

<u>Unrestricted Funds</u>	<u>Cost</u>	<u>Fair Value</u>
Cash equivalents	\$ 79,742	\$ 79,742
Equity securities	879,683	1,199,750
Debt securities	<u>313,926</u>	<u>312,650</u>
Total	<u>\$ 1,273,351</u>	<u>\$ 1,592,142</u>

<u>Restricted Funds</u>		
Cash equivalents	\$ 15,490	\$ 15,490
Equity securities	510,135	722,576
Debt securities	<u>212,565</u>	<u>211,279</u>
Total	<u>\$ 738,190</u>	<u>\$ 949,345</u>

December 31, 2016:

<u>Unrestricted Funds</u>	<u>Cost</u>	<u>Fair Value</u>
Cash equivalents	\$ 31,174	\$ 31,174
Equity securities	836,635	1,005,652
Debt securities	<u>316,480</u>	<u>313,101</u>
Total	<u>\$ 1,184,289</u>	<u>\$ 1,349,927</u>

<u>Restricted Funds</u>		
Cash equivalents	\$ 11,178	\$ 11,178
Equity securities	509,835	662,045
Debt securities	<u>179,088</u>	<u>175,254</u>
Total	<u>\$ 700,101</u>	<u>\$ 848,477</u>

The following schedule summarizes the investment return and its classification in the statement of activities for the years ended December 31, 2017 and 2016.

THIRD STREET ALLIANCE FOR WOMEN AND CHILDREN**Notes to Financial Statements****December 31, 2017 and 2016**December 31, 2017:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Interest and dividends	\$ 34,968	\$ -	\$ 19,733	\$ 54,701
Net unrealized gains	151,428	-	61,783	213,211
Net realized gains	<u>68,590</u>	<u>-</u>	<u>83,589</u>	<u>152,179</u>
Total investment return	<u>\$ 254,986</u>	<u>\$ -</u>	<u>\$ 165,105</u>	<u>\$ 420,091</u>

December 31, 2016:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Interest and dividends	\$ 25,966	\$ -	\$ 18,767	\$ 44,763
Net unrealized gains	31,905	-	(12,127)	19,778
Net realized gains	<u>6,121</u>	<u>-</u>	<u>44,182</u>	<u>50,303</u>
Total investment return	<u>\$ 63,992</u>	<u>\$ -</u>	<u>\$ 50,822</u>	<u>\$ 114,844</u>

As of December 31, 2017, the fund distributed \$77,007 to the Organization, including fees. As of December 31, 2016, a total of \$65,451 was distributed.

NOTE 4. 403(b) RETIREMENT PLAN

The Organization sponsors a defined contribution retirement plan for all employees over 20 years of age or older and having one year of service. The Plan provides for pretax contributions to the Plan up to limits defined in Section 403(b) of the Internal Revenue Code. The Organization may elect annually to make matching or other discretionary contributions to the Plan. The Organization has not made any matching or discretionary contributions to the Plan for the years ended December 31, 2017 and 2016.

NOTE 5. LINES OF CREDIT

The Organization has a \$75,000 line of credit with Merchants Bank of Bangor. Expiration date is December 31, 2045. The 41 North Third Street building is collateral for the line. Interest on outstanding borrowings is payable at 5.00%, at December 31, 2017. The balance due as of December 31, 2017 and 2016 was \$32,590 and \$0, respectively.

As of December 8, 2016 the Organization has a new \$500,000 line of credit with Merchants Bank of Bangor. Expiration date is December 8, 2026. The unrestricted investment account is collateral for the line. Interest on outstanding borrowings is

THIRD STREET ALLIANCE FOR WOMEN AND CHILDREN**Notes to Financial Statements****December 31, 2017 and 2016**

payable at the 4.10% at December 31, 2017. The balance due as of December 31, 2017 and 2016 was \$200,000 and \$0, respectively.

