

**WAYPOINT SERVICES FOR  
WOMEN, CHILDREN AND FAMILIES  
Cedar Rapids, Iowa**

Financial Statements

June 30, 2017 and 2016

**WAYPOINT SERVICES FOR WOMEN, CHILDREN AND FAMILIES**  
**Cedar Rapids, Iowa**

<b>Contents</b>	<b>Page(s)</b>
<b>Independent Auditors' Report</b>	1-2
<b>Financial Statements:</b>	
Statements of Financial Position	3-4
Statements of Activities	5
Statements of Changes in Net Assets	6
Statement of Functional Expenses, Year Ended June 30, 2017	7
Statement of Functional Expenses, Year Ended June 30, 2016	8
Statements of Cash Flows	9-10
Notes to Financial Statements	11-22
<b>Supplementary Information:</b>	
Schedules of Operating Grant Revenue	23
<b>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 <i>Government Auditing Standards</i></b>	24-25
<b>Schedule of Findings</b>	26



## CPAs and Advisors

### Independent Auditors' Report

To the Board of Directors of  
Waypoint Services for Women, Children and Families  
Cedar Rapids, Iowa

We have audited the accompanying financial statements of Waypoint Services for Women, Children and Families, which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities, changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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

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

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial statement audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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Burlington	Cedar Rapids	Centerville	Fairfield	Mt. Pleasant	Muscatine	Oskaloosa	Ottumwa	Pella	West Des Moines
319.753.9877	319.393.2374	641.437.4296	641.472.6171	319.385.9718	563.264.2727	641.672.2523	641.683.1823	641.628.9411	515.657.5800

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Waypoint Services for Women, Children and Families, as of June 30, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

## **Other Matters**

Our audits were conducted for the purpose of forming an opinion on the financial statements of Waypoint Services for Women, Children and Families as a whole. The supplementary information on page 23 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 audits 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 our report dated November 3, 2017, on our consideration of Waypoint Services for Women, Children and Families' 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 Waypoint Services for Women, Children and Families' internal control over financial reporting and compliance.

*TDE&T CPAs and Advisors, P.C.*

Cedar Rapids, Iowa  
November 3, 2017

**WAYPOINT SERVICES FOR WOMEN, CHILDREN AND  
FAMILIES**

**Statements of Financial Position**

**June 30, 2017 and 2016**

Assets		
	2017	2016
<b>Current assets:</b>		
Cash and cash equivalents	\$ 117,121	121,920
Short-term investments	591,727	565,131
Accounts receivable	35,730	17,002
Unconditional promises to give:		
Grants receivable	246,375	202,900
Contributions receivable:		
United Way allocations	601,000	655,663
Other	22,297	44,805
Prepaid expense	33,532	17,568
Total current assets	1,647,782	1,624,989
<b>Investments and other assets:</b>		
Investments, long-term	2,270,149	1,935,640
Cash value of life insurance	74,937	72,038
Beneficial interest in assets held by a community foundation	18,198	16,585
Total investments and other assets	2,363,284	2,024,263
<b>Property and equipment:</b>		
Land	324,144	324,144
Buildings	2,452,346	2,452,346
Building improvements	5,565,862	5,429,643
Furniture and equipment	557,743	768,819
	8,900,095	8,974,952
Less accumulated depreciation	4,017,502	3,978,284
Net property and equipment	4,882,593	4,996,668
	\$ 8,893,659	8,645,920

See accompanying notes to financial statements.



**WAYPOINT SERVICES FOR WOMEN, CHILDREN AND  
FAMILIES**  
**Statements of Activities**  
**For the Years Ended June 30, 2017 and 2016**

