

**FORT BEND COUNTY  
WOMEN'S CENTER, INCORPORATED**

**ANNUAL FINANCIAL REPORT**

**December 31, 2017**



**FORT BEND COUNTY WOMEN'S CENTER, INCORPORATED**  
**TABLE OF CONTENTS**

	<b>Page Number</b>
<b>Independent Auditors' Report</b>	1
<b>Basic Financial Statements</b>	
Statements of Financial Position	4
Statements of Activities	5
Statements of Cash Flows	6
Notes to the Financial Statements	7
<b>Supplemental Information</b>	
Schedule of Functional Expenses	18



## Independent Auditors' Report

To the Board of Directors of  
Fort Bend County Women's Center, Incorporated  
Fort Bend County, Texas

### Report on the Financial Statements

We have audited the accompanying financial statements of Fort Bend County Women's Center, Incorporated (the "Center") (a nonprofit organization), as of December 31, 2017, which comprise the statement of financial position as of December 31, 2017, and the related statements of activities, and cash flows for the year 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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.

To the Board of Directors of  
Fort Bend County Women's Center, Incorporated

***Opinion***

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

***Other Matters***

***Other Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of functional expenses on pages 18 and 19 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued, in a separately bound report, our report dated June 15, 2018, on our consideration of the Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Center's internal control over financial reporting and compliance.

***Report on Summarized Comparative Information***

We have previously audited the Center's 2016 financial statements, and our report dated April 24, 2017 expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Whitley Penn LLP*

Houston, Texas  
June 15, 2018

## **BASIC FINANCIAL STATEMENTS**

**FORT BEND COUNTY WOMEN'S CENTER, INCORPORATED**  
**STATEMENTS OF FINANCIAL POSITION**

	<b>December 31,</b>	
	<b>2017</b>	<b>2016</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 276,078	\$ 480,766
Receivables - grants and other	427,233	225,265
Inventory	246,159	207,235
Prepaid expenses	92,962	46,038
Restricted cash	3,273	72,670
Property and equipment (net of depreciation)	4,660,740	4,550,329
Other assets	380	8,280
<b>Total Assets</b>	<b>\$ 5,706,825</b>	<b>\$ 5,590,583</b>
<b>Liabilities</b>		
Accounts payable	\$ 66,971	\$ 50,327
Accrued expenses	134,268	92,395
Line-of-Credit	410,000	-
Notes payable	978,808	1,069,452
Deferred revenues	1,162	721
<b>Total Liabilities</b>	<b>1,591,209</b>	<b>1,212,895</b>
<b>Net assets:</b>		
Unrestricted:		
Fixed assets net of debt	3,681,932	3,480,877
Designated	300,000	300,000
Undesignated net assets for operations	(141,855)	36,141
Total Unrestricted	3,840,077	3,817,018
Temporarily restricted	275,539	560,670
<b>Total net assets</b>	<b>4,115,616</b>	<b>4,377,688</b>
<b>Total liabilities and net assets</b>	<b>\$ 5,706,825</b>	<b>\$ 5,590,583</b>

*See notes to the financial statements.*



**FORT BEND COUNTY WOMEN'S CENTER, INCORPORATED**  
**STATEMENTS OF ACTIVITIES**  
*For The Year Ended December 31, 2017*  
*With comparative amounts for the year ended December 31, 2016*

