

**WASHINGTON WOMEN IN NEED AND AFFILIATE**  
**(A Washington Nonprofit Corporation)**

**Consolidated Financial Statements**  
**for the Year Ended June 30, 2009**  
**(With Comparative Totals for 2008)**  
**and Independent Auditors' Report**

WASHINGTON WOMEN IN NEED AND AFFILIATE  
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For the Year Ended June 30, 2009

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# WATSON & McDONELL, PLLC

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Washington Women In Need and Affiliate  
Bellevue, Washington

We have audited the accompanying consolidated statement of financial position of Washington Women In Need and Affiliate as of June 30, 2009, and the related consolidated statements of activity and change in net assets, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of Washington Women In Need and Affiliate's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Organization's 2008 financial statements, and, in our report dated October 28, 2008, we expressed an unqualified opinion on those financial statements.

We conducted our audit 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the 2009 financial statements referred to above present fairly, in all material respects, the financial position of Washington Women In Need and Affiliate as of June 30, 2009, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

*Watson & McDonnell, PLLC*

November 12, 2009

WASHINGTON WOMEN IN NEED AND AFFILIATE  
Consolidated Statement of Financial Position  
June 30, 2009  
(With Comparative Totals for 2008)

ASSETS	2009	2008
	<u>          </u>	<u>          </u>
Cash and cash equivalents	\$ 1,049,531	\$ 1,175,359
Pledges receivable, net	367,909	385,118
Prepaid expenses and other receivables	7,303	20,905
	<u>1,424,743</u>	<u>1,581,382</u>
Land held for sale	467,000	
Board designated reserves	1,806,223	1,522,123
Board designated investments - endowment	588,357	713,496
	<u>2,861,580</u>	<u>2,235,619</u>
Fixed assets:		
Furniture	21,316	21,316
Computer hardware and software	16,727	16,727
Phone system	7,193	7,193
	<u>45,236</u>	<u>45,236</u>
Less: accumulated depreciation	<u>(34,379)</u>	<u>(28,426)</u>
Total fixed assets	<u>10,857</u>	<u>16,810</u>
	<u>\$ 4,297,180</u>	<u>\$ 3,833,811</u>

LIABILITIES AND NET ASSETS

Accounts payable and accrued expenses	<u>\$ 43,721</u>	<u>\$ 51,851</u>
Net assets:		
Unrestricted		
Undesignated	808,763	393,777
Designated by Board for reserves	1,806,223	1,519,124
Designated by Board for endowment	588,357	712,554
	<u>3,203,343</u>	<u>2,625,455</u>
Temporarily restricted	1,050,116	1,156,505
	<u>4,253,459</u>	<u>3,781,960</u>
	<u>\$ 4,297,180</u>	<u>\$ 3,833,811</u>

The accompanying notes should be read with these financial statements.

WASHINGTON WOMEN IN NEED AND AFFILIATE  
Consolidated Statement of Activity and Change in Net Assets  
For the Year Ended June 30, 2009  
(With Comparative Totals for 2008)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 2009</u>	<u>Total 2008</u>
<b>Support</b>				
Founder's donations	\$ 500,000		\$ 500,000	\$ 500,000
Special events revenue				
Less direct costs of 58,042 and 68,025, respectively	(58,042)	\$ 434,823	376,781	365,593
Major gifts		84,800	84,800	160,901
Foundations and corporations	135,000	38,500	173,500	135,500
Donor-sponsored events		8,402	8,402	58,422
Donations		34,328	34,328	31,421
Donation of land held for sale	467,000		467,000	
Donations - in-kind	13,112		13,112	
Community groups		31,859	31,859	26,721
Investment income/(loss)	(50,793)	9,957	(40,836)	59,612
Other income	32,417		32,417	
Gain (loss) on sale of assets				666,734
Net assets released from restriction	749,058	(749,058)		
	<u>1,787,752</u>	<u>(106,389)</u>	<u>1,681,363</u>	<u>2,004,904</u>
<b>Expenses</b>				
<b>Program services</b>				
Direct client expense	749,058		749,058	740,380
Other program expenses	160,918		160,918	164,776
	<u>909,976</u>		<u>909,976</u>	<u>905,156</u>
<b>Support services</b>				
Management and general	125,682		125,682	115,480
Fundraising	174,206		174,206	163,448
	<u>299,888</u>		<u>299,888</u>	<u>278,928</u>
	<u>1,209,864</u>		<u>1,209,864</u>	<u>1,184,084</u>
Change in net assets	<u>577,888</u>	<u>(106,389)</u>	<u>471,499</u>	<u>820,820</u>
Net assets, beginning of year	<u>2,625,455</u>	<u>1,156,505</u>	<u>3,781,960</u>	<u>2,961,140</u>
Net assets, end of year	<u>\$ 3,203,343</u>	<u>\$ 1,050,116</u>	<u>\$ 4,253,459</u>	<u>\$ 3,781,960</u>

The accompanying notes should be read with these financial statements.

