

WASHINGTON WOMEN IN NEED

**FINANCIAL STATEMENTS WITH
INDEPENDENT AUDITORS' REPORT**

JUNE 30, 2018 AND 2017



INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Washington Women in Need
Kirkland, Washington

We have audited the accompanying financial statements of Washington Women in Need (a nonprofit organization), which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities, 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. 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Washington Women in Need as of June 30, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Jones & Associates PLLC, CPAs

Jones & Associates PLLC, CPAs
November 8, 2018

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WASHINGTON WOMEN IN NEED
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2018 AND 2017

	2018	2017
ASSETS		
Cash and cash equivalents	\$ 1,685,213	\$ 1,833,808
Pledges receivable, current	69,791	57,760
Prepaid expenses and other	27,338	42,308
Total current assets	1,782,342	1,933,876
Pledges receivable, noncurrent, net	70,961	56,994
Investments	3,276,016	2,809,557
Property and equipment, net	2,426	1,836
	\$ 5,131,745	\$ 4,802,263
 LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 412	\$ 1,522
Accrued expenses	12,305	11,547
Grants payable	298,584	299,258
Deferred revenue	760	-
Total current liabilities	312,061	312,327
 NET ASSETS		
Unrestricted		
Undesignated	1,963,232	1,720,569
Board designated reserves	1,402,991	1,402,991
Board designated endowment	1,157,495	1,101,515
	4,523,718	4,225,075
Temporarily restricted	295,966	264,861
	4,819,684	4,489,936
	\$ 5,131,745	\$ 4,802,263

**WASHINGTON WOMEN IN NEED
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2018**

	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE			
Contributions and grants	\$ 608,663	\$ 68,078	\$ 676,741
Special events, net	-	462,606	462,606
In-kind contributions	39,729	-	39,729
Investment return, net	169,312	-	169,312
	817,704	530,684	1,348,388
Net asset releases:			
Satisfaction of purpose requirements	499,579	(499,579)	-
Total support and revenue	1,317,283	31,105	1,348,388
EXPENSES			
Program services	698,204	-	698,204
Management and general	84,381	-	84,381
Fundraising	236,055	-	236,055
Total expenses	1,018,640	-	1,018,640
 CHANGE IN NET ASSETS	 298,643	 31,105	 329,748
NET ASSETS			
Beginning of the year	4,225,075	264,861	4,489,936
End of the year	\$ 4,523,718	\$ 295,966	\$ 4,819,684

**WASHINGTON WOMEN IN NEED
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2017**

	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE			
Contributions and grants	\$ 668,084	\$ 23,594	\$ 691,678
Special events, net	-	854,978	854,978
In-kind contributions	82,993	-	82,993
Investment return, net	245,799	-	245,799
	996,876	878,572	1,875,448
Net asset releases:			
Satisfaction of purpose requirements	649,526	(649,526)	-
Total operating support and revenue	1,646,402	229,046	1,875,448
EXPENSES			
Program services	890,039	-	890,039
Management and general	88,472	-	88,472
Fundraising	298,115	-	298,115
Total operating expenses	1,276,626	-	1,276,626
 CHANGE IN NET ASSETS	 369,776	 229,046	 598,822
NET ASSETS			
Beginning of the year	3,855,299	35,815	3,891,114
End of the year	\$ 4,225,075	\$ 264,861	\$ 4,489,936

**WASHINGTON WOMEN IN NEED
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2018**

	Program Services	Support Services		Total
		Management and General	Fundraising	
Gross direct client grants	\$ 631,761	\$ -	\$ -	\$ 631,761
Less unused reallocated grants	(132,182)	-	-	(132,182)
	499,579	-	-	499,579
Payroll and related	142,475	38,591	148,691	329,757
Technology and equipment	31,787	6,417	35,563	73,767
Professional fees	6,720	25,148	11,070	42,938
Office, supplies and postage	4,986	4,126	8,711	17,823
Printing and design	-	383	15,834	16,217
Occupancy	7,295	1,044	5,047	13,386
Other	729	6,010	2,836	9,575
Fees and taxes	-	73	6,692	6,765
Insurance	2,755	2,473	943	6,171
Depreciation	1,878	116	668	2,662
	<u>\$ 698,204</u>	<u>\$ 84,381</u>	<u>\$ 236,055</u>	<u>\$ 1,018,640</u>

**WASHINGTON WOMEN IN NEED
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2017**

	Program Services	Support Services		Total
		Management and General	Fundraising	
Gross direct client grants	\$ 709,831	\$ -	\$ -	\$ 709,831
Less unused reallocated grants	(60,305)	-	-	(60,305)
	649,526	-	-	649,526
Payroll and related	156,984	41,993	163,073	362,050
Technology and equipment	39,403	4,794	42,394	86,591
Professional fees	19,619	30,862	16,078	66,559
Office, supplies and postage	3,940	3,767	23,161	30,868
Printing and design	5,572	677	29,673	35,922
Occupancy	7,904	615	4,852	13,371
Other	4,421	2,544	8,012	14,977
Fees and taxes	-	490	8,133	8,623
Insurance	1,696	2,650	1,686	6,032
Depreciation	974	80	1,053	2,107
	<u>\$ 890,039</u>	<u>\$ 88,472</u>	<u>\$ 298,115</u>	<u>\$ 1,276,626</u>

