

YWCA of Greater Cincinnati, Inc. and YWCA Development Corporation

**Combined Financial Statements with
Supplementary Information
December 31, 2017 and 2016 and
Independent Auditors' Report**

YWCA OF GREATER CINCINNATI, INC. AND YWCA DEVELOPMENT CORPORATION

December 31, 2017 and 2016

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Independent Auditors' Report

The Board of Trustees
YWCA of Greater Cincinnati, Inc. and YWCA Development Corporation

Report on the Financial Statements

We have audited the accompanying combined financial statements of YWCA of Greater Cincinnati, Inc. and YWCA Development Corporation (collectively, the Organization), which comprise the combined statements of financial position as of December 31, 2017 and 2016, and the related combined statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the combined financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these combined 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 combined 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 combined 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 audit to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the combined 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 Organization'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 combined 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 combined financial statements referred to above present fairly, in all material respects, the financial position of YWCA of Greater Cincinnati, Inc. and YWCA Development Corporation as of December 31, 2017 and 2016, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Independent Auditors' Report
(Continued)**

Other Information

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the combined 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 combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined 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 combined financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 12, 2018 on our consideration YWCA of Greater Cincinnati, Inc. and YWCA Development Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering YWCA of Greater Cincinnati, Inc. and YWCA Development Corporation's internal control over financial reporting and compliance.

Barnes, Dennig & Co., Ltd.

July 12, 2018
Cincinnati, Ohio

YWCA OF GREATER CINCINNATI, INC. AND YWCA DEVELOPMENT CORPORATION

**Combined Statements of Financial Position
December 31, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
Assets		
Cash and cash equivalents	\$ 665,852	\$ 1,372,921
Accounts receivable, net	570,964	561,556
Contributions receivable, net	1,560,775	1,090,402
Investments	7,903,711	7,095,073
Property and equipment, net	3,340,933	3,722,773
Other assets	110,438	160,225
Note receivable, net of allowance of \$354,534 and \$323,918 in 2017 and 2016, respectively	1,633,466	1,664,082
Beneficial interest in perpetual trusts	<u>1,401,890</u>	<u>1,298,263</u>
Total assets	<u>\$ 17,188,029</u>	<u>\$ 16,965,295</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 331,791	\$ 191,683
Accrued payroll	206,260	388,170
Line of credit	350,000	-
Other liabilities	25,109	15,929
Obligations under capital lease	<u>1,633,466</u>	<u>1,664,082</u>
Total liabilities	<u>2,546,626</u>	<u>2,259,864</u>
Net Assets		
Unrestricted:		
Net investment in property and equipment	3,340,933	3,722,773
Quasi-endowment	1,988,526	1,849,926
Operating	<u>1,064,189</u>	<u>1,746,792</u>
Total unrestricted net assets	6,393,648	7,319,491
Temporarily restricted	4,796,947	4,038,759
Permanently restricted	<u>3,450,808</u>	<u>3,347,181</u>
Total net assets	<u>14,641,403</u>	<u>14,705,431</u>
Total liabilities and net assets	<u>\$ 17,188,029</u>	<u>\$ 16,965,295</u>

See accompanying notes to combined financial statements

YWCA OF GREATER CINCINNATI, INC. AND YWCA DEVELOPMENT CORPORATION

**Combined Statement of Activities
Year Ended December 31, 2017**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenues				
United Way	\$ 86,256	\$ 787,000	\$ -	\$ 873,256
Government and other grants	2,836,219	323,700	-	3,159,919
Contributions	334,302	758,634	-	1,092,936
Special events	678,662	-	-	678,662
Program service fees and membership dues	399,662	-	-	399,662
Investment return	339,640	815,694	-	1,155,334
Change in beneficial interest in trust	-	-	103,627	103,627
Other	69,963	-	-	69,963
Net assets released from purpose and time restrictions	<u>1,926,840</u>	<u>(1,926,840)</u>	<u>-</u>	<u>-</u>
 Total operating revenues, gains and other support	<u>6,671,544</u>	<u>758,188</u>	<u>103,627</u>	<u>7,533,359</u>
 Expenses				
Program services:				
Health and safety	4,739,430	-	-	4,739,430
Economic empowerment	1,423,697	-	-	1,423,697
Recognition and inclusion	<u>780,808</u>	<u>-</u>	<u>-</u>	<u>780,808</u>
 Total program services	6,943,935	-	-	6,943,935
 Management and general	383,573	-	-	383,573
Fundraising	<u>269,879</u>	<u>-</u>	<u>-</u>	<u>269,879</u>
 Total operating expenses	<u>7,597,387</u>	<u>-</u>	<u>-</u>	<u>7,597,387</u>
 Change in net assets	(925,843)	758,188	103,627	(64,028)
 Net assets, beginning of year	<u>7,319,491</u>	<u>4,038,759</u>	<u>3,347,181</u>	<u>14,705,431</u>
 Net assets, end of year	<u>\$ 6,393,648</u>	<u>\$ 4,796,947</u>	<u>\$ 3,450,808</u>	<u>\$ 14,641,403</u>

