

WASHINGTON WOMEN IN NEED

**FINANCIAL STATEMENTS WITH
INDEPENDENT AUDITORS' REPORT**

JUNE 30, 2017 AND 2016

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, 2017 and 2016, 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, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Jones & Associates LLC, CPAs

Jones & Associates, LLC CPAs
November 9, 2017

WASHINGTON WOMEN IN NEED
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2017 AND 2016

	2017	2016
ASSETS		
Cash and cash equivalents	\$ 1,833,808	\$ 1,406,647
Pledges receivable, current	57,760	55,155
Prepaid expenses and other	42,308	34,895
Total current assets	1,933,876	1,496,697
Pledges receivable, noncurrent, net	56,994	35,225
Investments	2,809,557	2,566,481
Property and equipment, net	1,836	4,289
	\$ 4,802,263	\$ 4,102,692
 LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 1,522	\$ 20,156
Accrued expenses	11,547	10,267
Grants payable	299,258	181,155
Total current liabilities	312,327	211,578
 NET ASSETS		
Unrestricted		
Undesignated	1,720,569	1,438,515
Board designated reserves	1,402,991	1,402,991
Board designated endowment	1,101,515	1,013,793
	4,225,075	3,855,299
Temporarily restricted	264,861	35,815
	4,489,936	3,891,114
	\$ 4,802,263	\$ 4,102,692

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

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
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
	<u>996,876</u>	<u>878,572</u>	<u>1,875,448</u>
Net asset releases:			
Satisfaction of purpose requirements	649,526	(649,526)	-
Total support and revenue	<u>1,646,402</u>	<u>229,046</u>	<u>1,875,448</u>
EXPENSES			
Program services	890,039	-	890,039
Management and general	88,472	-	88,472
Fundraising	298,115	-	298,115
Total expenses	<u>1,276,626</u>	<u>-</u>	<u>1,276,626</u>
 CHANGE IN NET ASSETS	 369,776	 229,046	 598,822
NET ASSETS			
Beginning of the year	<u>3,855,299</u>	<u>35,815</u>	<u>3,891,114</u>
End of the year	<u>\$ 4,225,075</u>	<u>\$ 264,861</u>	<u>\$ 4,489,936</u>

**WASHINGTON WOMEN IN NEED
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2016**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
SUPPORT AND REVENUE			
Contributions and grants	\$ 705,663	\$ 41,930	\$ 747,593
Special events, net	-	360,900	360,900
In-kind contributions	48,669	-	48,669
Investment return, net	47,261	-	47,261
	<u>801,593</u>	<u>402,830</u>	<u>1,204,423</u>
Net asset releases:			
Satisfaction of purpose requirements	532,894	(532,894)	-
Total operating support and revenue	<u>1,334,487</u>	<u>(130,064)</u>	<u>1,204,423</u>
EXPENSES			
Program services	727,264	-	727,264
Management and general	85,884	-	85,884
Fundraising	297,646	-	297,646
Total operating expenses	<u>1,110,794</u>	<u>-</u>	<u>1,110,794</u>
 CHANGE IN NET ASSETS	 223,693	 (130,064)	 93,629
NET ASSETS			
Beginning of the year	<u>3,631,606</u>	<u>165,879</u>	<u>3,797,485</u>
End of the year	<u>\$ 3,855,299</u>	<u>\$ 35,815</u>	<u>\$ 3,891,114</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
Printing and design	5,572	677	29,673	35,922
Office, supplies and postage	3,940	3,767	23,161	30,868
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
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2016**

	Program Services	Support Services		Total
		Management and General	Fundraising	
Gross direct client grants	\$ 650,248	\$ -	\$ -	\$ 650,248
Less unused reallocated grants	(117,354)	-	-	(117,354)
	532,894	-	-	532,894
Payroll and related	144,340	34,218	170,714	349,272
Technology and equipment	23,867	4,556	32,741	61,164
Professional fees	10,441	32,613	42,700	85,754
Printing and design	156	16	24,350	24,522
Office, supplies and postage	4,421	3,806	9,562	17,789
Occupancy	5,623	431	5,854	11,908
Other	2,189	7,149	1,799	11,137
Fees and taxes	-	412	5,603	6,015
Insurance	1,360	2,478	2,063	5,901
Depreciation	1,973	205	2,260	4,438
	<u>\$ 727,264</u>	<u>\$ 85,884</u>	<u>\$ 297,646</u>	<u>\$ 1,110,794</u>

