

WASHINGTON WOMEN IN NEED
CONSOLIDATED FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS' REPORT
JUNE 30, 2015 AND 2014



INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated financial statements of Washington Women in Need (a nonprofit organization), which comprise the consolidated statements of financial position as of June 30, 2015 and 2014, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Washington Women in Need as of June 30, 2015 and 2014, 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 5, 2015

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WASHINGTON WOMEN IN NEED
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2015 AND 2014

	2015	2014
ASSETS		
Cash and cash equivalents	\$ 1,521,685	\$ 1,538,701
Pledges receivable, current	47,452	75,012
Prepaid expenses and other	35,360	28,814
Total current assets	1,604,497	1,642,527
Pledges receivable, noncurrent, net	16,613	25,253
Board designated investments	2,471,899	2,266,870
Land held for sale	-	99,000
Property and equipment, net	5,592	33,097
	\$ 4,098,601	\$ 4,066,747
 LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 37,815	\$ 13,956
Accrued expenses	9,163	11,630
Grants payable	254,138	285,266
Total current liabilities	301,116	310,852
 NET ASSETS		
Unrestricted		
Undesignated	1,233,276	1,122,766
Board designated reserves	1,402,991	1,402,991
Board designated endowment	995,339	986,607
	3,631,606	3,512,364
Temporarily restricted	165,879	243,531
	3,797,485	3,755,895
	\$ 4,098,601	\$ 4,066,747

**WASHINGTON WOMEN IN NEED
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2015**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
OPERATING SUPPORT AND REVENUE			
Contributions and grants	\$ 662,200	\$ 81,137	\$ 743,337
Special events, net	-	343,279	343,279
In-kind contributions	52,669	-	52,669
Investment return, net	25,992	-	25,992
	<u>740,861</u>	<u>424,416</u>	<u>1,165,277</u>
Net asset releases:			
Satisfaction of purpose requirements	502,068	(502,068)	-
Total operating support and revenue	<u>1,242,929</u>	<u>(77,652)</u>	<u>1,165,277</u>
OPERATING EXPENSES			
Program services	731,884	-	731,884
Management and general	95,616	-	95,616
Fundraising	252,514	-	252,514
Total operating expenses	<u>1,080,014</u>	<u>-</u>	<u>1,080,014</u>
OPERATING CHANGE IN NET ASSETS	<u>162,915</u>	<u>(77,652)</u>	<u>85,263</u>
NONOPERATING ACTIVITIES			
Loss on sale of land	(19,000)	-	(19,000)
Loss on disposal of property and equipment	(12,449)	-	(12,449)
Taxes and fees on land held for sale	(12,224)	-	(12,224)
Total nonoperating activity	<u>(43,673)</u>	<u>-</u>	<u>(43,673)</u>
CHANGE IN NET ASSETS	119,242	(77,652)	41,590
NET ASSETS			
Beginning of the year	<u>3,512,364</u>	<u>243,531</u>	<u>3,755,895</u>
End of the year	<u>\$ 3,631,606</u>	<u>\$ 165,879</u>	<u>\$ 3,797,485</u>

**WASHINGTON WOMEN IN NEED
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2014**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
OPERATING SUPPORT AND REVENUE			
Contributions and grants	\$ 672,621	\$ 51,483	\$ 724,104
Special events, net	-	227,542	227,542
In-kind contributions	46,340	-	46,340
Investment return, net	209,568	-	209,568
	<u>928,529</u>	<u>279,025</u>	<u>1,207,554</u>
Net asset releases:			
Satisfaction of purpose requirements	440,395	(440,395)	-
Total operating support and revenue	<u>1,368,924</u>	<u>(161,370)</u>	<u>1,207,554</u>
OPERATING EXPENSES			
Program services	666,109	-	666,109
Management and general	86,512	-	86,512
Fundraising	212,795	-	212,795
Total operating expenses	<u>965,416</u>	<u>-</u>	<u>965,416</u>
OPERATING CHANGE IN NET ASSETS	<u>403,508</u>	<u>(161,370)</u>	<u>242,138</u>
NONOPERATING ACTIVITIES			
Taxes and fees on land held for sale	(21,641)	-	(21,641)
Total nonoperating activity	<u>(21,641)</u>	<u>-</u>	<u>(21,641)</u>
CHANGE IN NET ASSETS	381,867	(161,370)	220,497
NET ASSETS			
Beginning of the year	<u>3,130,497</u>	<u>404,901</u>	<u>3,535,398</u>
End of the year	<u>\$ 3,512,364</u>	<u>\$ 243,531</u>	<u>\$ 3,755,895</u>

WASHINGTON WOMEN IN NEED
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2015