	2017			2016				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Revenues, gains and other support from operating activities:</b>								
Direct contributions	\$ 601,467	50,744	-	652,211	470,391	49,301	-	519,692
Indirect contributions:								
Allocation from United Way	-	601,000	-	601,000	43,945	655,663	-	699,608
Grants and reimbursements	1,340,667	-	-	1,340,667	1,297,234	-	-	1,297,234
Endowment income recognized under spending policy	-	42,686	-	42,686	-	54,522	-	54,522
Program service fees	3,398,589	-	-	3,398,589	3,314,411	-	-	3,314,411
Special event revenue, net of cost of direct benefits to donors of \$16,617 in 2017 and \$19,311 in 2016	11,101	-	-	11,101	7,988	-	-	7,988
Interest Income	4,503	-	-	4,503	8,795	-	-	8,795
Miscellaneous	2,450	-	-	2,450	14,049	-	-	14,049
Net assets released from restrictions:								
Satisfaction of purpose restrictions	86,562	(86,562)	-	-	90,661	(90,661)	-	-
Expiration of time restrictions	671,646	(671,646)	-	-	672,549	(672,549)	-	-
Total operating support and revenue	6,116,985	(63,778)	-	6,053,207	5,920,023	(3,724)	-	5,916,299
<b>Operating expenses:</b>								
Program services:								
Child care	3,475,753	-	-	3,475,753	3,439,795	-	-	3,439,795
Critical services	1,714,673	-	-	1,714,673	1,740,787	-	-	1,740,787
Total program services	5,190,426	-	-	5,190,426	5,180,582	-	-	5,180,582
Supporting activities:								
Management and general	758,184	-	-	758,184	753,898	-	-	753,898
Fundraising	236,161	-	-	236,161	247,175	-	-	247,175
Total supporting activities	994,345	-	-	994,345	1,001,073	-	-	1,001,073
Total operating expenses	6,184,771	-	-	6,184,771	6,181,655	-	-	6,181,655
<b>Change in net assets from operating activities</b>	<b>(67,786)</b>	<b>(63,778)</b>	<b>-</b>	<b>(131,564)</b>	<b>(261,632)</b>	<b>(3,724)</b>	<b>-</b>	<b>(265,356)</b>
<b>Non-operating activities:</b>								
Investment income (loss), net of fees of \$8,205 in 2017 and \$7,954 in 2016	19,463	21,318	2,899	43,680	520	16,956	3,160	20,636
Net unrealized and realized gains (losses) on investments	32,019	206,924	-	238,943	(5,016)	(23,112)	-	(28,128)
Less: Endowment income recognized under spending policy	-	(42,686)	-	(42,686)	-	(54,522)	-	(54,522)
Net investment income	51,482	185,556	2,899	239,937	(4,496)	(60,678)	3,160	(62,014)
Miscellaneous revenue - casualty reimbursement	-	-	-	-	(102,745)	-	-	(102,745)
Miscellaneous expenses - repairs	-	-	-	-	102,745	-	-	102,745
Gain (loss) on asset disposal	(5,750)	-	-	(5,750)	750	-	-	750
Direct contributions	-	-	105,000	105,000	-	-	-	-
<b>Change in net assets from non-operating activities</b>	<b>45,732</b>	<b>185,556</b>	<b>107,899</b>	<b>339,187</b>	<b>(3,746)</b>	<b>(60,678)</b>	<b>3,160</b>	<b>(61,264)</b>
<b>Change in net assets</b>	<b>\$(22,054)</b>	<b>121,778</b>	<b>107,899</b>	<b>207,623</b>	<b>(265,378)</b>	<b>(64,402)</b>	<b>3,160</b>	<b>\$(326,620)</b>

See accompanying notes to financial statements.

**WAYPOINT SERVICES FOR WOMEN, CHILDREN AND  
FAMILIES**

**Statements of Changes in Net Assets  
For the Years Ended June 30, 2017 and 2016**

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	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>Balance, June 30, 2015 as restated</b>	\$ 6,004,977	1,166,907	1,020,648	8,192,532
Change in net assets	<u>(265,378)</u>	<u>(64,402)</u>	<u>3,160</u>	<u>(326,620)</u>
<b>Balance, June 30, 2016</b>	5,739,599	1,102,505	1,023,808	7,865,912
Change in net assets	<u>(22,054)</u>	<u>121,778</u>	<u>107,899</u>	<u>207,623</u>
<b>Balance, June 30, 2017</b>	\$ <u><u>5,717,545</u></u>	<u><u>1,224,283</u></u>	<u><u>1,131,707</u></u>	<u><u>8,073,535</u></u>

See accompanying notes to financial statements.



**WAYPOINT SERVICES FOR WOMEN, CHILDREN AND  
FAMILIES**

**Statement of Functional Expenses  
For the Year Ended June 30, 2017**

	Program Services		Supporting Activities		Total Expenses
	Child Care	Critical Services	Management and General	Fundraising	
Salaries and related expenses	\$ 2,698,550	1,025,122	481,378	153,941	4,358,991
Professional fees	100,823	24,924	31,381	1,749	158,877
Information technology	20,458	16,141	23,619	5,493	65,711
Consulting contract fees	73,903	2,622	20,031	-	96,556
Food and supplies	244,991	76,495	9,150	55,361	385,997
Telephone	15,234	13,427	10,792	318	39,771
Postage and shipping	244	340	2,523	3,138	6,245
Occupancy	99,009	33,798	32,026	881	165,714
Insurance	15,617	9,127	14,723	248	39,715
Printing	2,883	2,393	7,590	7,298	20,164
Transportation	6,929	21,264	380	375	28,948
Repairs and maintenance	2,604	4,680	5,822	-	13,106
Rental expenses	5,274	12,272	3,232	764	21,542
Program fees	29,149	-	-	-	29,149
Conferences, conventions and meetings	364	672	1,105	64	2,205
Publicity and publications	15,641	8,433	3,825	5,418	33,317
Membership dues	199	586	847	330	1,962
Licensing fees	5,041	616	75	-	5,732
Client housing assistance	-	380,346	-	-	380,346
Interest	-	-	15,574	-	15,574
Miscellaneous	46,368	669	12,353	359	59,749
Total expenses before depreciation	3,383,281	1,633,927	676,426	235,737	5,929,371
Depreciation	92,472	80,746	81,758	424	255,400
Total expenses	\$ 3,475,753	1,714,673	758,184	236,161	6,184,771

See accompanying notes to financial statements.

