

WASHINGTON WOMEN IN NEED

**FINANCIAL STATEMENTS WITH
INDEPENDENT AUDITORS' REPORT**

JUNE 30, 2020 AND 2019



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, 2020 and 2019, 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, 2020 and 2019, 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 PLLC, CPAs

Jones & Associates PLLC, CPAs
November 12, 2020

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**WASHINGTON WOMEN IN NEED
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2020 AND 2019**

	2020	2019
ASSETS		
Cash and cash equivalents	\$ 1,208,447	\$ 1,626,652
Investments	1,659,800	1,183,445
Pledges receivable, current	177,575	78,559
Prepaid expenses and other	15,012	30,093
Total current assets	3,060,834	2,918,749
Pledges receivable, noncurrent, net	33,601	62,376
Investments - board designated for long-term purposes	2,699,746	2,630,611
Property and equipment, net	1,702	3,696
	\$ 5,795,883	\$ 5,615,432
 LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 1,964	\$ 775
Accrued expenses	18,273	14,757
Grants payable	614,112	493,606
Deferred revenue	-	1,950
Forgivable note payable, current	25,780	-
Total current liabilities	660,129	511,088
Forgivable note payable	40,512	-
Total liabilities	700,641	511,088
 NET ASSETS		
Without Donor Restrictions		
Undesignated	2,170,336	2,186,981
Board designated reserves	1,402,991	1,402,991
Board designated endowment	1,296,755	1,227,620
	4,870,082	4,817,592
With Donor Restrictions	225,160	286,752
	5,095,242	5,104,344
	\$ 5,795,883	\$ 5,615,432

**WASHINGTON WOMEN IN NEED
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020**

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Contributions and grants	\$ 603,853	\$ 214,000	\$ 817,853
Special events, net	54,160	447,127	501,287
In-kind contributions	47,190	-	47,190
Investment return, net	249,582	-	249,582
	954,785	661,127	1,615,912
Net asset releases:			
Satisfaction of purpose requirements	722,719	(722,719)	-
Total support and revenue	1,677,504	(61,592)	1,615,912
EXPENSES			
Program services	1,302,023	-	1,302,023
Management and general	187,482	-	187,482
Fundraising	135,509	-	135,509
Total expenses	1,625,014	-	1,625,014
 CHANGE IN NET ASSETS	 52,490	 (61,592)	 (9,102)
NET ASSETS			
Beginning of the year	4,817,592	286,752	5,104,344
End of the year	\$ 4,870,082	\$ 225,160	\$ 5,095,242

**WASHINGTON WOMEN IN NEED
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2019**

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Contributions and grants	\$ 615,886	\$ 116,911	\$ 732,797
Special events, net	-	580,191	580,191
In-kind contributions	43,703	-	43,703
Investment return, net	238,783	-	238,783
	898,372	697,102	1,595,474
Net asset releases:			
Satisfaction of purpose requirements	706,316	(706,316)	-
Total operating support and revenue	1,604,688	(9,214)	1,595,474
EXPENSES			
Program services	1,046,606	-	1,046,606
Management and general	134,149	-	134,149
Fundraising	130,059	-	130,059
Total operating expenses	1,310,814	-	1,310,814
 CHANGE IN NET ASSETS	 293,874	 (9,214)	 284,660
NET ASSETS			
Beginning of the year	4,523,718	295,966	4,819,684
End of the year	\$ 4,817,592	\$ 286,752	\$ 5,104,344

**WASHINGTON WOMEN IN NEED
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2020**

	Program Services	Support Services		Total
		Management and General	Fundraising	
Gross direct client grants	\$ 907,645	\$ -	\$ -	\$ 907,645
Less unused reallocated grants	(32,473)	-	-	(32,473)
	875,172	-	-	875,172
Payroll and related	278,574	79,803	56,293	414,670
Professional fees	55,410	61,166	41,459	158,035
Technology and equipment	44,771	22,596	22,161	89,528
Printing and design	5,789	3,534	8,780	18,103
Conference and meetings	15,699	1,525	-	17,224
Office, supplies and postage	9,355	1,849	3,393	14,597
Occupancy	10,318	1,687	1,383	13,388
Fees and taxes	347	10,166	804	11,317
Insurance	3,123	2,988	266	6,377
Other	1,903	1,869	837	4,609
Depreciation	1,562	299	133	1,994
Total expenses	1,302,023	187,482	135,509	1,625,014
Plus expenses included with revenues on the statement of activities				
Cost of direct benefits to donors	-	-	17,340	17,340
Total functional expenses	\$1,302,023	\$ 187,482	\$ 152,849	\$1,642,354

