

## **FINANCIAL STATEMENTS**

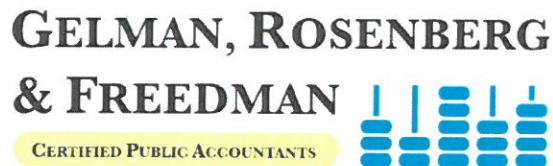


**FOR THE YEARS ENDED  
JUNE 30, 2016 AND 2015**

**WASHINGTON AREA WOMEN'S FOUNDATION, INC.**

**CONTENTS**

	<b>PAGE NO.</b>
INDEPENDENT AUDITOR'S REPORT	2 - 3
EXHIBIT A - Statements of Financial Position, as of June 30, 2016 and 2015	4
EXHIBIT B - Statements of Activities and Changes in Net Assets, for the Years Ended June 30, 2016 and 2015	5 - 6
EXHIBIT C - Statement of Functional Expenses, for the Year Ended June 30, 2016	7 - 8
EXHIBIT D - Statement of Functional Expenses, for the Year Ended June 30, 2015	9 - 10
EXHIBIT E - Statements of Cash Flows, for the Years Ended June 30, 2016 and 2015	11
NOTES TO FINANCIAL STATEMENTS	12 - 19



## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Washington Area Women's Foundation, Inc.  
Washington, D.C.

We have audited the accompanying financial statements of the Washington Area Women's Foundation, Inc. (the Foundation), which comprise the statements of financial position as of June 30, 2016 and 2015, and the related statements of activities and changes in net assets, 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.

### Auditor's 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 audits 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.

4550 MONTGOMERY AVENUE • SUITE 650 NORTH • BETHESDA, MARYLAND 20814  
(301) 951-9090 • FAX (301) 951-3570 • [WWW.GRFCPA.COM](http://WWW.GRFCPA.COM)

MEMBER OF CPAMERICA INTERNATIONAL, AN AFFILIATE OF HORWATH INTERNATIONAL  
MEMBER OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS' PRIVATE COMPANIES PRACTICE SECTION

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation 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.

*Gelman Rosenberg & Friedman*

October 4, 2016

## WASHINGTON AREA WOMEN'S FOUNDATION, INC.

STATEMENTS OF FINANCIAL POSITION  
AS OF JUNE 30, 2016 AND 2015

## ASSETS

	2016	2015
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 1,824,392	\$ 1,583,672
Pledges receivable, current, net of allowance of \$34,253 and \$35,572 in 2016 and 2015, respectively	291,969	644,023
Prepaid expenses	61,758	55,947
Total current assets	<u>2,178,119</u>	<u>2,283,642</u>
<b>FIXED ASSETS</b>		
Furniture and equipment	80,650	76,563
Software	79,507	79,507
Leasehold improvements	35,564	35,564
	195,721	191,634
Less: Accumulated depreciation and amortization	<u>(172,618)</u>	<u>(166,849)</u>
Net fixed assets	<u>23,103</u>	<u>24,785</u>
<b>OTHER ASSETS</b>		
Pledges receivable, noncurrent, net of allowance of \$9,541 in 2015, respectively	-	115,606
Investments	943,633	911,066
Donor advised funds investments	148,522	-
Deposits	28,717	26,217
Total other assets	<u>1,120,872</u>	<u>1,052,889</u>
<b>TOTAL ASSETS</b>	<u><b>\$ 3,322,094</b></u>	<u><b>\$ 3,361,316</b></u>

## LIABILITIES AND NET ASSETS

<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 5,667	\$ 73,309
Accrued expenses	99,348	81,946
Deferred rent, current portion	4,833	-
Total current liabilities	<u>109,848</u>	<u>155,255</u>
<b>LONG-TERM LIABILITIES</b>		
Deferred rent, net of current portion	107,191	111,675
Total liabilities	<u>217,039</u>	<u>266,930</u>
<b>NET ASSETS</b>		
Unrestricted:		
Undesignated	774,648	907,586
Board-designated	750,000	750,000
Total unrestricted	1,524,648	1,657,586
Temporarily restricted	1,580,407	1,436,800
Total net assets	<u>3,105,055</u>	<u>3,094,386</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><b>\$ 3,322,094</b></u>	<u><b>\$ 3,361,316</b></u>

See accompanying notes to financial statements.

WASHINGTON AREA WOMEN'S FOUNDATION, INC.