**WAYPOINT SERVICES FOR WOMEN, CHILDREN AND  
FAMILIES**

**Statement of Functional Expenses  
For the Year Ended June 30, 2016**

	Program Services		Supporting Activities		Total Expenses
	Child Care	Critical Services	Management and General	Fundraising	
Salaries and related expenses	\$ 2,654,860	1,008,693	498,388	154,321	4,316,262
Professional fees	105,320	26,888	22,583	2,115	156,906
Information technology	29,061	22,016	18,808	12,941	82,826
Consulting contract fees	65,816	6,189	2,508	-	74,513
Food and supplies	252,235	57,212	18,726	57,428	385,601
Telephone	15,268	14,300	9,418	376	39,362
Postage and shipping	271	161	2,250	2,981	5,663
Occupancy	103,029	29,930	28,245	723	161,927
Insurance	16,342	10,386	12,358	187	39,273
Printing	5,143	5,193	6,692	9,650	26,678
Transportation	5,350	24,838	111	81	30,380
Repairs and maintenance	4,082	2,819	10,912	102	17,915
Rental expenses	-	3,976	6,509	-	10,485
Program fees	30,389	-	-	-	30,389
Conferences, conventions and meetings	446	2,012	1,994	203	4,655
Publicity and publications	12,340	11,418	818	3,591	28,167
Membership dues	227	3,890	470	300	4,887
Licensing fees	5,639	751	45	180	6,615
Client housing assistance	-	427,545	-	-	427,545
Interest	-	-	18,473	-	18,473
Miscellaneous	41,740	562	11,203	1,456	54,961
Total expenses before depreciation	<u>3,347,558</u>	<u>1,658,779</u>	<u>670,511</u>	<u>246,635</u>	<u>5,923,483</u>
Depreciation	92,237	82,008	83,387	540	258,172
Total expenses	<u>\$ 3,439,795</u>	<u>1,740,787</u>	<u>753,898</u>	<u>247,175</u>	<u>6,181,655</u>

See accompanying notes to financial statements.

**WAYPOINT SERVICES FOR WOMEN, CHILDREN AND  
FAMILIES**

**Statements of Cash Flows  
For the Years Ended June 30, 2017 and 2016**

	<b>2017</b>	<b>2016</b>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 207,623	(326,620)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	255,400	258,172
Realized and unrealized (gain) loss on investments	(279,326)	7,219
Loss on disposal of assets	5,750	-
Change in beneficial interest in assets held by a community foundation	(1,613)	1,062
Increase in cash value of life insurance	(2,899)	(3,160)
(Increase) decrease in receivables	14,968	90,028
(Increase) decrease in prepaid expenses	(15,964)	4,410
Increase (decrease) in accounts payable	25,690	(26,710)
Increase in accrued expenses	33,539	5,563
Decrease in deferred revenue	(6,935)	(8,058)
Net cash provided by operating activities	236,233	1,906
<b>Cash flows from investing activities:</b>		
Proceeds from distribution of investments	49,817	62,734
Purchases of investments	(131,596)	(22,014)
Purchases of property and equipment	(147,075)	(46,995)
Net cash provided (used) by investing activities	(228,854)	(6,275)
<b>Cash flows from financing activities:</b>		
Payments on long-term debt	(12,178)	(11,563)
Net cash provided (used) by financing activities	(12,178)	(11,563)

**WAYPOINT SERVICES FOR WOMEN, CHILDREN AND  
FAMILIES**

**Statements of Cash Flows  
For the Years Ended June 30, 2017 and 2016**

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	<u>2017</u>	<u>2016</u>
Net increase (decrease) in cash and cash equivalents	(4,799)	(15,932)
Cash and cash equivalents, beginning of year	<u>121,920</u>	<u>137,852</u>
Cash and cash equivalents, end of year	\$ <u><u>117,121</u></u>	<u><u>121,920</u></u>
 <b>Supplemental disclosure of cash flow information.</b>		
Cash paid for:		
Interest	\$ <u><u>15,574</u></u>	<u><u>18,473</u></u>

See accompanying notes to financial statements.

# WAYPOINT SERVICES FOR WOMEN, CHILDREN AND FAMILIES

## Notes to Financial Statements

### June 30, 2017 and 2016

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#### Note 1 - Summary of Significant Accounting Policies

Waypoint Services for Women, Children and Families is incorporated in the state of Iowa to strengthen and empower individuals and families in their life's journey by providing advocacy, crisis intervention, supportive services, shelter, quality child care, and community leadership. The Organization's fiscal year ends on June 30. Significant accounting policies followed by the Organization are presented below.

*Use of Estimates in Preparing Financial Statements* - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities 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.

*Net Assets* - Net assets are classified based on the existence or absence of donor-imposed restrictions. The following is a description of each class:

*Unrestricted net assets* includes all net assets which are neither temporarily nor permanently restricted.

*Temporarily restricted net assets* include contributed net assets for which donor-imposed time and purpose restrictions have not been met and the ultimate purpose of the contribution is not permanently restricted. For donor-restricted endowment funds, the Organization classifies the portion of the fund in excess of the permanently restricted amount as temporarily restricted until appropriated for expenditure by the Organization.

*Permanently restricted net assets* include contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization.