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Totals</u>	
			<u>2017</u>	<u>2016</u>
<b>Revenues and other support</b>				
Donations	\$ 387,736	\$ 640,770	\$ 1,028,506	\$ 1,585,014
United Way	210,125	-	210,125	213,603
State and other grants	293,239	-	293,239	281,933
Federal financial assistance	2,541,565	-	2,541,565	1,564,420
In-kind donations	39,708	-	39,708	4,558
Fundraisers	503,826	-	503,826	574,898
Less: cost of direct benefit to donors	(139,763)	-	(139,763)	(138,037)
Contributions of merchandise for resale	2,421,290	-	2,421,290	2,185,785
Resale centers revenue	2,436,805	-	2,436,805	2,147,502
Less value of contributed merchandise sold	(2,382,365)	-	(2,382,365)	(2,145,992)
Interest	92	-	92	141
Other	8,078	-	8,078	4,441
Total revenue and other support	<u>6,320,336</u>	<u>640,770</u>	<u>6,961,106</u>	<u>6,278,266</u>
Net assets released from restrictions	<u>925,901</u>	<u>(925,901)</u>	<u>-</u>	<u>-</u>
<b>Total revenue, other support and net assets released from restrictions</b>	<u>7,246,237</u>	<u>(285,131)</u>	<u>6,961,106</u>	<u>6,278,266</u>
<b>Expenses</b>				
Program services:				
Shelter	1,641,927	-	1,641,927	1,589,429
Future housing	27,436	-	27,436	94,852
Aftercare	2,668,488	-	2,668,488	1,836,129
Resale centers	2,384,529	-	2,384,529	1,960,181
Supporting services:				
General and administrative	324,451	-	324,451	292,313
Fundraising	176,347	-	176,347	212,814
<b>Total expenses</b>	<u>7,223,178</u>	<u>-</u>	<u>7,223,178</u>	<u>5,985,718</u>
<b>Change in net assets</b>	23,059	(285,131)	(262,072)	292,548
<b>Net assets, beginning of year</b>	<u>3,817,018</u>	<u>560,670</u>	<u>4,377,688</u>	<u>4,085,140</u>
<b>Net assets, end of year</b>	<u>\$ 3,840,077</u>	<u>\$ 275,539</u>	<u>\$ 4,115,616</u>	<u>\$ 4,377,688</u>

*See notes to the financial statements.*

**FORT BEND COUNTY WOMEN'S CENTER, INCORPORATED**  
**STATEMENTS OF CASH FLOWS**  
*For The Year Ended December 31, 2017 and 2016*

	<u>2017</u>	<u>2016</u>
<b>Cash provided (used) by operating activities</b>		
Increase (decrease) in net assets	\$ (262,072)	\$ 292,548
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	218,854	215,110
Changes in net assets and liabilities:		
Decrease (increase) in thrift store inventory	(38,924)	(39,793)
Decrease (increase) in receivables	(201,968)	(8,060)
Decrease (increase) in prepaid expenses	(46,924)	61,685
Decrease (increase) in other assets	7,900	(8,280)
Increase (decrease) in accounts payable and accrued expenses	58,517	(4,503)
Increase (decrease) in deferred revenues	441	(595,213)
<b>Net cash provided (used) by operating activities</b>	<u>(264,176)</u>	<u>(86,506)</u>
<b>Cash flows used by investing activities:</b>		
Net acquisitions of property and equipment	<u>(329,265)</u>	<u>(68,922)</u>
<b>Net cash used by investing activities</b>	(329,265)	(68,922)
<b>Cash flows used by financing activities</b>		
Proceeds (payments) from (for) line-of-credit	410,000	
Proceeds (payments) from (for) notes payable	<u>(90,644)</u>	<u>(105,798)</u>
<b>Net cash used by financing activities</b>	319,356	(105,798)
<b>Net increase (decrease) in cash and cash equivalents</b>	(274,085)	(261,226)
<b>Cash and cash equivalents, beginning of year</b>	<u>553,436</u>	<u>814,662</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$ 279,351</u>	<u>\$ 553,436</u>
<b>Cash and cash equivalents at year-end</b>		
Cash and cash equivalents, unrestricted	\$ 276,078	\$ 480,766
Cash and cash equivalents, restricted	<u>3,273</u>	<u>72,670</u>
<b>Total</b>	<u>\$ 279,351</u>	<u>\$ 553,436</u>
<b>Interest paid during the year</b>	<u>\$ 57,219</u>	<u>48,201</u>

*See notes to the financial statements.*

**FORT BEND COUNTY WOMEN’S CENTER, INCORPORATED**  
**NOTES TO THE FINANCIAL STATEMENTS**

**A. Nature of Activities**

Fort Bend County Women’s Center, Incorporated (the “Center”) is a Texas nonprofit corporation without capital stock, incorporated under the Texas Non-Profit Corporation Act in 1980. The Center serves the needs of survivors of domestic violence and sexual assault and their children by providing emergency shelter, crisis intervention, counseling, support services and educational outreach.