See accompanying notes to combined financial statements

YWCA OF GREATER CINCINNATI, INC. AND YWCA DEVELOPMENT CORPORATION

**Combined Statement of Activities
Year Ended December 31, 2016**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues				
United Way	\$ 54,838	\$ 740,310	\$ -	\$ 795,148
Government and other grants	2,305,845	507,647	-	2,813,492
Contributions	160,546	619,106	-	779,652
Special events	604,186	4,266	-	608,452
Program service fees and membership dues	441,522	23,400	-	464,922
Investment return	131,038	296,288	-	427,326
Change in beneficial interest in trust	-	-	118,650	118,650
Other	45,749	1,960	-	47,709
Net assets released from purpose and time restrictions	2,784,039	(2,784,039)	-	-
 Total operating revenues, gains and other support	 <u>6,527,763</u>	 <u>(591,062)</u>	 <u>118,650</u>	 <u>6,055,351</u>
Expenses				
Program services:				
Health and safety	4,037,426	-	-	4,037,426
Economic empowerment	1,355,875	-	-	1,355,875
Recognition and inclusion	729,524	-	-	729,524
 Total program services	 6,122,825	 -	 -	 6,122,825
Management and general	599,498	-	-	599,498
Fundraising	251,302	-	-	251,302
 Total expenses	 <u>6,973,625</u>	 <u>-</u>	 <u>-</u>	 <u>6,973,625</u>
Change in net assets	(445,862)	(591,062)	118,650	(918,274)
Net assets, beginning of year	<u>7,765,353</u>	<u>4,629,821</u>	<u>3,228,531</u>	<u>15,623,705</u>
Net assets, end of year	<u>\$ 7,319,491</u>	<u>\$ 4,038,759</u>	<u>\$ 3,347,181</u>	<u>\$ 14,705,431</u>

See accompanying notes to combined financial statements

YWCA OF GREATER CINCINNATI, INC. AND YWCA DEVELOPMENT CORPORATION

**Combined Statement of Functional Expenses
Year Ended December 31, 2017**

	Program Services				Management and General	Fundraising	Total
	Health & Safety	Economic Empowerment	Recognition & Inclusion	Total Program Services			
Salaries	\$ 2,558,993	\$ 799,840	\$ 333,714	\$ 3,692,547	\$ 70,675	\$ 151,372	\$ 3,914,594
Employee benefits	406,735	130,279	45,986	583,000	1,542	17,380	601,922
Payroll taxes	175,021	49,528	22,788	247,337	61	8,370	255,768
Professional fees and contract services	503,068	114,967	229,666	847,701	106,052	30,825	984,578
Depreciation	279,358	113,035	12,633	405,026	73,964	26	479,016
Supplies	151,069	54,938	81,489	287,496	11,372	11,840	310,708
Assistance to individuals	247,350	15,295	-	262,645	207	-	262,852
Occupancy	136,836	53,894	5,877	196,607	28,429	72	225,108
Transportation	71,273	51,199	893	123,365	1,622	775	125,762
Miscellaneous	29,714	10,870	17,660	58,244	29,917	25,726	113,887
Maintenance	69,248	11,314	1,378	81,940	23,348	1,491	106,779
Outside printing and artwork	27,161	430	20,201	47,792	42	14,255	62,089
Conferences and conventions	44,696	5,273	4,422	54,391	-	2,959	57,350
Telephone	36,420	11,825	3,341	51,586	1,174	838	53,598
Regional dues	-	-	-	-	35,168	-	35,168
Postage	2,488	1,010	760	4,258	-	3,950	8,208
Total expenses	\$ 4,739,430	\$ 1,423,697	\$ 780,808	\$ 6,943,935	\$ 383,573	\$ 269,879	\$ 7,597,387

See accompanying notes to combined financial statements

YWCA OF GREATER CINCINNATI, INC. AND YWCA DEVELOPMENT CORPORATION

**Combined Statement of Functional Expenses
Year Ended December 31, 2016**

	Program Services				Management and General	Fundraising	Total
	Health & Safety	Economic Empowerment	Recognition & Inclusion	Total Program Services			
Salaries	\$ 2,161,029	\$ 727,082	\$ 322,692	\$ 3,210,803	\$ 263,321	\$ 135,557	\$ 3,609,681
Employee benefits	342,486	131,678	34,116	508,280	39,853	15,255	563,388
Payroll taxes	152,771	49,559	20,228	222,558	12,842	9,296	244,696
Professional fees and contract services	418,994	102,961	190,645	712,600	42,040	43,962	798,602
Depreciation	264,076	121,197	9,480	394,753	71,837	242	466,832
Supplies	127,588	58,589	88,936	275,113	17,568	13,392	306,073
Assistance to individuals	183,539	6,319	-	189,858	-	-	189,858
Occupancy	120,080	59,568	5,542	185,190	46,392	144	231,726
Transportation	69,572	54,511	2,052	126,135	1,096	961	128,192
Miscellaneous	33,654	7,515	17,950	59,119	13,439	10,703	83,261
Maintenance	87,358	14,050	243	101,651	50,435	959	153,045
Outside printing and artwork	12,852	878	22,160	35,890	231	12,776	48,897
Conferences and conventions	25,389	7,664	6,548	39,601	3,415	609	43,625
Telephone	36,103	13,521	2,757	52,381	1,495	897	54,773
Regional dues	-	-	-	-	34,941	-	34,941
Postage	1,935	783	6,175	8,893	593	6,549	16,035
Total expenses	\$ 4,037,426	\$ 1,355,875	\$ 729,524	\$ 6,122,825	\$ 599,498	\$ 251,302	\$ 6,973,625