WASHINGTON WOMEN IN NEED AND AFFILIATE  
Consolidated Statement of Functional Expenses  
For the Year Ended June 30, 2009  
(With Comparative Totals for 2008)

	Program Services	Management and General	Fund- raising	Total 2009	Total 2008
Direct client expense	\$ 749,058			\$ 749,058	\$ 740,380
Payroll and related expenses	118,490	\$ 53,253	\$ 122,677	294,420	277,808
Professional fees	2,601	45,755	11,342	59,698	55,448
Other expense	14,066	12,775	16,991	43,832	43,995
Fees, taxes and interest	24	2,078	7,057	9,159	11,945
Printing and design	93	3,772	4,480	8,345	10,860
Facility expense	20,763	7,617	11,020	39,400	35,717
Depreciation	4,882	432	639	5,953	7,931
	<u>4,882</u>	<u>432</u>	<u>639</u>	<u>5,953</u>	<u>7,931</u>
 Total expenses	 <u>\$ 909,976</u>	 <u>\$ 125,682</u>	 <u>\$ 174,206</u>	 <u>\$ 1,209,864</u>	 <u>\$ 1,184,084</u>

The accompanying notes should be read with these financial statements

WASHINGTON WOMEN IN NEED AND AFFILIATE  
Consolidated Statement of Cash Flows  
For the Year Ended June 30, 2009  
(With Comparative Totals for 2008)

	2009	2008
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 471,499	\$ 820,820
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	5,953	7,931
Gain on sale of property and equipment		(666,734)
Donation of land held for sale	(467,000)	
Realized and unrealized (gain) loss on investments	142,028	37,298
Changes in operating assets and liabilities:		
Pledges receivable	17,209	69,444
Prepaid expenses and other receivables	13,602	(16,964)
Accounts payable and accrued expenses	(8,130)	13,768
Net cash provided by operating activities	175,161	265,563
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Change in board designated reserves	(284,100)	(1,149,245)
Purchase of property and equipment		(19,227)
Proceeds from sale of property and equipment		1,101,635
Investments purchased - endowment	(16,889)	(13,565)
Net cash used by investing activities	(300,989)	(80,402)
Net increase in cash	(125,828)	185,161
Cash and cash equivalents, beginning of year	1,175,359	990,198
Cash and cash equivalents, end of year	\$ 1,049,531	\$ 1,175,359

The accompanying notes should be read with these financial statements

WASHINGTON WOMEN IN NEED AND AFFILIATE  
Notes to Consolidated Financial Statements  
For the Year Ended June 30, 2009

NOTE 1 - NATURE OF THE ORGANIZATION

Washington Women In Need (WWIN) is a Washington nonprofit corporation, founded in 1992, dedicated to improving the quality of women's lives by providing financial assistance to low-income women in Washington for health care and educational needs.

WWIN is the controlling entity of a single-member limited liability company, ITP Granite Falls LLC (the LLC). The LLC was formed to receive a one-time donation of land and cash.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of consolidation

These financial statements include the activity of WWIN and ITP Granite Falls LLC (together the Organization). Transactions and accounts between entities have been eliminated in consolidation.

Financial statement presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as unrestricted income. At June 30, 2009 and 2008, temporarily restricted net assets consisted of the following:

	<u>2009</u>	<u>2008</u>
Net pledges receivable	\$ 367,909	\$ 385,118
Restricted for grants to clients	<u>682,207</u>	<u>771,387</u>
	<u>\$ 1,050,116</u>	<u>\$ 1,156,505</u>

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. The Organization has no permanently restricted net assets.



WASHINGTON WOMEN IN NEED AND AFFILIATE  
Notes to Consolidated Financial Statements  
For the Year Ended June 30, 2009

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Comparative financial information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2008, from which the summarized information was derived.

Cash and cash equivalents

Interest bearing instruments, with maturities of three months or less, are considered to be cash equivalents. At June 30, 2009, cash and equivalents, in addition to board designated reserves, included \$2,925,377 held in two commercial banks of which \$500,000 was insured by the Federal Deposit Insurance Corporation.

Investments

Investments are recorded at fair market value. Fair values for investments are determined by reference to quoted market prices and other relevant information generated by market transactions (level one measurement). Interest, dividends, and realized and unrealized gains and losses are reported as investment income in the statement of activity. Investments are subject to market risk.