The Center is supported primarily through donor contributions, federal and state grants, United Way and the PennyWise Resale Centers (“Resale Centers”). The Resale Centers provide additional revenues and support for the core operations of the Center.

**B. Summary of Significant Accounting Policies**

**Basis of Presentation and Accounting**

In accordance with generally accepted accounting principles, the financial statements have been prepared on the accrual basis and, accordingly, reflect all significant receivables, payables and other liabilities.

The Center’s financial statements are prepared in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 *Financial Statements of Not-for-profit Organizations*. Under ASC 958, the Center is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. In addition, the Center is required to present a statement of activities, statement of changes in net assets and a statement of cash flows.

A summary of the Center’s significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

**Contributions**

The Organization follows *Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-210* which requires contributions received to be recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions. Under FASB ASC 958-210, contributions are required to be reported as temporarily restricted support and are then reclassified to unrestricted net assets upon expiration of the restriction.

**Promises to Give**

Contributions are recognized when the donor makes a promise to give to the Center that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the year in which the contributions are received. All other donor restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, restricted net assets are reclassified to unrestricted net assets. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

**FORT BEND COUNTY WOMEN'S CENTER, INCORPORATED**  
*NOTES TO THE FINANCIAL STATEMENTS (continued)*

**B. Summary of Significant Accounting Policies (continued)**

**Cash and Cash Equivalents**

For purposes of the statement of cash flows, the Center considers petty cash, cash in checking accounts, savings accounts and money market accounts to be cash equivalents. The Center considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. The carrying amount reported in the statement of financial position approximates fair value because of the short maturities of those instruments. The Center maintains deposits primarily in three financial institutions, which may at times exceed amounts covered by insurance provided by the U.S. Federal Deposit Insurance Corporation ("FDIC"). The Center has not experienced any losses related to amounts in excess of FDIC limits.

**Investments**

The Center follows the provisions of Financial Accounting Standards Board Accounting Standards Codification ("FASB ASC") 958-320 and FASB ASC 958-325, *Accounting for Certain Investments Held by Not-for-Profit Organizations*. This statement requires investments with readily determinable fair values to be stated at fair value with unrealized gains and losses from fluctuations in market value included in the statement of activities and changes in net assets. The Center did not have any investments outstanding as of December 31, 2017 or as of December 31, 2016 that required reporting on the fair value.

FASB ASC 820, *Fair Value Measurements*, establishes a 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 or liabilities (Level 1 measurements) and lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described below:

Level 1      Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Center 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 specified (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 measurements

**FORT BEND COUNTY WOMEN'S CENTER, INCORPORATED**  
*NOTES TO THE FINANCIAL STATEMENTS (continued)*

**B. Summary of Significant Accounting Policies (continued)**

**Receivables**

Receivables include those from grants, pledges and contributions. Receivables at December 31, 2017, are due within the year. Additionally, the Center believes that all such receivables are collectible and, therefore, an allowance for uncollectible accounts is not considered necessary.

**Inventory**

The majority of inventory, which consists of various donated items such as clothing, household goods, furniture, computers, and toys, are held for sale at the Resale Centers and/or given to the Center's clients for their use. The Center receives this inventory from donors as contributed items for its resale stores to sell to the public. Since there is no cost to the Center, inventory is stated at fair market value determined by the estimated price at which the item can be sold on the date of the donation. Contribution revenue is recognized when the donated items are received and the inventory recorded. When the donated items are sold, the sales revenues are recorded and the fair value of the inventory sold is recorded as value of contributed merchandise sold. Changes in year-end inventory amounts are recorded as additional sales revenue or cost of goods sold, as appropriate.