See accompanying notes to combined financial statements

YWCA OF GREATER CINCINNATI, INC. AND YWCA DEVELOPMENT CORPORATION

**Combined 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	\$ (64,028)	\$ (918,274)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	479,016	466,832
Net realized and unrealized gains on investments	(940,339)	(229,422)
Change in value of beneficial interest in trusts	(103,627)	(118,650)
Changes in:		
Accounts receivable, net	(9,408)	117,759
Contributions receivable, net	(470,373)	(102,276)
Other assets	49,787	(24,094)
Accounts payable	140,108	36,862
Accrued payroll	(181,910)	66,529
Other liabilities	9,180	(729)
	<u>(1,091,594)</u>	<u>(705,463)</u>
Net cash used by operating activities		
Cash flows from investing activities		
Purchase of investments	(2,293,399)	(2,321,327)
Proceeds from sale of investments	2,425,100	2,436,692
Purchase of property and equipment	(97,176)	(367,750)
	<u>34,525</u>	<u>(252,385)</u>
Net cash provided (used) by investing activities		
Cash flows from financing activities		
Proceeds from line of credit	400,000	-
Payments on line of credit	(50,000)	-
	<u>350,000</u>	<u>-</u>
Net cash provided by financing activities		
Net change in cash and cash equivalents	(707,069)	(957,848)
Cash and cash equivalents, beginning of year	<u>1,372,921</u>	<u>2,330,769</u>
Cash and cash equivalents, end of year	<u>\$ 665,852</u>	<u>\$ 1,372,921</u>

See accompanying notes to combined financial statements

YWCA OF GREATER CINCINNATI, INC. AND YWCA DEVELOPMENT CORPORATION

Notes to Combined Financial Statements

NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The YWCA of Greater Cincinnati, Inc. (YWCA or Organization) is incorporated in the State of Ohio as a 501(c)(3) charitable organization. The mission of the YWCA is to eliminate racism, empower women, and promote peace, justice, freedom and dignity for all people. The YWCA operates with three signature platforms; Empowerment and Economic Advancement of Women and Girls, Health and Safety of Women and Girls, and Racial Justice and Civil Rights. The signature platforms are focus areas of the YWCA's collective mission work which includes programs and services, awareness, and public policy and advocacy. The YWCA Development Corporation is affiliated with the YWCA through common management. The primary purpose of the YWCA Development Corporation is to own and maintain the facilities used by the YWCA for the Protection from Abuse program services.

Financial Statement Presentation

The accompanying financial statements include the assets, liabilities and financial activities of the YWCA and YWCA Development Corporation. All significant inter-organizational balances and transactions have been eliminated for purposes of this presentation.

The financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles (GAAP). The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, which have no donor-imposed restriction; temporarily restricted net assets, which have donor-imposed restrictions that will expire in the future; and permanently restricted net assets, which have donor-imposed restriction, which do not expire.

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 revenues, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The YWCA considers all liquid investments with original maturities of three months or less to be cash equivalents. At December 31, 2017 and 2016, cash equivalents consisted primarily of money market accounts. The Organization maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts and management believes it is not exposed to any significant credit risk.

Investments and Investment Return

Equity securities and debt securities are carried at fair value. Investment return includes dividends, interest (net of investment management fees) and realized and unrealized gains and losses on investments carried at fair value.

Investment return is reflected in the statements of activities as unrestricted, temporarily restricted or permanently restricted based upon the existence and nature of any donor or legally imposed restrictions.

YWCA OF GREATER CINCINNATI, INC. AND YWCA DEVELOPMENT CORPORATION

Notes to Combined Financial Statements (Continued)

NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable

Accounts receivable are stated at the amount billed to the funding agencies. If necessary, the Organization provides an allowance for doubtful accounts, which is based upon a review of outstanding receivables and existing economic conditions. Delinquent receivables are written off based on specific circumstances of the funding Organization. As of December 31, 2017 and 2016, the Organization considered all balances collectible; therefore, no allowance was necessary.

Property and Equipment

Property and equipment are recorded at cost and depreciated on a straight-line basis over the estimated useful life of each asset. Assets under capital lease obligations and leasehold improvements are depreciated over the shorter of the lease term or their respective estimated useful lives.

Contributions

Gifts of cash and other assets received without donor designations are reported as unrestricted revenue and net assets. Gifts received with a donor designation that limits their use are reported as temporarily or permanently restricted revenue and net assets. When a donor designated time restriction ends or purpose 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. Gifts and investment income that are originally restricted by the donor and for which the restriction is met in the same time period are recorded as temporarily restricted and then released from restriction.

