

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

Consolidated Financial Statements
for the Year Ended June 30, 2010
(With Comparative Totals for 2009)
and Independent Auditors' Report

WASHINGTON WOMEN IN NEED AND AFFILIATE
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For the Year Ended June 30, 2010

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WATSON & McDONELL, PLLC
CERTIFIED PUBLIC ACCOUNTANTS

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, 2010, 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 2009 financial statements, and, in our report dated November 12, 2009, 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 2010 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, 2010, 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

January 13, 2011

WASHINGTON WOMEN IN NEED AND AFFILIATE
Consolidated Statement of Financial Position
June 30, 2010
(With Comparative Totals for 2009)

ASSETS	<u>2010</u>	<u>2009</u>
Current assets:		
Cash and cash equivalents	\$ 910,394	\$ 1,049,531
Pledges receivable, current portion	265,544	219,737
Prepaid expenses and other receivables	<u>1,303</u>	<u>7,303</u>
	<u>1,177,241</u>	<u>1,276,571</u>
Other assets:		
Pledges receivable, noncurrent, net	97,408	148,172
Land	404,200	467,000
Board designated reserves	1,819,441	1,806,223
Board designated investments - endowment	<u>656,518</u>	<u>588,357</u>
	<u>2,977,567</u>	<u>3,009,752</u>
Fixed assets:		
Leasehold improvements	21,136	
Furniture	21,316	21,316
Computer hardware and software	16,727	16,727
Phone system	<u>7,193</u>	<u>7,193</u>
	66,372	45,236
Less: accumulated depreciation and amortization	<u>(59,518)</u>	<u>(34,379)</u>
Total fixed assets	<u>6,854</u>	<u>10,857</u>
	<u>\$ 4,161,662</u>	<u>\$ 4,297,180</u>

LIABILITIES AND NET ASSETS

Current liabilities:		
Accounts payable and accrued expenses	<u>\$ 69,020</u>	<u>\$ 43,721</u>
Net assets:		
Unrestricted		
Undesignated	756,445	808,763
Designated by Board for reserves	1,819,441	1,806,223
Designated by Board for endowment	<u>656,518</u>	<u>588,357</u>
	3,232,404	3,203,343
Temporarily restricted	<u>860,238</u>	<u>1,050,116</u>
	<u>4,092,642</u>	<u>4,253,459</u>
	<u>\$ 4,161,662</u>	<u>\$ 4,297,180</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, 2010
(With Comparative Totals for 2009)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 2010</u>	<u>Total 2009</u>
Operating activities				
Revenues, gains and support				
Special events revenue		\$ 325,835	\$ 325,835	\$ 434,823
Less direct costs	\$ (58,358)		(58,358)	(58,042)
	<u>(58,358)</u>	<u>325,835</u>	<u>267,477</u>	<u>376,781</u>
Founder's donations	400,000		400,000	500,000
Major gifts		105,900	105,900	84,800
Foundations and corporations	100,000	33,500	133,500	138,500
Donations		98,699	98,699	74,589
Donations - in-kind	38,389		38,389	13,112
Investment income (loss)	105,090		105,090	(40,836)
Other income	12,093		12,093	32,417
Net assets released from restriction	753,812	(753,812)		
	<u>1,351,026</u>	<u>(189,878)</u>	<u>1,161,148</u>	<u>1,179,363</u>
Expenses				
Program services				
Direct client expense	753,813		753,813	749,058
Other program expenses	191,399		191,399	160,918
	<u>945,212</u>		<u>945,212</u>	<u>909,976</u>
Support services				
Management and general	92,699		92,699	125,682
Fundraising	211,321		211,321	174,206
	<u>304,020</u>		<u>304,020</u>	<u>299,888</u>
	<u>1,249,232</u>		<u>1,249,232</u>	<u>1,209,864</u>
Change in operating net assets	<u>101,794</u>	<u>(189,878)</u>	<u>(88,084)</u>	<u>(30,501)</u>
Non-operating activities				
Donations of land and cash				502,000
Property taxes and maintenance	(9,933)		(9,933)	
Impairment loss	(62,800)		(62,800)	
Change in non-operating net assets	<u>(72,733)</u>		<u>(72,733)</u>	<u>502,000</u>
Total change in net assets	29,061	(189,878)	(160,817)	471,499
Net assets, beginning of year	<u>3,203,343</u>	<u>1,050,116</u>	<u>4,253,459</u>	<u>3,781,960</u>
Net assets, end of year	<u>\$ 3,232,404</u>	<u>\$ 860,238</u>	<u>\$ 4,092,642</u>	<u>\$ 4,253,459</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, 2010
 (With Comparative Totals for 2009)