#### *Description of Programs*

*Child Care* - The Organization provides quality, licensed child care programs for nearly 550 children age six weeks to 12 years. The Organization serves children of all socio-economic levels and offers financial assistance scholarships to families who could not otherwise afford child care services. The programs' curriculums help children develop their physical, emotional, social, intellectual, and creative abilities in nurturing learning environments.

The three Waypoint Learning Centers and Preschools include KidsPoint Downtown, KidsPoint North and KidsPoint South. Each center provides full-time care for children age six weeks to five years and offers a preschool program.

The KidsPoint School Age Kids Program provides before and after school care for children in kindergarten through fifth grade at eleven different sites. The KidsPoint Summer Adventure Day Camp provides full-time care during the summer for children who have completed kindergarten through fifth grade.

**WAYPOINT SERVICES FOR WOMEN, CHILDREN AND FAMILIES**  
**Notes to Financial Statements**  
**June 30, 2017 and 2016**

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**Note 1 - Summary of Significant Accounting Policies (Continued)**

*Critical Services* - The Waypoint Housing and Homeless Services offers shelter and support to individuals and families in crisis due to homelessness, poverty, and issues surrounding these challenges. The Waypoint Madge Phillips Center Shelter provides shelter, basic needs, and case management to help homeless women and their children set goals and utilize community resources to gain self-sufficiency. The Waypoint Coordinated Entry Program supports homeless individuals in the community by connecting them to area shelters to reduce the amount of time they are homeless and also creates shelter diversion.

The Waypoint Daytime Resource Center is a daytime drop-in program for individuals in poverty that provides access to basic needs such as food, toiletries, telephone, and case management services. The goal of this program is to assist clients in gaining self-sufficiency.

The Waypoint Rapid Re-Housing and Homeless Prevention Programs support households who are homeless or nearly homeless with case management, landlord advocacy, and limited financial support to obtain affordable housing.

The Waypoint Domestic Violence Services Program provides crisis intervention and support services to help victims, survivors, and their families deal with the trauma of domestic violence. Services include a 24-hour Resource and Support Line, one-on-one peer counseling, legal and criminal justice advocacy, weekly support groups, emergency safety planning, multi-cultural outreach, and community prevention education.

*Support and Revenue* - All contributions are considered to be available for unrestricted use unless specifically restricted by the donor or by law. Amounts received which are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Organization reports the support as unrestricted. When a donor restriction expires, that is, when a stipulated 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.

Unconditional promises to give are recorded as receivables and as support when received. Grants receivable and contributions receivable are considered unconditional promises to give. Conditional contributions are not recorded until all conditions have been satisfied, at which time they are recognized as support.

Recognition of revenue received during the current period in exchange for various program services or registrations for events that will occur in the next fiscal period are deferred until that time.

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

Contributed property and equipment are recorded at estimated fair value at the date of gift. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support.

**WAYPOINT SERVICES FOR WOMEN, CHILDREN AND FAMILIES**  
**Notes to Financial Statements**  
**June 30, 2017 and 2016**

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**Note 1 - Summary of Significant Accounting Policies (Continued)**

*Cash Equivalents* - The Organization considers all liquid investments with a maturity of three months or less when purchased to be cash equivalents, except when donor-imposed restrictions limit their use to long-term purposes.

*Accounts Receivable* - Accounts receivable are uncollateralized customer obligations which generally are due upon receipt. Payments of accounts receivable are applied to the earliest unpaid invoices. At the end of each year, management determines the need for an allowance for doubtful accounts based on historical collections, current credit conditions, and knowledge of the customer base. At June 30, 2017 and 2016, management has determined there is no need for an allowance for doubtful accounts.

*Investments* - Investments include a short term money market account and long-term marketable equity and debt securities and cash or cash equivalents held for long-term purposes according to donor-imposed restrictions or as designated by the Organization's Board of Directors. Investments in marketable equity and debt securities are carried at fair value with unrealized and realized gains and losses on investments reported as an increase or decrease in unrestricted, temporarily restricted or permanently restricted net assets based upon donor-imposed restrictions.

Gains and investment income that are limited to specific uses by donor-imposed restrictions are reported in unrestricted net assets when the restrictions are met in the same reporting period as the gains and income are recognized.

*Beneficial Interest in Assets Held by a Community Foundation* - Beneficial interest in assets held by a community foundation represents assets transferred to The Greater Cedar Rapids Community Foundation (Foundation) under a reciprocal agreement; therefore, the value of the assets held by the Foundation are recognized at fair value. Control over the investment or reinvestment of this fund is exercised exclusively by the Foundation. Distributions from the fund are not subject to variance power and are based on the Foundation's current distribution rate. Earnings and losses, net of fees charged, are reported in the statement of activities as investment income.

*Property and Equipment* - Records of property and equipment additions were not maintained prior to December 31, 1976. Property and equipment acquired prior to that date are carried on the statement of financial position at an estimated value as of December 31, 1976, as determined by an appraisal prepared by management. The use of estimated values is not in accordance with accounting principles generally accepted in the United States of America; however, management has determined that the effects on the financial statements as of June 30, 2017 and 2016 are not material. Property and equipment acquired after December 31, 1976, are recorded at cost if purchased, or fair market value if received as a donation. The Organization's policy is to capitalize additions in excess of \$1,000 with an estimated useful life of at least three years.