Government Fees and Grants

Support funded by grants is recognized as the Organization performs the contracted services or incurs outlays eligible for reimbursement under the grant agreements. Grant activities and outlays are subject to audit and acceptance by the granting Organization and, as a result of such audit, adjustments could be required.

Income Taxes

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and a similar provision of Ohio law. However, the Organization is subject to federal income tax on any unrelated business taxable income.

The Organization's IRS Forms 990 are subject to review and examination by federal and state authorities. The Organization believes it has appropriate support for any tax positions taken, and therefore, does not have any uncertain income tax positions that are material to the financial statements.

Functional Allocation of Expenses

The costs of supporting the various programs and other activities have been summarized on a functional basis in the statements of activities. Certain costs have been allocated among the program, management and general and fundraising categories, based on the specific identification and other methods.

YWCA OF GREATER CINCINNATI, INC. AND YWCA DEVELOPMENT CORPORATION

Notes to Combined Financial Statements (Continued)

NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reclassifications

Certain 2016 figures have been reclassified to conform to the 2017 presentation.

New Accounting Standards

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers*. The standard's core principle is that an organization will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the organization expects to be entitled in exchange for those goods or services. This standard also includes expanded disclosure requirements that result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contract with customers. This standard will be effective for the Organization's year ending December 31, 2019.

In February 2016, the FASB issued ASU No. 2016-02, *Leases*. The standard requires all leases with lease terms over 12 months to be capitalized as a right-of-use asset and lease liability on the statement of financial position at the date of lease commencement. Leases will be classified as either finance or operating. This distinction will be relevant for the pattern of expense recognition in the statement of activities. This standard will be effective for Organization's year ending December 31, 2020.

In August 2016, the FASB issued ASU No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. The standard aims to improve nonprofit financial statements in an effort to provide more useful information to donors, grantors, creditors and other users. Major components of this standard include: net asset classifications, liquidity and availability of cash and consistency in reporting expenses. Net asset classifications will be reduced from three classes (unrestricted, temporarily restricted and permanently restricted) to two: net assets with donor restrictions and net assets without donor restrictions. Updated disclosure requirements will be presented regarding risk exposure and availability of cash for short term use. Expenses will be reported by both their natural and functional classification to aid in the usefulness of financial statements. This standard will be effective for Organization's year ending December 31, 2018.

The Organization is currently in the process of evaluating the impact of adoption of these ASUs on the combined financial statements.

Subsequent Event Evaluation

In preparing its financial statements, the Organization has evaluated events subsequent to the statement of financial position date through July 12, 2018, which is the date the financial statements were available to be issued.

YWCA OF GREATER CINCINNATI, INC. AND YWCA DEVELOPMENT CORPORATION

**Notes to Combined Financial Statements
(Continued)**

NOTE 2 CONTRIBUTIONS RECEIVABLE

Contributions receivable are temporarily restricted and consisted of the following:

	<u>2017</u>	<u>2016</u>
Due within one year	\$ 1,560,775	\$ 990,402
Due in one to five years	<u>-</u>	<u>100,000</u>
	<u>\$ 1,560,775</u>	<u>\$ 1,090,402</u>

NOTE 3 INVESTMENTS AND INVESTMENT RETURN

Investments at December 31 consisted of the following:

	<u>2017</u>	<u>2016</u>
Money market funds	\$ 295,906	\$ 391,323
U.S. government and Federal agency securities	575,312	335,274
Corporate debt securities	1,212,845	1,174,904
Fixed income mutual funds	97,294	95,892
Equity mutual funds	2,274,946	2,027,192
Common stocks	<u>3,447,408</u>	<u>3,070,488</u>
	<u>\$ 7,903,711</u>	<u>\$ 7,095,073</u>

Total investment return is comprised of the following:

	<u>2017</u>	<u>2016</u>
Interest and dividends - net of investment costs of \$44,351 and \$39,311, respectively	\$ 214,995	\$ 197,904
Net realized gains	381,047	233,089
Net unrealized gains (losses)	<u>559,292</u>	<u>(3,667)</u>
	<u>\$ 1,155,334</u>	<u>\$ 427,326</u>

NOTE 4 NOTE RECEIVABLE AND CAPITAL LEASE OBLIGATION

In January 1983, the YWCA sold part of its real property for \$450,000. In connection with the sale, the YWCA loaned the buyer \$2,100,000 to make improvements to the space occupied by the YWCA and the YWCA received a note receivable for \$2,100,000 that bore interest at 7%. The note receivable provided for monthly installments of \$12,439, including interest, through June 2043. The note receivable is secured by a mortgage on the portion of the building occupied by the YWCA at the downtown center and by the assignment of the lease payments referred to above. As part of the sales agreement, the YWCA leased back a portion of the space. The deed contains a reversion provision that the entire building will revert back to the YWCA in 2043 at no cost.