**Property and Equipment**

It is the Center's policy to capitalize property and equipment over \$3,500 and with a useful life of more than one year. Purchases of lesser amounts are expensed. Purchased property and equipment are capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value at the date of donation. Such donations are reported as unrestricted contributions, unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Center reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Center reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property and equipment are depreciated using the straight-line method over estimated useful lives as follows:

Buildings	31.5 years
Building improvements	31.5 years
Vehicles	5 years
Furniture and equipment	5 years

**Compensated Absences**

During the year, employees of the Center are entitled to paid time off, depending on job classification, length of service, and other factors. The Center does allow for a carry-forward of up to a maximum of 80 hours after year-end. The policy further states that if terminated for misconduct, an employee will not be compensated for paid time off that has been carried forward from previous years or accrued in the current year.

**FORT BEND COUNTY WOMEN'S CENTER, INCORPORATED**  
*NOTES TO THE FINANCIAL STATEMENTS (continued)*

**B. Summary of Significant Accounting Policies (continued)**

**Unrestricted Net Assets**

The Center's unrestricted net assets are allocated between unrestricted net assets related to fixed assets which are not available for operations and the amount of unrestricted net assets available for operations.

**Estimates**

The presentation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Contributed Services**

During the year ended December 31, 2017, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Center, but these services do not meet the criteria for recognition as contributed services.

**Functional Allocation of Expenses**

The costs of providing the Center's programs and supporting services have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Included in the functional expenses are the costs incurred for the resale centers. Net proceeds from the resale centers help to fund program expenses and, therefore, resale center expenses are not considered administrative costs.

**Income Taxes**

The Center qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, therefore, no provision for federal income taxes is made in the financial statements. Additionally, contributions made to the Center qualify for the charitable contribution deduction under the provisions of the Internal Revenue Code. The Center is not a private foundation under provisions of the Internal Revenue Code. The Center has no unrelated business activity that would require it to file a 990T and pay income taxes. The Center believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

**Fair Value of Financial Instruments**

The carrying value of cash, receivables and payables approximates fair value due to the short maturity of these instruments.

**FORT BEND COUNTY WOMEN'S CENTER, INCORPORATED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**B. Summary of Significant Accounting Policies (continued)**

**Comparative Financial Information**

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Center's financial statements for the year ended December 31, 2016, from which the summarized information was derived.

**C. Cash and Cash Equivalents**

At December 31, 2017 and 2016, cash and cash equivalents consisted of the following:

	<u>2017</u>	<u>2016</u>
Petty cash	\$ 5,451	\$ 5,320
Checking accounts	252,814	276,664
Money market account	18,057	163,442
Schwab money market account	3,029	108,010
	<u>\$ 279,351</u>	<u>\$ 553,436</u>

Cash and cash equivalents are reported in the statement of financial position as follows:

	<u>2017</u>	<u>2016</u>
Restricted cash	\$ 3,273	\$ 72,670
Unrestricted cash	276,078	480,766
Total Cash	<u>\$ 279,351</u>	<u>\$ 553,436</u>

**D. Receivables - Grants and others**

The Center's receivables consist of amounts due primarily from granting agencies. On occasion, the Center's other receivables from normal operations may consist of donor-executed pledges. At December 31, 2017, the Center had \$347,973 in grants receivable and \$79,260 in pledges and other receivables. At December 31, 2016, the Center had \$222,084 in grants receivable and \$3,181 in pledges and other receivables. The carrying amount reported in the statement of financial position approximates fair value because of the short-term nature of the receivables.