**WASHINGTON WOMEN IN NEED
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2019**

	Program Services	Support Services		Total
		Management and General	Fundraising	
Gross direct client grants	\$ 759,626	\$ -	\$ -	\$ 759,626
Less unused reallocated grants	(53,310)	-	-	(53,310)
	<u>706,316</u>	<u>-</u>	<u>-</u>	<u>706,316</u>
Payroll and related	223,808	74,715	85,159	383,682
Professional fees	36,080	24,888	4,778	65,746
Technology and equipment	53,824	10,995	12,961	77,780
Printing and design	6,321	2,644	6,840	15,805
Office, supplies and postage	8,185	6,502	6,922	21,609
Occupancy	8,483	1,318	3,527	13,328
Fees and taxes	-	9,553	-	9,553
Insurance	2,562	2,751	1,061	6,374
Other	72	648	8,443	9,163
Depreciation	955	135	368	1,458
Total expenses	<u>1,046,606</u>	<u>134,149</u>	<u>130,059</u>	<u>1,310,814</u>
Plus expenses included with revenues on the statement of activities				
Cost of direct benefits to donors	-	-	72,910	72,910
Total functional expenses	<u>\$1,046,606</u>	<u>\$ 134,149</u>	<u>\$ 202,969</u>	<u>\$1,383,724</u>

**WASHINGTON WOMEN IN NEED
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2020 AND 2019**

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from contributions and grants	\$ 1,246,949	\$ 1,313,995
Cash received from investment income	55,876	69,195
Cash paid for grants	(754,666)	(511,294)
Cash paid to employees and suppliers	(680,872)	(559,277)
	(132,713)	312,619
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	-	(2,728)
Purchase of investments	(387,253)	(383,378)
Proceeds from sale of investments	35,469	14,926
	(351,784)	(371,180)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from forgivable note payable	66,292	-
	66,292	-
 NET CHANGE IN CASH AND CASH EQUIVALENTS	(418,205)	(58,561)
CASH AND CASH EQUIVALENTS		
Beginning of the year	1,626,652	1,685,213
End of the year	\$ 1,208,447	\$ 1,626,652

WASHINGTON WOMEN IN NEED
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

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, guided by the belief that every woman is worthy, the Organization empowers women in Washington state to achieve economic stability through higher education and living wage careers.

Basis of Accounting and Presentation – The financial statements of the Organization have been prepared on the accrual basis of accounting and report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor restrictions. The governing board has designated, from net assets without donor restrictions, net assets for reserves and an endowment.

Net Assets With Donor Restrictions – Net assets subject to donor imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. There were no perpetually restricted net assets at June 30, 2020 and 2019.

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, 2020 and 2019, cash and cash equivalents consist of checking, savings and money market accounts. At times, cash and cash equivalents may exceed federally insured limits. The Organization has not experienced a loss due to this risk.

Pledges Receivable – Pledges receivable are recognized in the period the pledge is received and consist of outstanding promises to give from a variety of individuals and businesses. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in more than one year are initially recorded at fair value, which is measured at the present value of their future cash flows. The discounts on those amounts are computed using donor specific risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue in the statements of activities.

All account balances are unsecured. An allowance for bad debts has been established by management based on the Organization's historical experience in the collection of balances due.

WASHINGTON WOMEN IN NEED
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

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 equity securities, ETFs and fixed income and equity mutual funds, which are classified within level 1 of the fair value hierarchy.

Investments – Investments include amounts designated by the Board for reserves and endowment. Realized and unrealized gains and losses are included in the change in net assets in the statements of activities.