Fixed assets

Building and improvements, furniture and equipment are recorded at cost, if purchased, or fair value at the time of donation, if donated. Capital purchases over \$100 are capitalized. Fixed assets are depreciated over their estimated useful lives of thirty years for the building and three, five, and seven years for the software, equipment and furniture, respectively, using the straight line method. Depreciation expense for the years ended June 30, 2009 and 2008, was \$5,953 and \$7,931, respectively. As described in Note 10, the office building was sold during the year ended June 30, 2008.

Restricted and unrestricted support

All support in the statement of activities consists of contributions. Contributions, including unconditional promises to give, are recorded as received. Except for the founder contribution, all contributions are temporarily restricted for grants to clients, unless otherwise specified by the donor. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restriction expires in the reporting period in which the revenue is recognized. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

WASHINGTON WOMEN IN NEED AND AFFILIATE  
Notes to Consolidated Financial Statements  
For the Year Ended June 30, 2009

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Donated services

The Organization recognizes donated services as support and expense if the services received either create or enhance nonfinancial assets, or if they require specialized skills provided by individuals possessing those skills, and would typically need to be purchased if not donated. The value of donated legal services included as contributions in the financial statements for the year ended June 30, 2009 was \$13,112. There were no donated services received during the year ended June 30, 2008.

Estimates

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

Tax status

Washington Women In Need is a nonprofit organization exempt from federal income taxes as an organization described in Section 501(c)(3) of the Internal Revenue Code. The Organization applied for and was granted public charity status under Section 170(b)(1)(A)(vi) effective July 1, 2007, for an advance ruling period of 60 months. ITP Granite Falls LLC is a disregarded entity for tax purposes because WWIN is the sole member.

Reclassifications

Certain amounts from the prior-year financial statements have been reclassified to conform to the current-year presentation.

NOTE 3 - BOARD DESIGNATED RESERVES AND ENDOWMENT INVESTMENTS

At June 30, 2009 and 2008, board designated reserves and endowment, at fair market value, were composed of:

	<u>2009</u>	<u>2008</u>
Cash and money market funds	\$ 728,579	\$ 442,766
Certificate of deposit	1,121,804	1,102,616
Fixed income securities	224,479	
Governmental securities		158,593
Corporate bonds		198,706
Equity securities	319,718	332,938
	<u>\$ 2,394,580</u>	<u>\$ 2,235,619</u>

WASHINGTON WOMEN IN NEED AND AFFILIATE  
Notes to Consolidated Financial Statements  
For the Year Ended June 30, 2009

NOTE 3 - BOARD DESIGNATED RESERVES AND ENDOWMENT INVESTMENTS,  
CONTINUED

For the years ended June 30, 2009 and 2008, investment income consisted of the following:

Interest and dividends	\$ 105,905	\$ 106,710
Realized gain (loss)	( 13,393)	( 16,645)
Unrealized gain (loss)	( 128,635)	( 20,653)
Management fees	( 4,713)	( 9,800)
	<u>\$ ( 40,836)</u>	<u>\$ 59,612</u>

NOTE 4 - PLEDGES RECEIVABLE

Pledges receivable consist of unconditional promises to give, which are recognized as revenues in the period pledges are received. Pledges, both restricted and unrestricted, expected to be collected within one year, are recorded at their net realizable value. Pledges that are expected to be collected in future years are recorded at the present value of estimated cash flows, which approximates fair value, utilizing a discount rate of six percent.

Unconditional pledges receivable at June 30, 2009 and 2008, are as follows:

	<u>2009</u>	<u>2008</u>
Receivable in one year	\$ 219,737	\$ 233,079
Receivable in greater than one year	<u>216,462</u>	<u>280,406</u>
Total unconditional pledges receivable	436,199	513,485
Less discount to net present value	( 24,670)	( 25,670)
Less allowance for uncollectible pledges	<u>( 43,620)</u>	<u>(102,697)</u>
Net pledges receivable	<u>\$ 367,909</u>	<u>\$ 385,118</u>

NOTE 5 - FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activity and change in net assets. Costs related to certain activities that benefit more than one program are allocated based on estimates and evaluations made by management.

WASHINGTON WOMEN IN NEED AND AFFILIATE  
Notes to Consolidated Financial Statements  
For the Year Ended June 30, 2009

NOTE 6 - CONCENTRATION

During the years ended June 30, 2009 and 2008, the founder and former board member of the Organization contributed approximately \$500,000 for each year, the majority of which was used for all expenses other than amounts paid for grants to low-income women for education or health care.

NOTE 7 - COMMITMENTS

On an ongoing basis, the Organization makes commitments to women to fund health care and educational needs; however, the Organization is not obligated to pay for these needs until the services and/or expenditures are incurred by the client. At June 30, 2009, estimated commitments were approximately \$212,929.