**FORT BEND COUNTY WOMEN'S CENTER, INCORPORATED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**E. Property and Equipment**

Property and equipment consist of the following:

	<u>December 31, 2016</u>	<u>Additions</u>	<u>Transfers/ Retirements</u>	<u>December 31, 2017</u>
Non-depreciable:				
Land	\$ 428,636	\$ -	\$ -	\$ 428,636
Depreciable:				
Building and improvements	5,585,316	220,188	-	5,805,504
Vehicles	177,599	18,430	(25,767)	170,262
Furniture and fixtures	317,746	90,647	-	408,393
	<u>6,509,297</u>	<u>329,265</u>	<u>(25,767)</u>	<u>6,812,795</u>
Accumulated depreciation	(1,958,968)	(218,854)	25,767	(2,152,055)
	<u>\$ 4,550,329</u>	<u>\$ 110,411</u>	<u>\$ -</u>	<u>\$ 4,660,740</u>

Depreciation expense for the years ended December 31, 2017 and 2016 was \$218,854 and \$215,110, respectively.

**F. Line-of-Credit**

On May 30, 2017, the Center renewed the revolving line of credit agreement with Cadence Bank to provide short-term financing, as needed. This line of credit was increased from \$250,000 to \$750,000, and is secured by real estate of the Center and carries a variable interest rate of prime plus 1%, not to exceed the maximum rate allowed by law. As of December 31, 2017 and 2016, the interest rate was 5.25%. Interest is due monthly and is calculated on a 365/360 basis. As of December 31, 2017, the Center's outstanding balance was \$410,000 with \$340,000 available on the line of credit. As of December 31, 2016, the full amount of \$250,000 was available on the line of credit. This agreement matured on May 27, 2018 at which time the maturity date on the line of credit was extended until May 27, 2019.

**G. Notes Payable-Building**

On May 6, 2013, the Center entered into a construction loan agreement with Cadence Bank for \$1,900,000 on the construction of the PennyWise store and administrative offices of the Center. Amounts were drawn on the construction loan as needed and as of December 31, 2013, the Center had drawn \$315,000. The interest rate on the loan was 4.5% on the outstanding balance and payable monthly. In 2014, the construction of the PennyWise Store and administrative offices were completed and the construction loan was converted to a long-term mortgage loan secured by the building and property; the original amount of the loan was \$1,900,000. The outstanding balance on the construction loan as of December 31, 2017 and 2016 was \$978,808 and \$1,069,452, respectively, and has an interest rate of 4.5 percent, payable with monthly payments of \$10,145 including interest. The loan matures on May 6, 2023 at which time the balance on the loan is due. For the year ended December 31, 2017, the Center paid an additional \$34,449 in principal. For the year ended December 31, 2017 and 2016, the Center paid \$46,520 and \$48,202 in interest on the loan, respectively.



**FORT BEND COUNTY WOMEN'S CENTER, INCORPORATED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**G. Notes Payable-Building (Continued)**

The future payments on the outstanding notes payable on the building at December 31, are as follows:

	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2018	\$ 58,812	\$ 62,933	\$ 121,745
2019	61,552	60,193	121,745
2020	64,255	57,490	121,745
2021	67,414	54,331	121,745
2022	70,555	5,191	75,746
2023	656,220	10,225	666,445
	<u>\$ 978,808</u>	<u>\$ 250,363</u>	<u>\$ 1,229,171</u>

**H. Compensated Absences**

The Center has \$95,567 and \$64,682 in accrued compensated absences payable for the years ended December 31, 2017 and 2016, respectively.

**I. Lease Agreements**

On September 4, 2013, the Center executed a six-year and two-month lease for the use of commercial property for its Resale Center operation in Stafford; on September 1, 2015 this lease was extended through November 30, 2020, with variable minimum monthly rent payments through December 31, 2018; for the year ended December 31, 2017, lease payments were \$14,655 per month.

On October 21, 2013, the Center extended the term of the lease of commercial property for its Resale Center operations in Mission Bend ending on June 23, 2017 this lease was extended through December 31, 2022. For the year ended December 31, 2017, lease payments were \$10,188 per month.

On February 1, 2016, the Center signed a shopping center lease agreement for a donation center with a five-year term ending January 31, 2021, with variable minimum monthly rent payments through December 31, 2017; for the fiscal year ended December 31, 2017, lease payments were \$2,765 per month.

On August 29, 2016, the Center leased one modular office building for \$500 per month. The lease agreement expires August 29, 2018.