Depreciation is provided over the estimated useful lives of the respective assets on a straight-line basis as follows:

<b>Type</b>	<b>Estimated Useful Lives</b>
Buildings	45 years
Building improvements	5-45 years
Furniture and equipment	3-10 years

**WAYPOINT SERVICES FOR WOMEN, CHILDREN AND FAMILIES**  
**Notes to Financial Statements**  
**June 30, 2017 and 2016**

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**Note 1 - Summary of Significant Accounting Policies (Continued)**

*Impairment of Long-Lived Assets* - The Organization reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of carrying amount or the fair value less costs to sell.

*Annuity Payable* - Annuity payable is recorded at the discounted present value of payments due over the estimated life of the beneficiary.

*Functional Expenses* - The Organization allocates their expenses on a functional basis among their various programs and supporting activities. Expenses that can be identified with a specific program or supporting activity are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are allocated by various statistical bases.

*Income Taxes* - Waypoint Services for Women, Children and Families is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and a similar section of the Iowa income tax law, which provides income tax exemption for corporations organized and operated exclusively for religious, charitable, or educational purposes. The Organization is not classified as a private foundation. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

*Date of Management Review* - Management has evaluated subsequent events through November 3, 2017, the date which the financial statements were available to be issued.

**Note 2 - Promises to Give**

Unconditional promises to give are expected to be realized in the following periods:

		<b>2017</b>	<b>2016</b>
In one year or less	\$	869,672	903,368
Two to five years		-	-
Total	\$	869,672	903,368

**Note 3 - Fair Value Measurements**

Fair value accounting literature establishes 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 the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

- Level 1 – Valuations based on unadjusted quoted prices for identical assets or liabilities in active markets;



**WAYPOINT SERVICES FOR WOMEN, CHILDREN AND FAMILIES**  
**Notes to Financial Statements**  
**June 30, 2017 and 2016**

**Note 3 - Fair Value Measurements (Continued)**

- Level 2 – Valuations based on quoted prices for similar assets or liabilities or identical assets or liabilities in less active markets, such as dealer or broker markets; and
- Level 3 – Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable, such as pricing models, discounted cash flow models and similar techniques not based on market, exchange, dealer or broker-traded transactions.

Following is a description of the valuation methodologies used for instruments measured at fair value and their classification in the valuation hierarchy. There have been no changes in the techniques and inputs used as of June 30, 2017 and 2016.

*Money market funds* - Valued at cost, which is equal to fair market value.

*Marketable equity securities* - Valued based on quoted prices in active markets.

*Marketable debt securities* - Valued based on quoted prices in active markets.

*Cash value of life insurance* - Valued based on multiple observable inputs including age and life expectancy.

*Beneficial interest in assets held by a community foundation* - Valued at the estimated pro-rata share of the community foundation's investment pool.

The following tables present investment assets and liabilities measured at fair value by classification within the fair value hierarchy as of June 30, 2017 and 2016. Assets and liabilities are classified in their entirety based upon the lowest level of input that is significant to the fair value measurement.

	<b>June 30, 2017</b>	<b>Quoted Prices in Active Markets for Identical Assets (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>
Money market funds	\$ 715,022	715,022	-	-
Marketable equity securities	1,736,340	1,736,340	-	-
Marketable debt securities	410,514	410,514	-	-
Cash value of life insurance	74,937	-	74,937	-
Beneficial interest in assets held by a community foundation	18,198	-	-	18,198
<b>Total assets, at fair value</b>	<b>\$ 2,955,011</b>	<b>2,861,876</b>	<b>74,937</b>	<b>18,198</b>

**WAYPOINT SERVICES FOR WOMEN, CHILDREN AND FAMILIES**  
**Notes to Financial Statements**  
**June 30, 2017 and 2016**

**Note 3 - Fair Value Measurements (Continued)**

	<b>June 30, 2016</b>	<b>Quoted Prices in Active Markets for Identical Assets (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>
Money market funds	\$ 623,659	623,659	-	-
Marketable equity securities	1,506,978	1,506,978	-	-
Marketable debt securities	370,134	370,134	-	-
Cash value of life insurance	72,038	-	72,038	-
Beneficial interest in assets held by a community foundation	16,585	-	-	16,585
<b>Total assets, at fair value</b>	<b>\$ 2,589,394</b>	<b>2,500,771</b>	<b>72,038</b>	<b>16,585</b>

The following is a reconciliation of the beginning and ending balances of the asset and liability measured at fair value on a recurring basis using significant unobservable (Level 3) inputs for the years ended June 30, 2017 and 2016:

	<b>Beneficial Interest in Assets Held by a Community Foundation</b>
Beginning balance, June 30, 2016	\$ 16,585
Unrealized gain (loss) related to instruments held at the reporting date	1,613
Balance, June 30, 2017	<u>\$ 18,198</u>
The amount of total investment gains (losses) for the period included in earnings attributable to the change in unrealized gains (losses) relating to assets still held at June 30, 2017	\$ <u>1,613</u>
	<b>Beneficial Interest in Assets Held by a Community Foundation</b>
Beginning balance, June 30, 2015	\$ 17,647
Unrealized gain (loss) related to instruments held at the reporting date	(1,062)
Balance, June 30, 2016	<u>\$ 16,585</u>
The amount of total investment gains (losses) for the period included in earnings attributable to the change in unrealized gains (losses) relating to assets still held at June 30, 2016	\$ <u>(1,062)</u>

**WAYPOINT SERVICES FOR WOMEN, CHILDREN AND FAMILIES**  
**Notes to Financial Statements**  
**June 30, 2017 and 2016**

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**Note 4 - Line of Credit**

The Organization has an open line of credit agreement with a bank. The agreement authorizes maximum borrowings of \$50,000 in unsecured short-term operating loans. Interest is payable monthly for Waypoint Services at the Wall Street Journal published prime rate (5.75%) daily at June 30, 2017. There were no outstanding borrowings for the line of credit at June 30, 2017 and 2016.

**Note 5 - Long-Term Debt**

Long-term debt consists of the following:

	<b>2017</b>	<b>2016</b>
Note payable to U.S. Small Business Administration (SBA), requiring monthly installments of \$2,412 including interest at 4%, with final payment due in February 2039, secured by property located at 318 5 <sup>th</sup> St, Cedar Rapids, Iowa	\$ 413,661	425,839
Less current portion	12,627	12,132
Long-term portion	\$ 401,034	413,707

The current portions due during the next five years are as follows:

<b>Period Ending June 30,</b>	<b>Total</b>
2018	\$ 12,627
2019	13,141
2020	13,635
2021	14,232
2022	14,812
Thereafter	345,214
Total	\$ 413,661

**Note 6 - Endowments**

The Organization's endowments consist of various funds established to support capital, programming, and the general operating needs of the Organization. Its endowments consist of donor-restricted and board-designated (quasi) endowment funds. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of the Organization has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the 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. Consequently, the Organization classifies permanently restricted net assets as:

- The original value of gifts donated to the permanent endowment, and
- The original value of subsequent gifts to the permanent endowment.

**WAYPOINT SERVICES FOR WOMEN, CHILDREN AND FAMILIES**  
**Notes to Financial Statements**  
**June 30, 2017 and 2016**

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**Note 6 - Endowments (Continued)**

*Interpretation of Relevant Law* - The remaining portion of the donor-restricted endowment fund not classified as permanently restricted is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization's Board. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purpose of the Organization and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the Organization
7. The investment policies of the Organization

*Return Objectives and Risk Parameters* - The Organization has adopted investment and spending policies for endowment assets that attempt to preserve the real value, or purchasing power, of the endowment fund assets and the annual support provided by these assets for an infinite period. The endowment assets are invested in a manner that is based on a broad number of diversified asset classes to produce results with the expectation that the rate of return will be equal to or greater than a predetermined weighted average benchmark of several market indices.

*Spending Policy* - The Organization has a policy of appropriating from the general endowment, that is, the portion for which donor restrictions on investment earnings do not exist, for distribution each year no more than the average annual total return, net of fees, for the previous 12 quarters on the endowment to support the general operation of the Organization less an average annual inflation rate for the previous 12 quarters. The spending rate was 4% and 5% for the years ended June 30, 2017 and 2016, respectively.

In establishing this policy, the Organization considered the long-term expected returns on its endowment investments. Accordingly, over the long term, the Organization expects the current spending policy will allow its endowment to retain the original fair value of the gift.

*Strategies Employed for Achieving Objectives* - The Organization relies on a total return strategy in which investment returns are achieved through capital appreciation and current yield (interest and dividends). The Organization targets a diversified asset allocation that emphasizes growth instruments and equity securities to achieve its long-term objectives within prudent risk constraints. The target allocation for the years ended June 30, 2017 and 2016, was as follows:

<b>Asset Category</b>	<b>Target Allocation</b>
Domestic equity	60%
Foreign equity	10%
Total equity	70%
Real estate/REITS	5%
Fixed income	20%
Short-term cash	5%
Total fixed income and cash	30%
Total	100%

**WAYPOINT SERVICES FOR WOMEN, CHILDREN AND FAMILIES**  
**Notes to Financial Statements**  
**June 30, 2017 and 2016**

**Note 6 - Endowments (Continued)**

Endowment net asset composition by type of fund as of June 30, 2017:

	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Permanently Restricted*</b>	<b>Total</b>
Donor restricted endowment funds	\$ -	564,217	1,131,707	1,695,924
Quasi-endowment	667,362	-	-	667,362
<b>Total</b>	<b>\$ 667,362</b>	<b>564,217</b>	<b>1,131,707</b>	<b>2,363,286</b>

\* At original gift amount.

Changes in endowment net assets for the year ended June 30, 2017:

	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Permanently Restricted*</b>	<b>Total</b>
Net assets, beginning of year, as restated	\$ 614,664	385,792	1,023,808	2,024,264
Contributions	-	-	105,000	105,000
Investment income	4,922	21,318	2,899	29,139
Net appreciation (depreciation)	47,776	206,924	-	254,700
Appropriated for expenditure	-	(49,817)	-	(49,817)
<b>Net assets, end of year</b>	<b>\$ 667,362</b>	<b>564,217</b>	<b>1,131,707</b>	<b>2,363,286</b>

\* At original gift amount.