	Program Services	Management and General	Fund- raising	Total 2010	Total 2009
Direct client expense	\$ 753,813			\$ 753,813	\$ 749,058
Payroll and related expenses	123,449	\$ 55,373	\$ 122,717	301,539	294,420
Professional fees	11,823	9,360	35,907	57,090	59,698
Office, supplies and postage	5,521	2,369	5,957	13,847	14,499
Technology and equipment	6,312	3,978	6,760	17,050	15,630
Insurance	2,136	789	2,135	5,060	2,286
Fees and taxes		1,804	7,137	8,941	9,159
Printing and design	48	2,719	5,439	8,206	8,345
Facility expense	28,215	8,882	15,153	52,250	39,400
Other expense	811	1,841	3,645	6,297	11,416
Depreciation & amortization	13,084	5,584	6,471	25,139	5,953
 Total expenses	 <u>\$ 945,212</u>	 <u>\$ 92,699</u>	 <u>\$ 211,321</u>	 <u>\$ 1,249,232</u>	 <u>\$ 1,209,864</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, 2010
(With Comparative Totals for 2009)

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (88,084)	\$ (30,501)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	25,139	5,953
Realized and unrealized (gain) loss on investments	(58,942)	142,028
Changes in operating assets and liabilities:		
Pledges receivable	4,957	17,209
Prepaid expenses and other receivables	6,000	13,602
Accounts payable and accrued expenses	25,299	(8,130)
Net cash provided (used) by operating activities	(85,631)	140,161
CASH FLOWS FROM INVESTING ACTIVITIES:		
Change in board designated reserves	(13,218)	(284,100)
Leasehold improvements	(21,136)	
Donation of non-operating cash		35,000
Payment of taxes and fees on land	(9,933)	
Investments purchased - endowment	(9,219)	(16,889)
Net cash used by investing activities	(53,506)	(265,989)
Net increase (decrease) in cash	(139,137)	(125,828)
Cash and cash equivalents, beginning of year	1,049,531	1,175,359
Cash and cash equivalents, end of year	\$ 910,394	\$ 1,049,531
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Donation of land		\$ 467,000

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, 2010

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, 2010 and 2009, temporarily restricted net assets consisted of the following:

	2010	2009
Net pledges receivable	\$ 362,952	\$ 367,909
Restricted for grants to clients	497,286	682,207
	\$ 860,238	\$ 1,050,116

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.

Cash and cash equivalents

Interest bearing instruments, with maturities of three months or less, are considered to be cash equivalents.

WASHINGTON WOMEN IN NEED AND AFFILIATE
Notes to Consolidated Financial Statements
For the Year Ended June 30, 2010

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, 2009, from which the summarized information was derived.

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. 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. Leasehold improvements are amortized over the remaining life of the lease. Depreciation and amortization expense for the years ended June 30, 2010 and 2009, was \$25,139 and \$5,953, respectively.

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.

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. During the year ended June 30, 2010, donated services received consisted of \$7,928 in architect fees, contractor fees of \$2,374, legal fees of \$4,000 and video production services of \$24,087. The value of donated legal services included as contributions in the financial statements for the year ended June 30, 2009 was \$13,112.

