

WASHINGTON WOMEN IN NEED

**FINANCIAL STATEMENTS WITH
INDEPENDENT AUDITORS' REPORT**

JUNE 30, 2016 AND 2015



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, 2016 and 2015, 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, 2016 and 2015, 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 10, 2016

TEL 206.525.5170
1701 NE 104th Street
Seattle, WA 98125-7646
www.judyjonescpa.com

WASHINGTON WOMEN IN NEED
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2016 AND 2015

	2016	2015
ASSETS		
Cash and cash equivalents	\$ 1,406,647	\$ 1,521,685
Pledges receivable, current	55,155	47,452
Prepaid expenses and other	34,895	35,360
Total current assets	1,496,697	1,604,497
Pledges receivable, noncurrent, net	35,225	16,613
Investments	2,566,481	2,471,899
Property and equipment, net	4,289	5,592
	\$ 4,102,692	\$ 4,098,601
 LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 20,156	\$ 37,815
Accrued expenses	10,267	9,163
Grants payable	181,155	254,138
Total current liabilities	211,578	301,116
 NET ASSETS		
Unrestricted		
Undesignated	1,438,515	1,233,276
Board designated reserves	1,402,991	1,402,991
Board designated endowment	1,013,793	995,339
	3,855,299	3,631,606
Temporarily restricted	35,815	165,879
	3,891,114	3,797,485
	\$ 4,102,692	\$ 4,098,601

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

	Unrestricted	Temporarily Restricted	Total
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
	801,593	402,830	1,204,423
Net asset releases:			
Satisfaction of purpose requirements	532,894	(532,894)	-
Total support and revenue	1,334,487	(130,064)	1,204,423
EXPENSES			
Program services	727,264	-	727,264
Management and general	85,884	-	85,884
Fundraising	297,646	-	297,646
Total expenses	1,110,794	-	1,110,794
 CHANGE IN NET ASSETS	 223,693	 (130,064)	 93,629
NET ASSETS			
Beginning of the year	3,631,606	165,879	3,797,485
End of the year	\$ 3,855,299	\$ 35,815	\$ 3,891,114

**WASHINGTON WOMEN IN NEED
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
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
Professional fees	10,441	32,613	42,700	85,754
Technology and equipment	23,867	4,556	32,741	61,164
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 and amortization	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
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)
	<u>501,268</u>	<u>-</u>	<u>-</u>	<u>501,268</u>
Payroll and related	151,542	36,057	141,743	329,342
Professional fees	10,306	32,017	19,234	61,557
Technology and equipment	29,961	9,026	34,090	73,077
Printing and design	1,949	476	11,914	14,339
Office, supplies and postage	3,132	3,663	11,181	17,976
Occupancy	23,011	6,580	16,182	45,773
Other	1,371	2,871	4,791	9,033
Fees and taxes	-	368	5,171	5,539
Insurance	1,732	2,694	1,522	5,948
Depreciation and amortization	7,612	1,864	6,686	16,162
Total operating expenses	<u>731,884</u>	<u>95,616</u>	<u>252,514</u>	<u>1,080,014</u>
NONOPERATING EXPENSES				
Taxes and fees on land held for sale	-	12,224	-	12,224
Total nonoperating expenses	<u>-</u>	<u>12,224</u>	<u>-</u>	<u>12,224</u>
Total expenses	<u>\$ 731,884</u>	<u>\$ 107,840</u>	<u>\$ 252,514</u>	<u>\$ 1,092,238</u>

**WASHINGTON WOMEN IN NEED
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2016 AND 2015**

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from contributions and grants	\$ 1,082,178	\$ 1,122,816
Cash received from investment income	40,803	39,160
Cash paid for grants	(605,877)	(532,396)
Cash paid to employees and suppliers	(540,883)	(507,293)
	<u>(23,779)</u>	<u>122,287</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of property and equipment	(3,136)	(1,107)
Purchase of investments	(133,815)	(648,973)
Proceeds from sale of investments	45,692	430,777
Proceeds from sale of land	-	80,000
	<u>(91,259)</u>	<u>(139,303)</u>