YWCA OF GREATER CINCINNATI, INC. AND YWCA DEVELOPMENT CORPORATION

**Notes to Combined Financial Statements
(Continued)**

NOTE 4 NOTE RECEIVABLE AND CAPITAL LEASE OBLIGATION (CONTINUED)

In February 1984, the lease agreement was amended. As part of the amendment, the YWCA was required to make monthly lease payments of \$11,855, for the first fourteen-year lease term. The net effect of the transaction was the payments on the lease and the payments due on the note were offset against each other with a minor amount being paid to the YWCA for shared building costs.

In August 2005, the note and lease were amended to no longer require current payments of interest and principal and to reduce the annual rent to \$1 a year plus the shared building expense of approximately \$584 per month. Additionally, the note was subordinated to other debt of the buyer/lessor and the outstanding principal and interest of the note is due to the YWCA in full in January 2043.

NOTE 5 PROPERTY AND EQUIPMENT

Property and equipment at December 31 consisted of the following:

	<u>2017</u>	<u>2016</u>
Land	\$ 138,215	\$ 138,215
Buildings and improvements	11,224,829	11,080,571
Furniture and equipment	1,170,094	1,150,035
Construction in process	16,023	83,418
Less accumulated depreciation	<u>(9,208,228)</u>	<u>(8,729,466)</u>
	<u>\$ 3,340,933</u>	<u>\$ 3,722,773</u>

NOTE 6 BENEFICIAL INTEREST IN PERPETUAL TRUSTS

The YWCA is the beneficiary under various perpetual trusts administered by outside parties. Under the terms of the trusts, the YWCA has the irrevocable right to receive income earned on the trust assets in perpetuity, but never receives the assets held in trust. The estimated value of the expected future cash flows is \$1,401,890 and \$1,298,263, which represents the fair value of the YWCA's portion of the trust assets at December 31, 2017 and 2016, respectively. The YWCA's portion of the income from these trusts for 2017 and 2016 was \$64,914 and \$63,968, respectively.

NOTE 7 LINE OF CREDIT

The YWCA entered into a \$1,000,000 line of credit agreement at PNC Bank. As of December 31, 2017 and 2016 \$350,000 and \$-0- was drawn against the line of credit, respectively. The line of credit expires in September 2018, and can be renewed on an annual basis. Interest accrues at PNC Bank's daily LIBOR rate plus 2.0%. In connection with this agreement, the YWCA is required to maintain minimum unrestricted net assets of \$6,000,000 and minimum liquid assets of \$4,000,000. As of December 31, 2017 and 2016, the YWCA believes it is in compliance with this agreement.

YWCA OF GREATER CINCINNATI, INC. AND YWCA DEVELOPMENT CORPORATION

**Notes to Combined Financial Statements
(Continued)**

NOTE 8 TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets as of December 31 are available for the following purposes or periods:

	<u>2017</u>	<u>2016</u>
Restricted as to purpose:		
Health and safety	\$ 176,126	\$ 351,138
Economic empowerment	10,000	163,112
Recognition and inclusion	-	15,518
Other	40,000	50,000
Restricted for use in subsequent years:		
Endowment earnings not appropriated for expenditure	3,010,046	2,368,589
United Way	787,000	740,310
Other pledges	773,775	350,092
	<u>\$ 4,796,947</u>	<u>\$ 4,038,759</u>

NOTE 9 NET ASSETS RELEASED FROM RESTRICTIONS

During 2016 approximately \$700,000 of temporarily restricted net assets were used for infrastructure upgrades, program expansions and facilities enhancements.

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors, noted as follows:

	<u>2017</u>	<u>2016</u>
Operating activities:		
Time restrictions expired:		
United Way allocation for current year	\$ 740,310	\$ 776,457
Other pledges	265,200	253,538
Endowment earnings appropriated for expenditure	174,237	171,778
Purpose restriction accomplished:		
Health and safety	519,807	1,045,607
Economic empowerment	201,768	156,107
Recognition and inclusion	15,518	253,638
Other	10,000	126,914
	<u>\$ 1,926,840</u>	<u>\$ 2,784,039</u>

YWCA OF GREATER CINCINNATI, INC. AND YWCA DEVELOPMENT CORPORATION

**Notes to Combined Financial Statements
(Continued)**

NOTE 10 ENDOWMENT

The Organization's endowment consists of six individual funds established for a variety of purposes. The endowment includes both donor-restricted endowment funds and funds designated by the governing body to function as endowments (board-designated endowment funds). Income from the Organization's donor-restricted endowment funds may be used for general operations. Income from the Organization's board-designated endowment funds are to be used for building maintenance, capital improvements and general operations. As required by accounting principles generally accepted in the United States of America (GAAP), net assets associated with endowment funds, including board-designated endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Organization's governing body follows the Uniform Prudent Management of Institutional Funds Act (UPMIFA). The governing board has interpreted UPMIFA as requiring preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of donor-restricted endowment funds is classified as unrestricted or temporarily restricted net assets as required by the donor.