Endowment net asset composition by type of fund as of June 30, 2016:

	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Permanently Restricted*</b>	<b>Total</b>
Donor restricted endowment funds	\$ -	385,792	1,023,808	1,409,600
Quasi-endowment	614,664	-	-	614,664
<b>Total</b>	<b>\$ 614,664</b>	<b>385,792</b>	<b>1,023,808</b>	<b>2,024,264</b>

\* At original gift amount.

Changes in endowment net assets for the year ended June 30, 2016:

	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Permanently Restricted*</b>	<b>Total</b>
Net assets, beginning of year, as restated	\$ 616,000	455,471	1,020,648	2,092,119
Investment income	3,680	16,956	3,160	23,796
Net appreciation (depreciation)	(5,016)	(23,112)	-	(28,128)
Appropriated for expenditure	-	(63,523)	-	(63,523)
<b>Net assets, end of year</b>	<b>\$ 614,664</b>	<b>385,792</b>	<b>1,023,808</b>	<b>2,024,264</b>

\* At original gift amount.

**WAYPOINT SERVICES FOR WOMEN, CHILDREN AND FAMILIES**  
**Notes to Financial Statements**  
**June 30, 2017 and 2016**

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**Note 7 - Nature and Amount of Permanent and Temporary Restrictions**

Temporarily restricted net assets are available for the following purposes or periods:

	<u>2017</u>	<u>2016</u>
Subsequent years' operations	\$ 623,297	673,397
Children's services	1,610	27,969
Madge Phillips Center	18,447	8,711
Domestic violence program	6,304	6,575
Administration	10,408	61
Endowment	564,217	385,792
Total	\$ <u>1,224,283</u>	<u>1,102,505</u>

Permanently restricted net assets consist of the following:

	<u>2017</u>	<u>2016</u>
Irene H. Perrine Endowment Fund	\$ 150,000	150,000
Audrey Linge-Ovel	100,000	100,000
Knapp Assistance Fund	96,793	96,793
Katz Charitable Foundation Fund for Children's Services	50,000	50,000
Cecil Peterson	62,120	62,120
Wilma and John Petersen Fund	33,900	33,900
Helen Arnold	74,937	72,038
Wayne and Nan Kocourek Foundation	105,000	-
Other funds	458,957	458,957
Total	\$ <u>1,131,707</u>	<u>1,023,808</u>

Income earned on \$316,425 of the permanently restricted amounts is expendable only on donor specified programs. Income from the balance of the permanently restricted amounts is expendable to support the general operations of the Organization.

**Note 8 - Support Concentration**

Total support received from United Way of East Central Iowa during the years ended June 30, 2017 and 2016, was \$601,000 and \$699,608, respectively, representing approximately 10% and 12% of the Organization's total support and revenue for the years ended June 30, 2017 and 2016, respectively.

**Note 9 - Retirement Expense**

The Organization has a defined contribution plan qualified under Section 401(k) of the Internal Revenue Code. The plan is available to all employees who are at least 21 years old and have completed one year of service consisting of 1,000 or more hours. Eligible employees may contribute up to 15% of their eligible salary. The Organization may elect to match a portion of employee contributions, at the discretion of the Board of Directors. The Organization's contributions to the plan for the years ended June 30, 2017 and 2016, were \$7,543 and \$7,655, respectively.

**WAYPOINT SERVICES FOR WOMEN, CHILDREN AND FAMILIES**  
**Notes to Financial Statements**  
**June 30, 2017 and 2016**

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**Note 10 - Designated Funds Held by a Community Foundation**

Designated funds for the benefit of Waypoint Services for Women, Children and Families have been established by donors with The Greater Cedar Rapids Community Foundation (Foundation). In establishing a designated fund, the donor grants variance power to the Foundation and, therefore, an asset is not recognized by the Organization. Revenue is recognized upon receipt of distributions. The balances of these funds held for the Organization's benefit totaled \$110,824 and \$97,846 at June 30, 2017 and 2016. For the years ended June 30, 2017 and 2016, the amounts of distributions received from the Foundation were \$506 and \$4,137, respectively.

**Note 11 - Lease Commitment**

The Organization leases office space in Dubuque under a noncancellable operating lease that provides for monthly rents of \$650 through June 2018. The Organization also leases office equipment and printing services under a noncancellable operating lease that provides for monthly rents of \$909 through April 2021. Rent expense for the years ended June 30, 2017 and 2016 totaled \$21,542 and \$10,485, respectively.

Future minimum lease payments under this lease are as follows:

Fiscal year 2018	\$	19,226
Fiscal year 2019		10,906
Fiscal year 2020		10,906
Fiscal year 2021		<u>9,088</u>
Total	\$	<u>50,126</u>

**Note 12 - Life Insurance Policy**

The Organization owns a life insurance policy, insuring one patron, with a net death benefit of \$127,787. The cash surrender value of this life insurance policy, recorded as an other asset in the statement of financial position, totaled \$74,937 and \$72,038 at June 30, 2017 and 2016, respectively.