Property and Equipment – Property and equipment is carried at cost. Depreciation is computed using the straight-line method, currently over a period of three to seven years. The Organization follows a policy whereby it capitalizes purchases of property and equipment with a value in excess of \$1,000. When an asset is disposed of, the cost and related accumulated depreciation of the asset is removed from the accounting records, and gain or loss is recognized.

Grants Payable – Grants payable are recognized at the time the unconditional award is made. Grants payable include amounts the Organization has committed to providing for grants at year end, but has not yet remitted the full grant payment.

Revenue Recognition – Revenue is recognized when earned. Contributions (including those received at special events) are recognized when cash, securities or other assets, or an unconditional promise to give is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. When a restriction expires, that is when a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Donated Goods and Services – Donations of good and services are recorded as revenue at the estimated fair value at the date of donation if they meet the criteria for recognition. The Organization recognizes donated services if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not donated. Donated goods and services consisted of donated software for the years ended June 30, 2020 and 2019.

WASHINGTON WOMEN IN NEED
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

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

Functional Allocation of Expenses – The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of the Organization. Rent, insurance and depreciation are allocated based on square footage. Supplies and equipment maintenance are allocated based on time and effort. Software is allocated based on determined usage. Wages are allocated based on estimates of time and effort.

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 – The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi) and has been classified as an organization other than a private foundation under Section 509(a)(1).

New Accounting Pronouncement – The Financial Accounting Standards Board (FASB) issued two Accounting Standard Updates (ASUs) that will affect the Organization’s revenue recognition.

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. ASU 2014-09, and all subsequently-issued clarifying ASUs, replaced most existing revenue recognition guidance in accounting principles generally accepted in the United States of America (U.S. GAAP). ASU 2014-09 also required expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The Organization adopted ASU 2014-09 effective July 1, 2019, using the modified retrospective approach. There was no cumulative effect from the initial application recognized as an adjustment to opening net assets as a result of the adoption, and the adoption did not have a significant impact on the financial statements for the year ended June 30, 2020.

In June 2018, the FASB issued ASU 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*, which provides guidance in evaluating whether transactions should be accounted for as nonexchange or exchange transactions. In addition, ASU 2018-08 provides guidance for the identification and recognition of conditional nonexchange transactions. The Organization adopted ASU 2018-08 effective July 1, 2019, using the modified prospective approach. The adoption did not have a significant impact on the financial statements for the year ended June 30, 2020.

Subsequent Events – Subsequent events were evaluated through November 12, 2020, which is the date the financial statements were available to be issued.

WASHINGTON WOMEN IN NEED
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

Note 2 – Liquidity and Availability

Financial assets available for general expenditure within one year of the statement of financial position date are as follows at June 30:

	2020	2019
Financial Assets		
Cash and cash equivalents	\$ 1,208,447	\$ 1,626,652
Investments	4,359,546	3,814,056
Receivables	211,176	140,935
Total financial assets	5,779,169	5,581,643
Less: those unavailable for general expenditures within one year:		
Receivable balances to be collected in future years	(33,601)	(62,376)
Board reserves (unavailable without Board approval)	(1,402,991)	(1,402,991)
Board designated endowment	(1,296,755)	(1,227,620)
	(2,733,347)	(2,692,987)
Financial assets available within one year	\$ 3,045,822	\$ 2,888,656

The Organization’s cash flow is reviewed on a monthly basis by the Finance Committee and during the annual budget for the following year. In the event of a financial emergency, the Organization would re-budget or decrease program grants to make sure every grant could be funded with the cash on hand. The Organization’s current situation is very stable with the Julie Love Pritt Foundation’s annual donation along with cash reserves. These cash reserves could be drawn upon in the event of an unanticipated liquidity need.