WASHINGTON WOMEN IN NEED AND AFFILIATE
Notes to Consolidated Financial Statements
For the Year Ended June 30, 2010

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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. The Organization's income tax filings are subject to examination by various taxing authorities. The Organization's open examination periods are 2006 through 2009.

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, 2010 and 2009, board designated reserves and endowment, at fair market value, were composed of:

	<u>2010</u>	<u>2009</u>
Cash and money market funds	\$ 280,021	\$ 728,579
Certificates of deposit	1,568,399	1,121,804
Fixed income securities	237,586	224,479
Equity securities	<u>389,953</u>	<u>319,718</u>
	<u>\$ 2,475,959</u>	<u>\$ 2,394,580</u>

For the years ended June 30, 2010 and 2009, investment income consisted of the following:

	<u>2010</u>	<u>2009</u>
Interest and dividends	\$ 51,417	\$ 105,905
Realized gain (loss)	(22)	(13,393)
Unrealized gain (loss)	58,964	(128,635)
Management fees	<u>(5,269)</u>	<u>(4,713)</u>
	<u>\$ 105,090</u>	<u>\$ (40,836)</u>

WASHINGTON WOMEN IN NEED AND AFFILIATE
Notes to Consolidated Financial Statements
For the Year Ended June 30, 2010

NOTE 4 - PLEDGES RECEIVABLE

Pledges receivable consist of unconditional promises to give, which are recognized as revenues in the period pledges are received. Pledges receivable are stated net of an allowance for uncollectible pledges. The Organization estimates the allowance based on its historical experience of pledge collection. 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, 2010 and 2009, are as follows:

	<u>2010</u>	<u>2009</u>
Receivable in one year	\$ 265,544	\$ 219,737
Receivable in greater than one year	<u>167,515</u>	<u>216,462</u>
Total unconditional pledges receivable	433,059	436,199
Less: discount to net present value	(18,393)	(24,670)
Less: allowance for uncollectible pledges	<u>(51,714)</u>	<u>(43,620)</u>
Net pledges receivable	<u>\$ 362,952</u>	<u>\$ 367,909</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.

NOTE 6 - CONCENTRATIONS OF RISK

During the years ended June 30, 2010 and 2009, the founder and former board member of the Organization contributed approximately \$400,000 and \$500,000, respectively, the majority of which was used for all expenses other than amounts paid for grants to low-income women for education or health care. Outstanding pledges from the founder represent 23 percent of the total pledges receivable balance at June 30, 2010. Full payment was received subsequent to fiscal year end.

The founder passed away in April of 2010. WWIN has been advised by the attorney for the estate that the founder has provided for the establishment of a foundation under the will and identified WWIN as a potential beneficiary of the foundation.

The Organization maintains cash balances at various financial institutions. At times the bank balances may exceed the federally insured limit. The uninsured cash balance at June 30, 2010, was approximately \$128,307.

WASHINGTON WOMEN IN NEED AND AFFILIATE
Notes to Consolidated Financial Statements
For the Year Ended June 30, 2010

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, 2010, estimated commitments were approximately \$442,300.

NOTE 8 - OPERATING LEASE

The Organization has an annual lease for office space in Bellevue, Washington, which was renewed for an additional year effective August 1, 2010. Rental expenses under the lease are expected to be approximately \$49,200 for the year ending June 30, 2011.

NOTE 9 - 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, 2010 and 2009, board designated reserves consisted of the following:

	2010	2009
Operating reserve	\$ 504,307	\$ 373,705
Program commitment reserve	205,307	203,602
Building reserve	108,066	107,112
New facility reserve	1,001,761	1,121,804
	\$ 1,819,441	\$ 1,806,223

Endowment

As of June 30, 2010 and 2009, respectively, the Board of Directors had designated \$656,518 and \$588,357 of unrestricted net assets as a quasi endowment fund to be used for and invested as required by the Investment Policy Statement as amended in December 2009 (the "IPS"). 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 IPS 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".