	Program Services	Support Services		Total
		Management and General	Fundraising	
OPERATING EXPENSES				
Gross direct client grants	\$ 603,097	\$ -	\$ -	\$ 603,097
Less unused reallocated grants	(101,829)	-	-	(101,829)
	501,268	-	-	501,268
Payroll and related	151,542	36,057	141,743	329,342
Technology and equipment	29,961	9,026	34,090	73,077
Professional fees	10,306	32,017	19,234	61,557
Occupancy	23,011	6,580	16,182	45,773
Office, supplies and postage	3,132	3,663	11,181	17,976
Depreciation and amortization	7,612	1,864	6,686	16,162
Printing and design	1,949	476	11,914	14,339
Other expense	1,371	2,871	4,791	9,033
Insurance	1,732	2,694	1,522	5,948
Fees and taxes	-	368	5,171	5,539
Total operating expenses	731,884	95,616	252,514	1,080,014
NONOPERATING EXPENSES				
Taxes and fees on land held for sale	-	12,224	-	12,224
Total nonoperating expenses	-	12,224	-	12,224
Total expenses	\$ 731,884	\$ 107,840	\$ 252,514	\$ 1,092,238

WASHINGTON WOMEN IN NEED
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2014

	Program Services	Support Services		Total
		Management and General	Fundraising	
OPERATING EXPENSES				
Gross direct client grants	\$ 549,703	\$ -	\$ -	\$ 549,703
Less unused reallocated grants	(109,675)	-	-	(109,675)
	440,028	-	-	440,028
Payroll and related	153,301	32,793	121,269	307,363
Technology and equipment	25,676	11,027	20,760	57,463
Professional fees	8,051	24,302	28,330	60,683
Occupancy	18,852	4,961	9,261	33,074
Office, supplies and postage	4,823	3,980	9,432	18,235
Depreciation and amortization	10,667	2,857	5,524	19,048
Printing and design	304	50	9,823	10,177
Other expense	2,519	2,731	3,724	8,974
Insurance	1,883	2,928	1,030	5,841
Fees and taxes	5	883	3,642	4,530
Total operating expenses	666,109	86,512	212,795	965,416
NONOPERATING EXPENSES				
Taxes and fees on land held for sale	-	21,641	-	21,641
Total nonoperating expenses	-	21,641	-	21,641
Total expenses	\$ 666,109	\$ 108,153	\$ 212,795	\$ 987,057

**WASHINGTON WOMEN IN NEED
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2015 AND 2014**

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from contributions and grants	\$ 1,122,816	\$ 973,511
Cash received from investment income	39,160	31,015
Cash paid for grants	(634,225)	(457,598)
Cash paid to employees and suppliers	(405,464)	(395,165)
	122,287	151,763
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(1,107)	-
Purchase of board designated investments	(648,973)	(1,509,593)
Proceeds from sale of board designated investments	430,777	982,131
Proceeds from sale of land	80,000	152,500
	(139,303)	(374,962)
 NET CHANGE IN CASH AND CASH EQUIVALENTS	 (17,016)	 (223,199)
CASH AND CASH EQUIVALENTS		
Beginning of the year	1,538,701	1,761,900
End of the year	\$ 1,521,685	\$ 1,538,701
 RECONCILIATION OF CHANGE IN NET ASSETS TO CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 41,590	\$ 220,497
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	16,162	19,048
Loss on sale of land	19,000	-
Loss on disposal of property and equipment	12,449	-
Realized and unrealized (gain) loss on investments	13,168	(178,553)
Change in:		
Pledges receivable	36,200	21,865
Prepaid expenses and other	(6,546)	(12,874)
Accounts payable and accrued expenses	21,392	(10,325)
Grants payable	(31,128)	92,105
	\$ 122,287	\$ 151,763

WASHINGTON WOMEN IN NEED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

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

Nature of Activities – Washington Women in Need (WWIN) 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.

WWIN was the sole member of ITP Granite Falls LLC, a limited liability company (the LLC). The LLC was formed to receive a one-time donation of land and cash. During the year ended June 30, 2015, the LLC sold its land and transferred all remaining assets to WWIN. The LLC was dissolved in February 2015.

Principles of Consolidation – The consolidated financial statements include the accounts of WWIN and the LLC (together the Organization). All significant intercompany transactions and balances have been eliminated. The two entities have been consolidated given WWIN has both an economic interest in and control of the LLC as its sole member.

Basis of Accounting and Presentation – The consolidated 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, 2015 and 2014.

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, 2015 and 2014, 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 foundations. 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.

WASHINGTON WOMEN IN NEED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

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

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.

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.

Fair value measures also apply to land held for sale at June 30, 2014, which is classified within level 2 of the fair value hierarchy. Fair value for the land was determined using a combination of market prices, including offering and/or sale prices of similar lots in Snohomish County, taking into account the size of each lot, location, buildable space, and other factors relevant to market price based on the evaluation of a real estate professional.

Board Designated Investments – Board designated investments consist of 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.

Land Held for Sale – Three lots of land were donated to the Organization in a prior year. Two of the lots were sold during the year ended June 30, 2014. The remaining lot held for sale at June 30, 2014 was sold during the year ended June 30, 2015, resulting in a loss of \$19,000. Land held for sale is carried at lower of cost or fair value.

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. Leasehold improvements are amortized over the life of remaining life of the lease. 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.

WASHINGTON WOMEN IN NEED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

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

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 – 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. Donated goods and services for the years ended June 30, 2015 and 2014, consist of \$52,669 and \$46,340, respectively, of accounting and donor database software costs.