NOTE 6. TEMPORARILY RESTRICTED NET ASSETS

As of December 31, 2017 and 2016, the temporarily restricted net assets, unexpended funds received for programming purposes, consisted of the following:

	<u>2017</u>	<u>2016</u>
Cash and cash equivalents	\$ <u>11,436</u>	\$ <u>105,537</u>

NOTE 7. PERMANENTLY RESTRICTED NET ASSETS

Net assets were permanently restricted for the establishment of a donor restricted endowment fund. At December 31, the restricted net assets consisted of the following:

	<u>2017</u>	<u>2016</u>
Cash and cash equivalents	\$ <u>15,490</u>	\$ <u>11,178</u>
Investments, at fair value	<u>933,855</u>	<u>837,299</u>
Total permanently restricted net assets	\$ <u>949,345</u>	\$ <u>848,477</u>

Endowment net asset composition by type of fund as of December 31, 2017 are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Endowment Assets</u>
Donor restricted endowment fund	\$ <u>-</u>	\$ <u>-</u>	\$ <u>949,345</u>	\$ <u>949,345</u>

Endowment net asset composition by type of fund as of December 31, 2016 are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Endowment Assets</u>
Donor restricted endowment fund	\$ <u>-</u>	\$ <u>-</u>	\$ <u>848,477</u>	\$ <u>848,477</u>

THIRD STREET ALLIANCE FOR WOMEN AND CHILDREN**Notes to Financial Statements****December 31, 2017 and 2016**

Changes in endowment net assets as of December 31, 2017 are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Endowment Assets</u>
Endowment net assets, beginning of year	\$ -	\$ -	\$ 848,477	\$ 848,477
Investment income			103,322	103,322
Net appreciation (depreciation)			61,783	61,783
Withdrawals and fees	-	-	(64,237)	(64,237)
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 949,345</u>	<u>\$ 949,345</u>

Changes in endowment net assets as of December 31, 2016 are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Endowment Assets</u>
Endowment net assets, beginning of year	\$ -	\$ -	\$ 863,084	\$ 863,084
Contributions			11	11
Investment income			62,951	62,951
Net appreciation (depreciation)			(12,127)	(12,127)
Withdrawals and fees	-	-	(65,442)	(65,442)
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 848,477</u>	<u>\$ 848,477</u>

On September 21, 2011 the Board elected to adopt Pennsylvania Act 141 which governs the rules of how a non-profit can invest and spend the income from restricted funds. In the absence of donor specifications, the Board of Directors may elect the spending rate in future years as follows.

Organizations must make a choice between two basic strategies:

- Principal and Income – Organization may only spend restricted endowment funds' income, primarily interest and dividends, not the capital gains or the principal.
- Total Return Policy – Organizations may elect under this Act to follow a "total return policy" for the determination of income from a restricted endowment. Total return includes the interest, dividends, and net capital appreciation, both realized and unrealized. Annual spending is on a percentage of the fair market value of the investments in the restricted endowment. The board of

THIRD STREET ALLIANCE FOR WOMEN AND CHILDREN

Notes to Financial Statements

December 31, 2017 and 2016

directors may elect to spend between 2 and 7 percent of the fair market value of the investment in the restricted endowment.

The Board elected to use the Total Return Policy. The endowment must maintain a balance of at least \$750,000 per the donor's instruction.

NOTE 8. SUBSEQUENT EVENTS

Financial Accounting Standards Board (FASB) *Accounting Standards Codification* (ASC) 885, *Subsequent Events* provides the framework for disclosing events that take place after December 31, 2017 but prior to the issuance of this financial statement. Subsequent events have been evaluated through May 7, 2018, the date the financial statements were available to be issued.

The Organization contracted an architectural firm to conduct an audit of the building and systems. The firm created a prioritization matrix of potential repairs and facilities upgrades to be conducted over the next 20 years. The total cost would approximate \$1,835,000. Management and the board are creating a long-term capital budget plan to address the issues per the study.

As of May 7, 2018, there were no other material events that would have an effect on the December 31, 2017 financial statements.

NOTE 9. CONCENTRATION OF CREDIT RISKS

The Organization maintains its cash and cash equivalents in bank accounts, which at times may exceed federally insured limits of \$250,000. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risks related to its cash and cash equivalents.

The Organization maintains its investments in accounts with Pennsylvania Trust. The balances in these accounts are susceptible to loss due to the nature of the markets.