WASHINGTON WOMEN IN NEED AND AFFILIATE
Notes to Consolidated Financial Statements
For the Year Ended June 30, 2010

NOTE 9 - BOARD DESIGNATED NET ASSETS - RESERVES AND ENDOWMENT FUND,
CONTINUED

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 IPS. The Organization receives a monthly investment performance report and meets at least annually with the investment manager to review the portfolio and the IPS.

Composition of and changes in endowment net assets for the year ended June 30, 2010, were as follows:

Board-designated endowment net assets, beginning of year	\$ 588,357
Investment income	13,601
Investment fees	(5,269)
Net appreciation (depreciation)	<u>59,829</u>
Board-designated endowment net assets, end of year	<u>\$ 656,518</u>

NOTE 10 - GRANITE FALLS LLC AND IMPAIRMENT OF DONATED LAND

In 2009, WWIN established a single member limited liability company, ITP Granite Falls LLC, to accept the gift of three lots of land and a cash donation of \$35,000 from a prior donor. The intention was to sell the lots when market conditions improved.

The Board established the value of the respective lots by reviewing the donor's 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 professional in Granite Falls who had listed the properties. WWIN determined the fair market value of the respective lots as of May 2009 (the time of the transfer and gift) as: \$159,000 for Lot 117, \$154,000 for Lot 121, and \$154,000 for Lot 122, in each case amounts below assessed value, resulting in a total value of \$467,000 of donated land included as contributions in the statement of activity for the year ended June 30, 2009.

Due to the economic downturn in the region, the land donated in May 2009 was determined to have a current market value as of June 30, 2010, of approximately \$404,200. The current market value was determined based on the advice of a knowledgeable real estate professional who has experience in listing and selling lots in the development where the three subject lots are located and conversations with professionals in the Snohomish County Assessor's office on factors used to determine current assessed valuations. WWIN recently appealed the assessed value of the three lots and in so doing was required to submit relevant information about the fair market value. WWIN was granted relief by the Snohomish County Assessor.

WASHINGTON WOMEN IN NEED AND AFFILIATE
Notes to Consolidated Financial Statements
For the Year Ended June 30, 2010

NOTE 10 - GRANITE FALLS LLC AND IMPAIRMENT OF DONATED LAND,
CONTINUED

Because the evaluation determined that the land value is unlikely to appreciate prior to sale of the property, an impairment loss of \$62,800 was recorded.

NOTE 11 - FAIR VALUE MEASUREMENTS

Financial Accounting Standards Board Codification, Subtopic 820-10, *Fair Value Measurements and Disclosures*, establishes a hierarchy for measuring fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The valuation methodologies used to measure fair value have been consistently applied. All assets and liabilities measured at fair value on a recurring basis fall in Level 1 at June 30, 2010.

Fair values of assets and liabilities measured on a nonrecurring basis at June 30, 2010, are as follows:

Fair Value Measurements Using

	<u>Fair Value</u>	Quoted Prices In Active Markets for Identical Assets/ Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Gains (Losses)
Land held	\$ 404,200	\$ -	\$ 404,200	\$ -	\$ (62,800)

Donated land with a total carrying amount of \$467,000 was written down to its fair value of \$404,200, resulting in an impairment charge of \$62,800, which was included in the change in unrestricted net assets for the year ended June 30, 2010.

The land has been valued using a market approach. The values were determined using a combination of market prices, including offering and/or sale prices of similar lots in Snohomish County, and of similar lots for sale and/or sold within the Pilchuck East Development, taking into account specific characteristics relating to the subject lots that affect market value such as size of lot, location, whether there is a view, proximity to other residences, amount of buildable space, and other factors relevant to market price based on the evaluation of the real estate professional and the Snohomish County Assessor's office. There were no changes in the valuation techniques during the current year.

WASHINGTON WOMEN IN NEED AND AFFILIATE
Notes to Consolidated Financial Statements
For the Year Ended June 30, 2010

NOTE 12 - SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through January 13, 2011, 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 Topic 855, *Subsequent Events*.