**WASHINGTON WOMEN IN NEED
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2018 AND 2017**

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from contributions and grants	\$ 1,114,109	\$ 1,522,282
Cash received from investment income	81,061	37,263
Cash paid for grants	(500,253)	(531,423)
Cash paid to employees and suppliers	(462,052)	(566,421)
	232,865	461,701
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(3,252)	-
Purchase of investments	(378,208)	(34,540)
	(381,460)	(34,540)
 NET CHANGE IN CASH AND CASH EQUIVALENTS	(148,595)	427,161
 CASH AND CASH EQUIVALENTS		
Beginning of the year	1,833,808	1,406,647
End of the year	\$ 1,685,213	\$ 1,833,808
 RECONCILIATION OF CHANGE IN NET ASSETS TO CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 329,748	\$ 598,822
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	2,662	2,107
Loss on disposal of property and equipment	-	346
Realized and unrealized (gain) on investments	(88,251)	(208,536)
Change in:		
Pledges receivable	(25,998)	(24,374)
Prepaid expenses and other	14,970	(7,413)
Accounts payable and accrued expenses	(352)	(17,354)
Grants payable	(674)	118,103
Deferred revenue	760	-
	\$ 232,865	\$ 461,701

WASHINGTON WOMEN IN NEED
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

Note 1 – Nature of Activities and Summary of Significant Accounting Policies

Nature of Activities – Washington Women in Need (the Organization) is a Washington state nonprofit corporation, founded in 1992, dedicated to providing health and education grants to low-income women in Washington to help them improve their lives.

Basis of Accounting and Presentation – The financial statements have been prepared on the accrual basis of accounting. Accordingly, revenues are recognized when earned and expenses are recognized when incurred. The Organization reports 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. Temporarily restricted net assets are restricted for grants to clients and are included on the statements of financial position as a component of cash and cash equivalents and pledges receivable. The Organization had no permanently restricted net assets at June 30, 2018 and 2017.

Cash and Cash Equivalents – For purposes of the statements of cash flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash and cash equivalents. At June 30, 2018 and 2017, cash and cash equivalents consist of checking, savings and money market accounts. At times, cash and cash equivalents may exceed federally insured limits. The Organization has not experienced a loss due to this risk.

Pledges Receivable – Pledges receivable are recognized in the period the pledge is received and consist of outstanding promises to give from a variety of individuals and businesses. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in more than one year are initially recorded at fair value, which is measured at the present value of their future cash flows. The discounts on those amounts are computed using donor specific risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue in the statements of activities.

All account balances are unsecured. An allowance for bad debts has been established by management based on the Organization's historical experience in the collection of balances due.

Fair Value Measurements – Fair value is defined as the price received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Accounting standards establish a hierarchy for measuring fair value that gives the highest priority to unadjusted quoted prices in active markets (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are as follows:

- Level 1 Unadjusted quoted prices for identical assets or liabilities in active markets.

- Level 2 Quoted prices for similar assets or liabilities in active markets, quoted prices for identical assets or liabilities in inactive markets, or other inputs that can be corroborated by observable market data.

- Level 3 Inputs that are not observable that reflect management's assumptions and estimates.

WASHINGTON WOMEN IN NEED
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

Note 1 – Nature of Activities and Summary of Significant Accounting Policies (Continued)

Fair Value Measurements (continued) – Fair value measurements apply to the Organization’s investments in fixed income and equity mutual funds, which are classified within level 1 of the fair value hierarchy.

Investments – Investments include amounts designated by the Board for reserves and endowment. Realized and unrealized gains and losses are included in the change in net assets in the statements of activities.

Property and Equipment – Property and equipment is carried at cost. Depreciation is computed using the straight-line method, currently over a period of three to seven years. The Organization follows a policy whereby it capitalizes purchases of property and equipment with a value in excess of \$1,000. When an asset is disposed of, the cost and related accumulated depreciation of the asset is removed from the accounting records, and gain or loss is recognized.

Grants Payable – Grants payable are recognized at the time the unconditional award is made. Grants payable include amounts the Organization has committed to providing for grants at year end, but has not yet remitted the full grant payment.

Revenue Recognition – Contributions and grants (including those received at special events) are recorded as increases in unrestricted or temporarily restricted net assets, depending on the existence and/or nature of donor or grantor restrictions. When a restriction expires, that is when a 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.

Donated Goods and Services – Donations of good and services are recorded as revenue at the estimated fair value at the date of donation if they meet the criteria for recognition. The Organization recognizes donated services if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not donated.