NOTE 8 - PENSION PLAN

Washington Women In Need has established a SEP-IRA pension plan. All employees are eligible to participate after two fiscal years of employment. Contributions are at the Organization's discretion. The Organization's contributions to the plan totaled \$5,812 and \$3,285 in 2009 and 2008, respectively.

NOTE 9 - OPERATING LEASE

The Organization signed a 24-month lease effective August 1, 2007, for office space in Bellevue, Washington. The lease agreement contains an option to renew for an additional year, which was signed effective August 1, 2009. Rental expenses under the lease are expected to be approximately \$49,100 for the year ending June 30, 2010, and \$4,100 for the year ending June 30, 2011.

NOTE 10 - SALE OF BUILDING

During the year ended June 30, 2008, the Organization sold its office facility to the State of Washington Department of Transportation for \$1,101,635, resulting in a gain of \$666,734. The proceeds of the sale were invested in a certificate of deposit.

WASHINGTON WOMEN IN NEED AND AFFILIATE  
Notes to Consolidated Financial Statements  
For the Year Ended June 30, 2009

NOTE 11 - BOARD DESIGNATED NET ASSETS - RESERVES AND ENDOWMENT FUND

Reserves

The Board has designated certain funds to be invested separately and to function as reserves. At June 30, 2009 and 2008, board designated reserves consisted of the following:

	<u>2009</u>	<u>2008</u>
Operating reserve	\$ 373,705	\$ 202,517
Program commitment reserve	203,602	160,474
Building reserve	107,112	56,102
New facility reserve	<u>1,121,804</u>	<u>1,100,031</u>
	<u>\$ 1,806,223</u>	<u>\$ 1,519,124</u>

Endowment

As of June 30, 2009 and 2008, respectively, the Board of Directors had designated \$588,357 and \$712,554 of unrestricted net assets as a quasi endowment fund to be used for and invested as required by the Investment Policy Statement adopted July 25, 2008 (the "ISP"). Since that amount resulted from an internal designation and is not donor-restricted, it is classified and reported as unrestricted net assets.

The Board has designated the earnings or loss on the endowment investments to increase or decrease the designated endowment amount. The ISP states that while the Organization may take distributions over time from the fund, none are presently anticipated. The Organization established a 10-year time horizon for the fund with investment objectives of generating growth in principal and income over the long term and establishing an investment objective of "Balanced".

To achieve that objective, the Organization has adopted an investment policy that attempts to maximize total return consistent with an acceptable level of risk. Endowment assets are invested in a well diversified asset mix, which includes cash, fixed income and equity to achieve the strategic target established in the ISP. The Organization receives a quarterly investment performance report and meets at least annually with the investment manager to review the portfolio and the ISP.

Composition of and changes in endowment net assets for the year ended June 30, 2009, were as follows:

Board-designated endowment net assets, end of year	\$ 712,554
Investment income	22,545
Net appreciation (depreciation)	<u>( 146,742)</u>
Board-designated endowment net assets, end of year	<u>\$ 588,357</u>

WASHINGTON WOMEN IN NEED AND AFFILIATE  
Notes to Consolidated Financial Statements  
For the Year Ended June 30, 2009

NOTE 12 - GRANITE FALLS LLC AND DONATION OF LAND HELD FOR SALE

Washington Women In Need (WWIN) was selected as a recipient organization of a private supporting foundation (the Foundation) in 2007. The Foundation intended to provide WWIN with cash donations as such money became available to the Foundation from time to time through sales of lots at a development project (the Project.) An initial cash donation of \$60,000 was made to WWIN in the 2008 fiscal year. When the real estate market deteriorated along with general economic conditions in late 2008 and into 2009, the Foundation recommended that the remaining lots in the Project be held until normal real estate market conditions returned, that the Foundation be dissolved and that the three lots be distributed to WWIN. WWIN established a single member limited liability company ITP Granite Falls LLC to accept the gift of the three lots and cash donation of \$35,000 from the Foundation. WWIN intends to hold the three lots for sale at prices and subject to conditions to be determined by the Board after it receives a recommendation from the ITP Granite Falls LLC subcommittee, which recommendation is expected sometime early in 2010.

The Board established the value of the respective lots by reviewing the cost basis for each lot, the listing prices for the lots and the assessed value for the lots. The Board also received a comparative market analysis from the real estate broker in Granite Falls who had listed the properties. WWIN has determined that the fair market values for the respective lots as of May 2009 (the time of the transfer and gift) were: \$159,000 for Lot 117, \$154,000 for Lot 121, and \$154,000 for Lot 122. The total value of donated land included as contributions in the statement of activity for the year ended June 30, 2009 was \$467,000.

NOTE 13 - SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through November 12, 2009, which is the date the financial statements were available to be issued, and have determined that there are no subsequent events that require disclosure under FASB Accounting Standards Codification, *Subsequent Events*.