The composition of net assets by type of endowment fund at December 31 was:

	2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted funds	\$ -	\$ 3,010,046	\$ 2,048,918	\$ 5,058,964
Board-designated funds	1,988,526	-	-	1,988,526
Total endowment funds	<u>\$ 1,988,526</u>	<u>\$ 3,010,046</u>	<u>\$ 2,048,918</u>	<u>\$ 7,047,490</u>
	2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted funds	\$ -	\$ 2,368,589	\$ 2,048,918	\$ 4,417,507
Board-designated funds	1,849,926	-	-	1,849,926
Total endowment funds	<u>\$ 1,849,926</u>	<u>\$ 2,368,589</u>	<u>\$ 2,048,918</u>	<u>\$ 6,267,433</u>

YWCA OF GREATER CINCINNATI, INC. AND YWCA DEVELOPMENT CORPORATION

**Notes to Combined Financial Statements
(Continued)**

NOTE 10 ENDOWMENT (CONTINUED)

Changes in endowment net assets for the years ended December 31 were:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, December 31, 2015	\$ 1,836,893	\$ 2,244,079	\$ 2,048,918	\$ 6,129,890
Investment return:				
Investment income	25,478	91,806	-	117,284
Net appreciation	46,731	204,482	-	251,213
Total investment return	72,209	296,288	-	368,497
Appropriation of endowment assets for expenditure	<u>(59,176)</u>	<u>(171,778)</u>	-	<u>(230,954)</u>
Endowment net assets, December 31, 2016	1,849,926	2,368,589	2,048,918	6,267,433
Investment return:				
Investment income	27,802	103,293	-	131,095
Net appreciation	236,344	712,401	-	948,745
Total investment return	264,146	815,694	-	1,079,840
Appropriation of endowment assets for expenditure	<u>(125,546)</u>	<u>(174,237)</u>	-	<u>(299,783)</u>
Endowment net assets, December 31, 2017	<u>\$ 1,988,526</u>	<u>\$ 3,010,046</u>	<u>\$ 2,048,918</u>	<u>\$ 7,047,490</u>

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level the Organization is required to retain as a fund of perpetual duration pursuant to donor stipulation. In accordance with GAAP, deficiencies of this nature are reported in unrestricted net assets. As of December 31, 2017 and 2016, there were no such deficiencies in endowment funds.

The Organization has both an investment policy and investment guidelines as well as a spending policy for endowment assets that attempt to provide a predictable stream of funding to programs and other items supported by its endowment while seeking to maintain the purchasing power of the endowment and provide additional real growth through new gifts and investment return. Endowment assets include those assets of donor-restricted endowment funds the Organization must hold in perpetuity as well as those of board-designated endowment funds. Following the Organization's investment policy, endowment assets are invested in a manner intended to increase the size of the endowment fund using a conservative asset allocation approach. Currently, the targeted range for equities is 50-70% with the remaining 30-50% to be invested in fixed income securities. Included in the investment policy are the guidelines for acceptable investment instrument quality.

YWCA OF GREATER CINCINNATI, INC. AND YWCA DEVELOPMENT CORPORATION

Notes to Combined Financial Statements (Continued)

NOTE 10 ENDOWMENT (CONTINUED)

The Organization's spending policy (policy of appropriating for expenditure each year) is 3.75% of its endowment fund's three year trailing average fair value balance. In establishing this policy, the Organization considered the long-term expected return on its endowment funds and considers this spending policy to be conservative.

The Investment Committee of the Board reviews the investment manager performance and the endowment fund account performance with each investment manager at least once per year. The Investment Committee reviews the endowment fund portfolio summary monthly and the investment account performance quarterly, including a comparison to industry benchmarks.

NOTE 11 RETIREMENT PLANS

The YWCA of Greater Cincinnati, Inc. provides retirement benefits for eligible employees as a participating employer-sponsor of the National YWCA Retirement Fund, Inc. (Plan), a cash balance defined benefit pension plan. The Plan operates as a multiple-employer pension plan whereby plan benefits are based on individual employee account balances. The actuarial present value of accumulated plan benefits and net assets available for benefits relating to the Organization's employees is not available for each participating organization. As such, the YWCA does not recognize the funded status of the Plan. The YWCA pays a portion of the retirement cost for each employee with two years of 1,000 hours of service. Contributions to the Plan amounted to \$194,712 in 2017 and \$191,758 in 2016.

NOTE 12 FAIR VALUE MEASUREMENTS

The fair value of an asset is considered to be the price at which the asset could be sold in an orderly transaction between unrelated knowledgeable and willing parties. A liability's fair value is defined as the amount that would be paid to transfer the liability to a new obligor, not the amount that would be paid to settle the liability with the creditor. Assets and liabilities recorded at fair value are measured using a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. These tiers include:

- Level 1 - Inputs are unadjusted quoted prices for identical assets in active markets.
- Level 2 - Inputs are observable quoted prices for similar assets in active markets.
- Level 3 - Inputs are unobservable and reflect management's best estimate of what market participants would use as fair value.

Following is a description of the valuation methodologies used for assets and liabilities measured at fair value on a recurring basis and recognized in the accompanying statement of financial position, as well as the general classification of such assets and liabilities pursuant to the valuation hierarchy.

Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities include equity securities and mutual funds (including equity and bond funds). If quoted market prices are not available, then fair values are estimated by using pricing models or quoted prices of securities with similar characteristics. Level 2 securities include corporate debt securities and money market funds.

Beneficial Interest in Perpetual Trust

Fair value is estimated at the present value of the future distributions expected to be received over the term of the agreement. Due to the nature of the valuation inputs, the interest is classified within Level 3 of the hierarchy.

YWCA OF GREATER CINCINNATI, INC. AND YWCA DEVELOPMENT CORPORATION

**Notes to Combined Financial Statements
(Continued)**

NOTE 12 FAIR VALUE MEASUREMENTS (CONTINUED)

The following table summarizes assets measured at fair value on a recurring basis at:

December 31, 2017	Total	Level 1	Level 2	Level 3
Investments:				
Money market funds	\$ 295,906	\$ -	\$ 295,906	\$ -
U.S. government and Federal agency securities	575,312	-	575,312	-
Corporate debt securities	1,212,845	-	1,212,845	-
Fixed income mutual funds	97,294	97,294	-	-
Equity mutual funds	2,274,946	2,274,946	-	-
Common stocks	3,447,408	3,447,408	-	-
Total investments	<u>\$ 7,903,711</u>	<u>\$ 5,819,648</u>	<u>\$ 2,084,063</u>	<u>\$ -</u>
Beneficial interest in perpetual trust	<u>\$ 1,401,890</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,401,890</u>
December 31, 2016	Total	Level 1	Level 2	Level 3
Investments:				
Money market funds	\$ 391,323	\$ -	\$ 391,323	\$ -
U.S. government and Federal agency securities	335,274	-	335,274	-
Corporate debt securities	1,174,904	-	1,174,904	-
Fixed income mutual funds	95,892	95,892	-	-
Equity mutual funds	2,027,192	2,027,192	-	-
Common stocks	3,070,488	3,070,488	-	-
Total investments	<u>\$ 7,095,073</u>	<u>\$ 5,193,572</u>	<u>\$ 1,901,501</u>	<u>\$ -</u>
Beneficial interest in perpetual trust	<u>\$ 1,298,263</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,298,263</u>

See statement of activities for the change in beneficial interest in perpetual trust.

NOTE 13 SIGNIFICANT CONCENTRATIONS

Accounting principles generally accepted in the United States of America require disclosure of current vulnerabilities due to certain concentrations. Those matters include the following:

Approximately 50% and 68% of contributions receivable was due from the United Way of Greater Cincinnati at December 31, 2017 and 2016, respectively.

Approximately 46% of contributions was received from one bequest in 2017.

SUPPLEMENTARY INFORMATION

YWCA OF GREATER CINCINNATI, INC. AND YWCA DEVELOPMENT CORPORATION

**Schedule of Expenditures of Federal Awards
Year Ended December 31, 2017**

Federal Grantor/Pass-through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of Agriculture				
<i>Passed through the Ohio Department of Education:</i>				
Child and Adult Care Food Program	10.558	None	\$ -	\$ 28,201
U.S. Department of Health and Human Services				
<i>Passed through the State of Ohio Office of Criminal Justice Services:</i>				
Family Violence Prevention & Services/Grants for Battered Women's Shelters - Grants to States and Indian Tribes	93.671	2016-VP-001-4049 2016-VP-003-4049a 2016-JG-D01-6282 2016-VP-001-4050 2017-VP-001-4049 2017-VP-001-4050 2017-DV-FVP-255 2017-DV-FVP-255a 2018-DV-FVP-255	-	133,966
<i>Passed through the Ohio Department of Health:</i>				
Injury Prevention and Control Research and State and Community Based Programs	93.136	03160104VW1017	-	54,188
Preventive Health and Health Services Block Grant funded solely with Prevention and Public Health Funds (PPHF)	93.758	03160104VW1017	-	8,000
Total U.S. Department of Health and Human Services			-	196,154
U.S. Department of Homeland Security				
Emergency Food & Shelter National Board Program	97.024	675600-002	-	23,704
U.S. Department of Housing and Urban Development				
<i>Passed through Strategies to End Homelessness, Inc:</i>				
Emergency Shelter Grants Program	14.231	201707	-	60,068
<i>Passed through Strategies to End Homelessness, Inc:</i>				
Continuum of Care Program	14.267	201641 201766	-	167,557
Total U.S. Department of Housing and Urban Development			-	227,625
U.S. Department of Justice				
<i>Passed through the State of Ohio Office of Criminal Justice Services:</i>				
Violence Against Women Formula Grants	16.588	2015-WF-VA5-8588a 2016-WF-VA5-8588 2016-WF-VA5-8585	-	47,301