On July 26, 2017, the Center executed a five-year lease for the use of commercial property for its Resale Center operation in Katy, ending October 31, 2021, with variable minimum monthly rent payments through November 30, 2020; for the fiscal year ended December 31, 2017, lease payments were \$24,933 per month.

United Way has also donated a portion of its office space to the Center for client counseling and case management. The operating base value associated with leasing this office space in 2017 was \$4,271. This value is reported in the financial statements as in-kind revenue and as lease expense.

**FORT BEND COUNTY WOMEN’S CENTER, INCORPORATED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**I. Lease Agreements (Continued)**

Future annual payments for operating leases is as follows:

<u>December 31,</u>	<u>Amount</u>
2018	\$ 645,390
2019	633,024
2020	625,789
2021	450,271
2022	396,927
	<u>\$ 2,751,401</u>

The operating lease expense for 2017 and 2016 totaled \$443,519 and \$355,888, respectively.

**J. Unrestricted Net Assets**

Unrestricted net assets include unrestricted resources available for the Center to serve the needs of survivors of domestic violence and sexual assault and their children by providing emergency shelter, crisis intervention, counseling, support services and educational outreach. The unrestricted net asset amounts at December 31, 2017 and 2016, were \$3,840,077 and \$3,817,018, respectively. Included in the unrestricted net assets are the facilities and equipment used by the Center which are not available for operations. The unrestricted undesignated net assets available for operations is (\$141,855) and \$36,141 for the years ending December 31, 2017 and 2016, respectively.

**K. Designations of Net Assets**

Management has designated certain amounts of unrestricted net assets for specific purpose, projects or investments. Designations show management’s intent on how net assets may be used but are at the discretion of the board. The Designations at December 31 are as follows:

	<u>2017</u>	<u>2016</u>
Future Agency Needs	\$ 300,000	\$ 300,000
Total designations	<u>\$ 300,000</u>	<u>\$ 300,000</u>

**L. Temporarily Restricted Net Assets**

Temporarily restricted net assets include grants for specific projects managed by the Center, such as contributions restricted by donors for specific purposes and unconditional contributions received for fundraising events in 2016. The temporarily restricted net assets at December 31, 2017 and 2016, were \$275,539 and \$560,670, respectively. The amounts that make up the temporarily restricted net assets are as follows:

**FORT BEND COUNTY WOMEN'S CENTER, INCORPORATED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**L. Temporarily Restricted Net Assets (continued)**

	<u>2017</u>	<u>2016</u>
Anonymous Donor	\$ -	\$ 300,000
Bank of America	-	7,804
Cinco Rach Ladies Club	2,928	4,425
FBJSJL	9,000	-
George Foundation	155,000	153,000
Greater Houston Community Foundation	1,216	1,884
IMO Garland Mueller	2,251	5,000
Independence Bank	2,538	5,000
Indo American Forum	1,500	-
Lowe's	24,570	-
Mueller, Ema	2,165	-
Reverse Live Auction	26,500	1,504
Simmons	30,000	25,000
SW Health Technology	6,860	48,396
Timken	-	5,000
TJ Maxx	7,748	-
Other	3,263	3,657
Total Temporarily Restricted Net Assets	<u>\$ 275,539</u>	<u>\$ 560,670</u>

**M. Resale Centers**

The net revenue (revenue and contributions less cost of merchandise sold and value of contributed merchandise sold) from the operations of the Resale Centers are as follows:

	<u>2017</u>	<u>2016</u>
Resale Centers Revenue		
Sales of Donated Merchandise	\$ 2,383,819	\$ 2,147,502
Other Donations - Hurricane Harvey	52,986	-
Total Resale Centers Revenue	<u>2,436,805</u>	<u>2,147,502</u>
Contributions of Donated Merchandise Received	2,421,290	2,185,785
Total Resale Centers Revenue and Contributions	<u>4,858,095</u>	<u>4,333,287</u>
Cost of Sales and Value of Merchandise Sold		
Less: Value of Contributed Merchandise Sold	<u>(2,382,365)</u>	<u>(2,145,992)</u>
Total Cost of Sales and Value of Merchandise Sold	<u>(2,382,365)</u>	<u>(2,145,992)</u>
Net Revenue from Resale Centers	2,475,730	2,187,295
Cost of operations-Resale Centers	<u>2,268,172</u>	<u>1,847,845</u>
Income from Resale Centers before depreciation	207,558	339,450
Depreciation	<u>116,357</u>	<u>112,336</u>
Income from Resale Centers	<u>\$ 91,201</u>	<u>\$ 227,114</u>
Income generated before depreciation and merchandise adjustments is as follows:		
Sales generated at resale centers before merchandise adjustments	\$ 2,383,819	\$ 2,147,502
Other Donations - Hurricane Harvey	52,986	-
Total Resale Centers Revenue	<u>2,436,805</u>	<u>2,147,502</u>
Cost of operations - Resale Centers before depreciation	<u>2,268,172</u>	<u>1,847,845</u>
Income from resale centers before inventory adjustments and depreciation	<u>\$ 168,633</u>	<u>\$ 299,657</u>

**FORT BEND COUNTY WOMEN'S CENTER, INCORPORATED**  
**NOTES TO THE FINANCIAL STATEMENTS** (continued)

**N. Contributed Services**

The Center received more than 41,446 volunteer hours in 2017, and 35,471 hours in 2016.

**O. Defined Contribution Plan**

The Center offers its full-time employees a 403(b) annuity plan for purposes of saving for their retirement. The plan is funded through employee contributions. Effective January 1, 2015, the Center has re-implemented the employer matching portion of 403(b) contributions. The plan's match contribution formula is discretionary. The Center will match 50% of the employee's contributions up to 1% of the employee's salary. The vesting period is on a six-year grading scale as follows:

2 years – 20%
3 years – 40%
4 years – 60%
5 years – 80%
6 years – 100%

**P. Contingencies**

The Center, because of its activities, is subject to various claims and litigations. In the opinion of management, the outcome of such matters will not have a material effect on the financial position of the Center. The Center's risk management policy is to maintain adequate insurance through commercial carriers for the various liability exposures.

**Q. Concentrations of Credit Risk**

For the year ended December 31, 2017 and 2016, the Center received approximately 45% and 34%, respectively, of its support from federal and state grant programs. Since these are federal and state programs subject to change, it is possible that these programs could cease, which would cause a severe impact on the Center and its ability to continue operations. The Center does not expect, in any way, that the support from these grant programs will be lost in the near term.

The Center has financial instruments which potentially subject the Center to concentration of credit risk consisting principally of cash deposited at banks and money market accounts. Accounts at each institution in which cash is deposited are insured by the Federal Deposit Insurance Corporation up to \$250,000. The Center places its cash with various financial institutions in the area to limit the amount of credit exposure to any one financial institution. The Center has a policy to perform an analysis at least annually for any banks in which they have, or anticipate having in the foreseeable future, funds on deposit which may be greater than the amount of the FDIC insurance. The Center's Schwab accounts are insured by Securities Investor Protection Corporation up to \$500,000.

**R. Subsequent Events**

Management has evaluated subsequent events through June 15, 2018, the date on which the financial statements were available to be issued. During this period, there have been no material events that would require recognition in the fiscal year ended December 31, 2017 financial statements.