NET CHANGE IN CASH AND CASH EQUIVALENTS	(115,038)	(17,016)
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CASH AND CASH EQUIVALENTS

Beginning of the year	<u>1,521,685</u>	<u>1,538,701</u>
End of the year	<u>\$ 1,406,647</u>	<u>\$ 1,521,685</u>

**RECONCILIATION OF CHANGE IN NET ASSETS
TO CASH FLOWS FROM OPERATING ACTIVITIES**

Change in net assets	\$ 93,629	\$ 41,590
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	4,438	16,162
Loss on sale of land	-	19,000
Loss on disposal of property and equipment	-	12,449
Realized and unrealized (gain) loss on investments	(6,458)	13,168
Change in:		
Pledges receivable	(26,315)	36,200
Prepaid expenses and other	465	(6,546)
Accounts payable and accrued expenses	(16,555)	21,392
Grants payable	(72,983)	(31,128)
	<u>\$ (23,779)</u>	<u>\$ 122,287</u>

WASHINGTON WOMEN IN NEED
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

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, 2016 and 2015.

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, 2016 and 2015, 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.

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, 2016 AND 2015

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. 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.

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, 2016 and 2015, consist of \$48,669 and \$52,669, 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.

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.

WASHINGTON WOMEN IN NEED
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

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

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 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.

Subsequent Events – Subsequent events were evaluated through the independent auditors’ report date, 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:

	2016	2015
Receivables due in less than one year	\$ 55,155	\$ 47,452
Receivables due in one to five years	40,550	25,471
	<u>95,705</u>	<u>72,923</u>
Less discount to present value	(2,131)	(1,553)
Less allowance for uncollectible pledges	(3,194)	(7,305)
	<u>\$ 90,380</u>	<u>\$ 64,065</u>

The Organization uses discounts rate of 2% and 3% to calculate the present value of receivables due in more than one year.

Note 3 – Investments

Investments consist of the following at June 30:

	2016	2015
Money market funds	\$ 86,782	\$ 66,448
Fixed income mutual funds	875,079	873,044
Equity mutual funds	1,604,620	1,532,407
	<u>\$ 2,566,481</u>	<u>\$ 2,471,899</u>

WASHINGTON WOMEN IN NEED
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

Note 3 – Investments (continued)

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

	2016	2015
Interest and dividends	\$ 59,641	\$ 57,356
Realized gain	30,004	56,476
Unrealized gain (loss)	(23,546)	(69,644)
Management fees	(18,838)	(18,196)
	\$ 47,261	\$ 25,992

Note 4 – Property and Equipment

Property and equipment consists of the following at June 30:

	2016	2015
Computers and equipment	\$ 22,660	\$ 19,525
Furniture	4,852	4,852
	27,512	24,377
Less accumulated depreciation	(23,223)	(18,785)
	\$ 4,289	\$ 5,592

Note 5 – Board Designated Reserves

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

	2016	2015
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, 2016 AND 2015

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:

	2016	2015
Endowment net assets, beginning of year	\$ 995,339	\$ 986,607
Investment income	35,504	45,912
Net appreciation (depreciation)	(9,744)	(29,449)
Investment management fees	(7,306)	(7,731)
	<u>\$ 1,013,793</u>	<u>\$ 995,339</u>

**WASHINGTON WOMEN IN NEED
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015**

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>2016</u>	<u>2015</u>
Special events revenue	\$ 414,830	\$ 384,916
Less cost of direct donor benefit	(53,930)	(41,637)
	<u>\$ 360,900</u>	<u>\$ 343,279</u>

Note 8 – Concentration of Support and Revenue

For the years ended June 30, 2016 and 2015, 33% and 34%, respectively, of total support and revenue was from one foundation.

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, 2016 and 2015 is \$10,340 and \$18,468 respectively. Future minimum rentals commitments under this lease for the year ending June 30, 2017 total \$11,000.

Note 10 – ITP Granite Falls LLC Activity

In prior years, the Organization 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 the Organization. The LLC was dissolved in February 2015.