Expense Allocation – The costs of providing various programs and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Estimates – Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

WASHINGTON WOMEN IN NEED
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

Note 1 – Nature of Activities and Summary of Significant Accounting Policies (Continued)

Income Tax Status – The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi) and has been classified as an organization other than a private foundation under Section 509(a)(1).

Subsequent Events – Subsequent events were evaluated through November 8, 2018, which is the date the financial statements were available to be issued.

Note 2 – Pledges Receivable

Pledges receivable consist of the following at June 30:

	2018	2017
Receivables due in less than one year	\$ 69,791	\$ 57,760
Receivables due in one to five years	83,916	67,910
	<u>153,707</u>	<u>125,670</u>
Less discount to present value	(8,410)	(6,849)
Less allowance for uncollectible pledges	(4,545)	(4,067)
	<u>\$ 140,752</u>	<u>\$ 114,754</u>

The Organization uses a discount rate of 2% to calculate the present value of receivables due in more than one year.

Note 3 – Investments

Investments consist of the following at June 30:

	2018	2017
Money market funds	\$ 47,280	\$ 90,263
Fixed income mutual funds	929,042	893,155
Equity mutual funds	2,299,694	1,826,139
	<u>\$ 3,276,016</u>	<u>\$ 2,809,557</u>

WASHINGTON WOMEN IN NEED
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

Note 3 – Investments (continued)

Investment return is as follows for the years ended June 30:

	2018	2017
Interest and dividends	\$ 105,413	\$ 57,247
Realized gain	25,610	14,942
Unrealized gain	62,641	193,594
Management fees	(24,352)	(19,984)
	\$ 169,312	\$ 245,799

Note 4 – Property and Equipment

Property and equipment consists of the following at June 30:

	2018	2017
Computers and equipment	\$ 23,572	\$ 20,320
Furniture	2,427	2,427
	25,999	22,747
Less accumulated depreciation	(23,573)	(20,911)
	\$ 2,426	\$ 1,836

Note 5 – Board Designated Reserves

The Board of Directors has designated certain investments to function as reserves for the following purposes at June 30:

	2018	2017
Operating	\$ 78,064	\$ 78,064
Program commitment	206,835	206,835
Building	1,118,092	1,118,092
	\$ 1,402,991	\$ 1,402,991

WASHINGTON WOMEN IN NEED
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

Note 6 – Board Designated Endowment

Nature of Endowment – The Board of Directors has designated unrestricted net assets as an endowment of which the investment return can be used for general operations or can be accumulated for future uses as determined by the Board. Since the Board designated amount resulted from an internal designation and is not donor restricted, it is classified and reported as unrestricted net assets. The endowment funds are included in investments on the statements of financial position.

Investment Return Objectives, Risk Parameters and Strategies – The Organization has adopted investment and spending policies, approved by the Board of Directors, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long term. Accordingly, the Organization established a ten year time horizon for the fund with investment objectives of generating growth in principal and income over the long term. The Organization targets a diversified asset allocation that places a balanced approach to achieve its long term return objectives within prudent risk constraints. The Organization receives a monthly investment performance report and meets at least annually with the investment manager to review the portfolio and investment strategy.

Spending Policy – The Organization’s spending policy allows distributions from the endowment over time. However, no distributions are presently anticipated. In establishing this policy, the Organization considered the long term expected investment return on its endowment. Accordingly, over the long term, the Organization expects the current spending policy to allow its general endowment fund to grow at an acceptable rate. This policy is consistent with the Organization's objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through investment return.

Changes in endowment net assets are as follows for the years ended June 30:

	2018	2017
Endowment net assets, beginning of year	\$ 1,101,515	\$ 1,013,793
Investment income	34,502	25,079
Net appreciation	29,666	69,856
Investment management fees	(8,188)	(7,213)
	<u>\$ 1,157,495</u>	<u>\$ 1,101,515</u>

WASHINGTON WOMEN IN NEED
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

Note 7 – Special Events

Special events revenue is shown in the statements of activities net of consumable costs that directly benefit the participants of the event. The net revenue is composed of the following for the years ended June 30:

	<u>2018</u>	<u>2017</u>
Special events revenue	\$ 529,241	\$ 946,072
Less cost of direct donor benefit	(66,635)	(91,094)
	<u>\$ 462,606</u>	<u>\$ 854,978</u>

Note 8 – In-Kind Contributions

In-kind contributions are composed of the following for the years ended June 30:

	<u>2018</u>	<u>2017</u>
Goods	\$ 39,729	\$ 58,967
Services - fundraising	-	24,026
	<u>\$ 39,729</u>	<u>\$ 82,993</u>

Note 9 – Concentrations

At June 30, 2018, 23% of total pledges received were due from one donor. At June 30, 2017, 32% of total pledges received were due from one donor.

For the years ended June 30, 2018 and 2017, 30% and 35%, respectively, of total support and revenue was from one family.