**WASHINGTON WOMEN IN NEED
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2017 AND 2016**

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from contributions and grants	\$ 1,522,282	\$ 1,082,178
Cash received from investment income	37,263	40,803
Cash paid for grants	(531,423)	(605,877)
Cash paid to employees and suppliers	(566,421)	(540,883)
	461,701	(23,779)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	-	(3,136)
Purchase of investments	(34,540)	(133,815)
Proceeds from sale of investments	-	45,692
	(34,540)	(91,259)
NET CHANGE IN CASH AND CASH EQUIVALENTS	427,161	(115,038)
CASH AND CASH EQUIVALENTS		
Beginning of the year	1,406,647	1,521,685
End of the year	\$ 1,833,808	\$ 1,406,647
RECONCILIATION OF CHANGE IN NET ASSETS TO CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 598,822	\$ 93,629
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	2,107	4,438
Loss on disposal of property and equipment	346	-
Realized and unrealized (gain) loss on investments	(208,536)	(6,458)
Change in:		
Pledges receivable	(24,374)	(26,315)
Prepaid expenses and other	(7,413)	465
Accounts payable and accrued expenses	(17,354)	(16,555)
Grants payable	118,103	(72,983)
	\$ 461,701	\$ (23,779)

WASHINGTON WOMEN IN NEED
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

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 statement 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, 2017 and 2016.

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, 2017 and 2016, 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, 2017 AND 2016

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, 2017 AND 2016

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 9, 2017, 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:

	2017	2016
Receivables due in less than one year	\$ 57,760	\$ 55,155
Receivables due in one to five years	67,910	40,550
	125,670	95,705
Less discount to present value	(6,849)	(2,131)
Less allowance for uncollectible pledges	(4,067)	(3,194)
	\$ 114,754	\$ 90,380

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:

	2017	2016
Money market funds	\$ 90,263	\$ 86,782
Fixed income mutual funds	893,155	875,079
Equity mutual funds	1,826,139	1,604,620
	\$ 2,809,557	\$ 2,566,481

WASHINGTON WOMEN IN NEED
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

Note 3 – Investments (continued)

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

	2017	2016
Interest and dividends	\$ 57,247	\$ 59,641
Realized gain	14,942	30,004
Unrealized gain (loss)	193,594	(23,546)
Management fees	(19,984)	(18,838)
	\$ 245,799	\$ 47,261

Note 4 – Property and Equipment

Property and equipment consists of the following at June 30:

	2017	2016
Computers and equipment	\$ 20,320	\$ 22,660
Furniture	2,427	4,852
	22,747	27,512
Less accumulated depreciation	(20,911)	(23,223)
	\$ 1,836	\$ 4,289

Note 5 – Board Designated Reserves

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

	2017	2016
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, 2017 AND 2016

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 statement 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:

	2017	2016
Endowment net assets, beginning of year	\$ 1,013,793	\$ 995,339
Investment income	25,079	35,504
Net appreciation (depreciation)	69,856	(9,744)
Investment management fees	(7,213)	(7,306)
	<u>\$ 1,101,515</u>	<u>\$ 1,013,793</u>

WASHINGTON WOMEN IN NEED
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

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>2017</u>	<u>2016</u>
Special events revenue	\$ 946,072	\$ 414,830
Less cost of direct donor benefit	(91,094)	(53,930)
	<u>\$ 854,978</u>	<u>\$ 360,900</u>

Note 8 – In-Kind Contributions

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

	<u>2017</u>	<u>2016</u>
Goods	\$ 58,967	\$ 48,669
Services - fundraising	24,026	-
	<u>\$ 82,993</u>	<u>\$ 48,669</u>

Note 9 – Concentration of Support and Revenue

For the years ended June 30, 2017 and 2016, 35% and 33%, respectively, of total support and revenue was from one family.

Note 10 – Lease Commitment

In May 2015, the Organization entered into a noncancelable operating lease for office space in Kirkland through May 31, 2017. Subsequent to year end, a new lease was signed on a month-to-month basis. The office space lease requires monthly rental payments of \$1,000. Total rental expense under this lease, excluding utilities and property taxes, for the years ended June 30, 2017 and 2016 is \$12,000 and \$10,340 respectively.