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.

Income Tax Status – WWIN is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. WWIN 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). The LLC is a disregarded entity for tax purposes given WWIN is the sole member.

The Organization files information and tax returns in the U.S. federal jurisdiction, and state and local jurisdictions. The Organization is subject to U.S. federal, state and local examinations by tax authorities for the current year and certain prior years based on applicable laws and regulations.

Reclassifications – Certain amounts in the prior year financial statements have been reclassified to conform to the presentation in the current year financial statements. These reclassifications did not affect the change in net assets for the current or prior years.

Subsequent Events – Subsequent events were evaluated through the independent auditors' report date, which is the date the financial statements were available to be issued.

WASHINGTON WOMEN IN NEED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

Note 2 – Pledges Receivable

Pledges receivable consist of the following at June 30:

	2015	2014
Receivables due in less than one year	\$ 47,452	\$ 75,012
Receivables due in one to five years	25,471	41,150
	<u>72,923</u>	<u>116,162</u>
Less discount to present value	(1,553)	(4,064)
Less allowance for uncollectible pledges	(7,305)	(11,833)
	<u>\$ 64,065</u>	<u>\$ 100,265</u>

The Organization uses a discount rate of 3% to calculate the present value of receivables due in more than one year.

Note 3 – Board Designated Investments

Board designated investments consist of the following at June 30:

	2015	2014
Money market funds	\$ 66,448	\$ 122,101
Fixed income mutual funds	873,044	815,960
Equity mutual funds	1,532,407	1,328,809
	<u>\$ 2,471,899</u>	<u>\$ 2,266,870</u>

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

	2015	2014
Interest and dividends	\$ 57,356	\$ 44,345
Realized gain	56,476	38,049
Unrealized gain (loss)	(69,644)	140,504
Management fees	(18,196)	(13,330)
	<u>\$ 25,992</u>	<u>\$ 209,568</u>

WASHINGTON WOMEN IN NEED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

Note 4 – Property and Equipment

Property and equipment consists of the following at June 30:

	2015	2014
Computers and equipment	\$ 19,525	\$ 35,032
Furniture	4,852	21,367
Leasehold improvements	-	72,824
	<u>24,377</u>	<u>129,223</u>
Less accumulated depreciation	(18,785)	(96,126)
	<u>\$ 5,592</u>	<u>\$ 33,097</u>

Note 5 – Board Designated Reserves

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

	2015	2014
Operating	\$ 78,064	\$ 78,064
Program commitment	206,835	206,835
Building	1,118,092	1,118,092
	<u>\$ 1,402,991</u>	<u>\$ 1,402,991</u>

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 board designated 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.

WASHINGTON WOMEN IN NEED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

Note 6 – Board Designated Endowment (continued)

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 as of June 30, 2015 and 2014 are as follows:

	2015	2014
Endowment net assets, beginning of year	\$ 986,607	\$ 873,574
Investment income	45,912	41,783
Net appreciation (depreciation)	(29,449)	78,561
Investment management fees	(7,731)	(7,311)
	<u>\$ 995,339</u>	<u>\$ 986,607</u>

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:

	2015	2014
Special events revenue	\$ 384,916	\$ 278,526
Less cost of direct donor benefit	(41,637)	(50,984)
	<u>\$ 343,279</u>	<u>\$ 227,542</u>

Note 8 – Concentration of Support and Revenue

For the years ended June 30, 2015 and 2014, 34% and 33%, respectively, of total support and revenue was from one foundation.

WASHINGTON WOMEN IN NEED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

Note 9 – Lease Commitment

In May 2015, the Organization terminated its operating lease for the rental of its Bellevue office space and entered into a noncancelable operating lease for office space in Kirkland through May 31, 2017. The Kirkland office space lease requires monthly rental payments of \$1,000. Total rental expense under these leases, excluding utilities and property taxes, for the years ended June 30, 2015 and 2014 is \$18,468 and \$18,582, respectively. The following is a schedule by year of future minimum rentals commitments under this lease for the years ending June 30:

2016		\$	12,000
2017			11,000
			<u>23,000</u>
			<u><u>\$ 23,000</u></u>

Note 10 – ITP Granite Falls LLC Activity

Consolidating financial information from the LLC is included in the consolidated financial statements as follows as of and for the years ended June 30:

	2015	2014
ASSETS		
Cash	\$ -	\$ 114,571
Land held for sale	-	99,000
	<u>\$ -</u>	<u>\$ 213,571</u>
 LIABILITIES AND NET ASSETS		
Payable to WWIN	\$ -	\$ -
Member's equity	-	213,571
	<u>\$ -</u>	<u>\$ 213,571</u>
 STATEMENT OF ACTIVITIES		
Revenue	\$ -	\$ -
Net assets transferred to WWIN	(182,348)	(16,109)
Loss on sale of land	(19,000)	-
Closing costs on land sale	(9,171)	(14,977)
Tax and fees expenses	(3,052)	(6,663)
	<u>\$ (213,571)</u>	<u>\$ (37,749)</u>