YWCA OF GREATER CINCINNATI, INC. AND YWCA DEVELOPMENT CORPORATION

**Schedule of Expenditures of Federal Awards
Year Ended December 31, 2017 (Continued)**

Federal Grantor/Pass-through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of Justice (Continued)				
<i>Passed through the State of Ohio Office of Crime Victims Assistance:</i>				
Crime Victim Assistance	16.575	2017-VOCA-43558266 2018-VOCA-109310003	-	220,551
<i>Direct programs:</i>				
Transitional Housing Assistance for Victims of Domestic Violence, Dating Violence, Stalking or Sexual Assault	16.736	2014-WH-AX-0010 2017-WH-AX-0048	32	127,306
Edward Byne Memorial Justice Assistance Grant Program	16.738	2016-JG-D01-6263P	-	20,059
Improving Criminal Justice Responses Grant Program	16.590	2016-WE-AX-0026	58,367	135,399
Rural Domestic Violence, Dating Violence, Sexual Assault, and Stalking Assistance Program	16.589	2016-WR-AX-0031	44,465	216,179
Education, Training and Enhanced Services to End Violence Against and Abuse of Women with Disabilities (Project CARE)	16.529	2015-FW-AX-K006	37,435	129,618
Grants for Outreach and Service to Underserved Populations	16.889	2017-UD-AX-0005	-	30,303
Total U.S. Department of Justice			<u>140,299</u>	<u>926,716</u>
			<u>\$ 140,299</u>	<u>\$ 1,402,400</u>

NOTE 1 BASIS OF PRESENTATION

The schedule of expenditures of federal awards includes the federal grant activity of the Organization for the year ended December 31, 2017. 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* (Uniform Guidance). Therefore, some amounts presented on this schedule may differ from those amounts presented, or used in, the preparation of the basic combined financial statements.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures on the schedule are reported on the accrual basis of accounting in accordance with generally accepted accounting principles. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 INDIRECT COST RATE

The Organization has elected not to use the 10% de minimis indirect cost rate allowed under Uniform Guidance.

**INDEPENDENT AUDITORS' 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**

The Board of Trustees
YWCA of Greater Cincinnati, Inc. and YWCA Development Corporation

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 combined financial statements of YWCA of Greater Cincinnati, Inc. and YWCA Development Corporation (a nonprofit organization), which comprise the combined statement of financial position as of December 31, 2017, and the related combined statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the combined financial statements, and have issued our report thereon dated July 12, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the combined financial statements, we considered YWCA of Greater Cincinnati, Inc. and YWCA Development Corporation'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of YWCA of Greater Cincinnati, Inc. and YWCA Development Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of YWCA of Greater Cincinnati, Inc. and YWCA Development Corporation's internal control.

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 entity'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.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether YWCA of Greater Cincinnati, Inc. and YWCA Development Corporation's combined 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*.

**INDEPENDENT AUDITORS' 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*
(CONTINUED)**

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 YWCA of Greater Cincinnati, Inc. and YWCA Development Corporation'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Barnes, Dennig & Co., Ltd.

July 12, 2018
Cincinnati, Ohio

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

The Board of Trustees
YWCA of Greater Cincinnati, Inc. and YWCA Development Corporation

Report on Compliance for Each Major Federal Program

We have audited YWCA of Greater Cincinnati, Inc. and YWCA Development Corporation's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of YWCA of Greater Cincinnati, Inc. and YWCA Development Corporation's major federal programs for the year ended December 31, 2017. YWCA of Greater Cincinnati, Inc. and YWCA Development Corporation's major federal programs are 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of YWCA of Greater Cincinnati, Inc. and YWCA Development Corporation'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* (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 of Greater Cincinnati, Inc. and YWCA Development Corporation'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 of Greater Cincinnati, Inc. and YWCA Development Corporation's compliance.

Opinion on Each Major Federal Program

In our opinion, YWCA of Greater Cincinnati, Inc. and YWCA Development Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2017.

Report on Internal Control over Compliance

Management of YWCA of Greater Cincinnati, Inc. and YWCA Development Corporation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE
(CONTINUED)**

Report on Internal Control over Compliance (Continued)

In planning and performing our audit of compliance, we considered YWCA of Greater Cincinnati, Inc. and YWCA Development Corporation'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 YWCA of Greater Cincinnati, Inc. and YWCA Development Corporation'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 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.

Barnes, Dennig & Co., Ltd.

July 12, 2018
Cincinnati, Ohio

YWCA OF GREATER CINCINNATI, INC. AND YWCA DEVELOPMENT CORPORATION

**Schedule of Findings and Questioned Costs
Year Ended December 31, 2017**

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? _____ Yes X No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ Yes X None noted
- 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 noted

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 Section 200.516(a)? _____ Yes X No

Identification of major programs

<u>CFDA #</u>	<u>Name of Federal Programs or Clusters</u>
16.575	Crime Victim Assistance
16.589	Rural Domestic Violence, Dating Violence, Sexual Assault, and Stalking Assistance Program

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 Findings

No matters are reportable.

Section III - Federal Award Findings and Questioned Costs

No matters are reportable.

YWCA OF GREATER CINCINNATI, INC. AND YWCA DEVELOPMENT CORPORATION

**Summary Schedule of Prior Audit Findings
Year Ended December 31, 2017**

Reference Number	Summary of Finding	Status
	No matters are reportable.	