Note 3 – Pledges Receivable

Pledges receivable consist of the following at June 30:

	2020	2019
Receivables due in less than one year	\$ 177,575	\$ 78,559
Receivables due in one to five years	37,585	71,992
	215,160	150,551
Less discount to present value	(2,217)	(6,153)
Less allowance for uncollectible pledges	(1,767)	(3,463)
	\$ 211,176	\$ 140,935

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

**WASHINGTON WOMEN IN NEED
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

Note 4 – Investments

Investments consist of the following at June 30:

	2020	2019
Money market funds	\$ 156,197	\$ 105,309
Equity securities	1,617,400	1,399,150
Mutual funds		
Fixed income	1,456,943	1,273,267
Equities	780,043	1,036,330
ETFs	348,963	-
	<u>\$ 4,359,546</u>	<u>\$ 3,814,056</u>

Note 5 – Property and Equipment

Property and equipment consists of the following at June 30:

	2020	2019
Computers and equipment	\$ 26,300	\$ 26,300
Furniture	2,427	2,427
	<u>28,727</u>	<u>28,727</u>
Less accumulated depreciation	(27,025)	(25,031)
	<u>\$ 1,702</u>	<u>\$ 3,696</u>

Note 6 – Forgivable Note Payable

The Organization entered into a Small Business Administration Paycheck Protection Program Promissory note with a bank on May 5, 2020 for \$66,292 with a maturity date of May 5, 2022, if conditions are not met. The note is unsecured with an interest rate of 1%. Monthly payments equal to the amount necessary to fully amortize the outstanding principal balance of the loan are due beginning on December 5, 2020, if the conditions are not met. The note can be forgiven if the Organization meets certain criteria and applies for forgiveness with the Small Business Administration. The Organization has applied for and expects to receive full loan forgiveness.

The following is a schedule of future minimum payments under the note payable, if conditions are not met, for the years ending June 30:

2021	\$ 25,780
2022	40,512
	<u>\$ 66,292</u>

WASHINGTON WOMEN IN NEED
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

Note 7 – Board Designated Reserves

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

	2020	2019
Building	\$ 1,118,092	\$ 1,118,092
Program commitment	206,835	206,835
Operating	78,064	78,064
	<u>\$ 1,402,991</u>	<u>\$ 1,402,991</u>

Note 8 – Board Designated Endowment

Nature of Endowment – The Board of Directors has designated a portion of net assets without donor restrictions 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 net assets without donor restrictions. The endowment funds are included in investments on the statements 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.

WASHINGTON WOMEN IN NEED
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

Note 8 – Board Designated Endowment (Continued)

Changes in endowment net assets are as follows for the years ended June 30:

	2020	2019
Endowment net assets, beginning of year	\$ 1,227,620	\$ 1,157,495
Investment income	24,107	26,904
Net appreciation	54,546	51,467
Investment management fees	(9,518)	(8,246)
	<u>\$ 1,296,755</u>	<u>\$ 1,227,620</u>

Note 9 – Net Assets with Donor Restrictions

Net assets with donor restrictions are composed of the following restrictions at June 30:

	2020	2019
Time	\$ 215,160	\$ -
Technology upgrades	10,000	-
Grants	-	286,752
	<u>\$ 225,160</u>	<u>\$ 286,752</u>

Note 10 – 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:

	2020	2019
Special events revenue	\$ 518,627	\$ 653,101
Less cost of direct donor benefit	(17,340)	(72,910)
	<u>\$ 501,287</u>	<u>\$ 580,191</u>

Note 11 – Concentrations

For the years ended June 30, 2020 and 2019, 26% and 25%, respectively, of total support and revenue was from one family.

As of June 30, 2020, 47% of pledges receivable were due from one donor. There was no similar concentration as of June 31, 2019.

WASHINGTON WOMEN IN NEED
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

Note 12 – Risks and Uncertainties

In March 2020, the World Health Organization declared the COVID-19 outbreak to be a global pandemic. Management is actively monitoring the situation, but given the daily evolution of the COVID-19 outbreak, the Organization is not able to estimate the effects of the COVID-19 outbreak on its operations or financial condition in the next twelve months. While significant uncertainty remains, the Organization does not believe the COVID-19 outbreak will have a negative impact on its ability to raise operating dollars or continue to support its community partners.

As a result of the pandemic, the Organization closed its administrative offices and staff have been working from home. While in-person engagement events and meetings have been cancelled, there have been minimal and manageable effects on the Organization's operations. Any further impacts of the pandemic will depend on numerous evolving factors that cannot be reasonably predicted, including the duration and scope of the pandemic; governmental, business, and individuals' actions in response to the pandemic; and the impact on economic activity including the possibility of recession or financial market instability.