**Note 13 - Significant Concentrations and Contingencies**

*Concentration of Credit Risk* - The Organization maintains all of its cash, cash equivalents, cash held for the benefit of others, money market deposits, and cash designated for special purposes in two financial institutions. Balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to specified limits. Balances in excess of FDIC limits are uninsured. At June 30, 2017, the Organization had deposits in financial institutions that exceeded federally insured limits of \$250,000. The Organization has not experienced any losses on uninsured balances.

*Indeterminable Contingency* - In accordance with the Code of Iowa, the Organization has elected to reimburse the Iowa Workforce Development for benefits paid to former employees of the Organization. This election is in lieu of the Organization making deposits with the Iowa Workforce Development based on a predetermined contribution rate. The amount of the contingent liability for future payments is indeterminable.

**WAYPOINT SERVICES FOR WOMEN, CHILDREN AND FAMILIES**  
**Notes to Financial Statements**  
**June 30, 2017 and 2016**

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**Note 14 – Prior Period Adjustment**

During the year ended June 30, 2017, management identified a gift from a prior year was recorded as an unrestricted net asset when in fact, the gift was permanently restricted by the donor. As a result, the Organization has restated its net assets as of June 30, 2015 to present the gift as permanently restricted. The effects of the restatement were to increase permanently restricted net assets and decrease unrestricted net assets by \$68,878 as of June 30, 2015. Furthermore, \$3,160 of life insurance income was reclassified from unrestricted net assets to permanently restricted net assets for the year ended June 30, 2016.



**WAYPOINT SERVICES FOR WOMEN,  
CHILDREN AND FAMILIES AND ITS SUBSIDIARY**  
Cedar Rapids, Iowa

Supplemental Information

**WAYPOINT SERVICES FOR WOMEN, CHILDREN AND  
FAMILIES**

**Schedules of Operating Grant Revenue  
For the Years Ended June 30, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
<b>State of Iowa Department of Justice Crime Victim Assistance Division:</b>		
State Domestic Abuse	\$ 203,017	242,293
Federal Violence Against Women Act	317,273	306,752
Crime Victim Compensation Fund	79,902	-
Total State of Iowa Department of Justice Crime Victim Assistance Division	<u>600,192</u>	<u>549,045</u>
Alliant Energy Foundation Inc.	2,500	2,500
Anonymous Donor	22,871	-
Area Substance Abuse Council	4,964	4,964
Bank of America Foundation	15,000	10,000
Cargill	2,000	-
City of Cedar Rapids - Community Development Block Grant	58,015	25,000
Community Foundation of Northeast Iowa	7,500	8,000
Department of Human Services	7,300	-
Four Oaks	20,004	20,004
General Mills Foundation	7,000	7,000
Grainger	5,000	-
Greater Cedar Rapids Community Foundation	59,370	72,800
Housing Fund of Linn County	70,000	61,613
Iowa Accountability Program	41,870	7,395
Iowa Institute for Community Alliances - Emergency Solutions Grant	118,629	156,548
Iowa Institute for Community Alliances - Iowa Continuum of Care Grant	4,939	-
ITC Holdings	5,000	10,000
Linn County Community Services	31,721	31,658
Linn County Early Childhood Iowa	11,962	13,228
Linn County/Local Homeless Coordinating Board	5,500	7,350
OVW Transitional Housing	80,898	169,212
RBC Foundation	2,000	4,000
St Joseph's Catholic Church	1,845	2,356
State of Iowa Department of Education - Child and Adult Care Food Program	117,817	120,295
Theisen's	3,000	-
Union Pacific	5,000	-
US Bank	5,000	-
Variety - The Children's Charity	3,520	5,000
Walmart	2,000	-
Women's Independence Scholarship Program	18,000	-
Other foundation and miscellaneous grants	250	9,266
Total grant revenue	<u>\$ 1,340,667</u>	<u>1,297,234</u>



## CPAs and Advisors

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*

To the Board of Directors of  
Waypoint Services for Women, Children and Families  
Cedar Rapids, Iowa

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Waypoint Services for Women, Children and Families (a nonprofit organization), which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities, changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated November 3, 2017.

### **Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Waypoint Services for Women, Children and Families' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 Organization'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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.

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## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Organization's financial statements are free of 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 that are required to be reported under *Government Auditing Standards*.

## **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 of the effectiveness of the Organization'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 Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*T&T CPAs and Advisors, P.C.*

Pella, Iowa  
November 3, 2017

**WAYPOINT SERVICES FOR WOMEN, CHILDREN AND FAMILIES**  
**Schedule of Findings**  
**Year Ended June 30, 2017**

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Part I: Summary of independent auditors' results:

1. An unmodified opinion was issued on the financial statements.
2. The audit of the financial statements did not uncover any significant deficiencies or material weaknesses in internal control over financial reporting. However, material weaknesses or significant deficiencies may exist that have not been uncovered.
3. The audit did not disclose any non-compliance that is material to the financial statements.

Part II: Finding(s) related to the financial statements

**NONE**