## **SUPPLEMENTAL INFORMATION**

**FORT BEND COUNTY WOMEN'S CENTER, INCORPORATED**  
**SCHEDULE OF FUNCTIONAL EXPENSES**

*For the Year Ended December 31, 2017*

*With comparative amounts for the year ended December 31, 2016*

<u>Expense</u>	<u>Program Services</u>			<u>Total Program Services</u>
	<u>Shelter</u>	<u>Future Housing</u>	<u>Aftercare</u>	
Compensation and related expenses:				
Compensation	\$ 1,027,841	\$ -	\$ 977,765	\$ 2,005,606
Payroll taxes	77,834	-	72,975	150,809
Health insurance/worker's compensation	129,806	-	78,991	208,797
Total Compensation and related expenses	1,235,481	-	1,129,731	2,365,212
Auto expense	11,525		6,498	18,023
Communication	18,605		7,572	26,177
Conferences, training and travel	7,591		15,047	22,638
Equipment purchases	29,511		32,559	62,070
Fundraising	514		564	1,078
Insurance:				
General liability	6,327		5,539	11,866
Officers and directors	1,135		1,463	2,598
Property	12,485		5,476	17,961
Other	147		190	337
Interest expense	3,882		4,524	8,406
Lease expense	4,420		33,891	38,311
Maintenance and repairs	31,453		12,656	44,109
Membership and club dues	7,891		346	8,237
Miscellaneous	4,897	27,436	6,037	38,370
Office and operating supplies	3,361		5,897	9,258
Postage and shipping	402		824	1,226
Printing and reproduction	1,569		1,782	3,351
Professional fees	84,751		47,299	132,050
Program expenses	46,037		1,326,472	1,372,509
Utilities	40,134		11,433	51,567
<b>Total expenses before depreciation</b>	<b>1,552,118</b>	<b>27,436</b>	<b>2,655,800</b>	<b>4,235,354</b>
Depreciation	89,809	-	12,688	102,497
<b>Total Expenses</b>	<b>\$ 1,641,927</b>	<b>\$ 27,436</b>	<b>\$ 2,668,488</b>	<b>\$ 4,337,851</b>
Expenses as a percent of Total Revenue and Support	23.6%	0.4%	38.3%	62.3%

<b>Resale Centers</b>	<b>Supporting Services</b>		<b>Total Supporting Services</b>	<b>Grand Total 12/31/17</b>	<b>Grand Total 12/31/16</b>
	<b>General and Administrative</b>	<b>Fundraising</b>			
\$ 1,162,815	\$ 216,669	\$ 124,980	\$ 341,649	\$ 3,510,070	\$ 3,069,728
93,748	15,660	9,451	25,111	269,668	240,875
152,309	39,648	10,666	50,314	411,420	395,978
<u>1,408,872</u>	<u>271,977</u>	<u>145,097</u>	<u>417,074</u>	<u>4,191,158</u>	<u>3,706,581</u>
42,937	-	-	-	60,960	50,703
26,355	1,966	5,061	7,027	59,559	52,465
9,397	1,169	2,499	3,668	35,703	36,936
13,605	3,571	1,660	5,231	80,906	24,893
738	123	-	123	1,939	1,595
8,969	-	-	-	20,835	21,755
1,501	266	328	594	4,693	4,783
17,500	269	170	439	35,900	40,314
195	35	42	77	609	383
40,454	4,932	3,427	8,359	57,219	48,201
410,760	1,682	1,656	3,338	452,409	368,612
64,727	2,196	1,284	3,480	112,316	104,253
525	1,748	-	1,748	10,510	10,464
36,966	3,259	2,355	5,614	80,950	128,222
22,409	1,539	1,001	2,540	34,207	25,734
328	719	657	1,376	2,930	2,983
7,544	341	2,978	3,319	14,214	11,810
21,956	13,558	6,181	19,739	173,745	226,093
35,714	12,700	433	13,133	1,421,356	769,393
96,720	2,401	1,518	3,919	152,206	134,435
<u>2,268,172</u>	<u>324,451</u>	<u>176,347</u>	<u>500,798</u>	<u>7,004,324</u>	<u>5,770,608</u>
<u>116,357</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>218,854</u>	<u>215,110</u>
<u>\$ 2,384,529</u>	<u>\$ 324,451</u>	<u>\$ 176,347</u>	<u>\$ 500,798</u>	<u>\$ 7,223,178</u>	<u>\$ 5,985,718</u>
<u>34.3%</u>	<u>4.7%</u>	<u>2.5%</u>	<u>7.2%</u>	<u>103.8%</u>	<u>95.3%</u>