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	2016		
	Unrestricted	Temporarily Restricted	Total
<b>REVENUE</b>			
Contributions and grants:			
Individuals	\$ 452,881	\$ 338,948	\$ 791,829
Foundation	19,656	246,500	266,156
Corporate	280,064	1,508,378	1,788,442
Contributed goods and services	<u>189,063</u>	<u>-</u>	<u>189,063</u>
Total contributions and grants	941,664	2,093,826	3,035,490
Investment income	29,624	-	29,624
Net assets released from donor restrictions	<u>1,950,219</u>	<u>(1,950,219)</u>	<u>-</u>
Total revenue	<u>2,921,507</u>	<u>143,607</u>	<u>3,065,114</u>
<b>EXPENSES</b>			
Program Services:			
Catalyze Investment	1,600,831	-	1,600,831
Education and Outreach	526,640	-	526,640
Advocate	<u>153,218</u>	<u>-</u>	<u>153,218</u>
Total program services	<u>2,280,689</u>	<u>-</u>	<u>2,280,689</u>
Supporting Services:			
General and Administrative	367,345	-	367,345
Development	<u>406,411</u>	<u>-</u>	<u>406,411</u>
Total supporting services	<u>773,756</u>	<u>-</u>	<u>773,756</u>
Total expenses	<u>3,054,445</u>	<u>-</u>	<u>3,054,445</u>
Changes in net assets	(132,938)	143,607	10,669
Net assets at beginning of year	<u>1,657,586</u>	<u>1,436,800</u>	<u>3,094,386</u>
<b>NET ASSETS AT END OF YEAR</b>	<b><u>\$ 1,524,648</u></b>	<b><u>\$ 1,580,407</u></b>	<b><u>\$ 3,105,055</u></b>

See accompanying notes to financial statements.

2015		
<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
\$ 634,383	\$ 195,500	\$ 829,883
83,538	780,000	863,538
185,105	403,500	588,605
<u>370,396</u>	<u>-</u>	<u>370,396</u>
1,273,422	1,379,000	2,652,422
7,276	-	7,276
<u>1,520,493</u>	<u>(1,520,493)</u>	<u>-</u>
<u>2,801,191</u>	<u>(141,493)</u>	<u>2,659,698</u>
1,285,679	-	1,285,679
810,905	-	810,905
<u>52,136</u>	<u>-</u>	<u>52,136</u>
<u>2,148,720</u>	<u>-</u>	<u>2,148,720</u>
388,068	-	388,068
<u>252,317</u>	<u>-</u>	<u>252,317</u>
<u>640,385</u>	<u>-</u>	<u>640,385</u>
<u>2,789,105</u>	<u>-</u>	<u>2,789,105</u>
12,086	(141,493)	(129,407)
<u>1,645,500</u>	<u>1,578,293</u>	<u>3,223,793</u>
<u>\$ 1,657,586</u>	<u>\$ 1,436,800</u>	<u>\$ 3,094,386</u>

See accompanying notes to financial statements.

WASHINGTON AREA WOMEN'S FOUNDATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2016

	Program Services			
	Catalyze	Education		Total
	Investment	and	Advocate	Program
		Outreach		Services
Grants and awards	\$ 934,736	\$ -	\$ -	\$ 934,736
Employee salaries and wages	280,484	207,215	25,568	513,267
Payroll taxes	19,265	17,392	2,944	39,601
Employee benefits	24,925	19,465	2,494	46,884
Professional and consulting services	130,135	100,681	96,423	327,239
Conference, meetings and conventions	31,291	34,870	164	66,325
Printing and copying	5,482	5,762	258	11,502
Occupancy	52,182	46,621	8,310	107,113
Contributed services	67,522	58,493	6,262	132,277
Office supplies, bank and credit card fees	11,956	11,192	1,379	24,527
Technology, website and telephone	28,896	13,480	530	42,906
Postage, shipping and delivery	1,203	1,269	8	2,480
Community outreach and volunteer support	165	408	12	585
Depreciation and amortization	1,749	1,566	269	3,584
Travel	3,983	1,434	30	5,447
Resources and membership	5,736	5,692	1,046	12,474
Legal services, licenses and permits	165	144	21	330
Bad debt expense	956	956	7,500	9,412
<b>TOTAL</b>	<b>\$ 1,600,831</b>	<b>\$ 526,640</b>	<b>\$ 153,218</b>	<b>\$ 2,280,689</b>



Supporting Services			
General and Administrative	Development	Total Supporting Services	Total Expenses
\$ -	\$ -	\$ -	\$ 934,736
207,243	123,356	330,599	843,866
16,886	8,447	25,333	64,934
22,080	10,309	32,389	79,273
23,940	26,449	50,389	377,628
941	10,754	11,695	78,020
1,439	2,761	4,200	15,702
48,171	20,143	68,314	175,427
31,186	25,600	56,786	189,063
6,673	7,387	14,060	38,587
4,365	18,464	22,829	65,735
260	1,623	1,883	4,363
468	68	536	1,121
1,489	696	2,185	5,769
1,349	407	1,756	7,203
713	718	1,431	13,905
142	1,526	1,668	1,998
-	147,703	147,703	157,115
<b>\$ 367,345</b>	<b>\$ 406,411</b>	<b>\$ 773,756</b>	<b>\$ 3,054,445</b>

WASHINGTON AREA WOMEN'S FOUNDATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2015

	Program Services			
	Catalyze Investment	Education and Outreach	Advocate	Total Program Services
Grants and awards	\$ 697,050	\$ -	\$ -	\$ 697,050
Employee salaries and wages	229,648	247,803	18,833	496,284
Payroll taxes	18,968	18,953	1,162	39,083
Employee benefits	27,951	25,207	1,478	54,636
Professional and consulting services	105,689	154,608	17,531	277,828
Conference, meetings and conventions	27,245	24,888	4	52,137
Printing and copying	4,805	5,556	138	10,499
Occupancy	49,917	53,236	4,093	107,246
Contributed services	71,326	233,307	7,349	311,982
Office supplies, bank and credit card fees	7,558	8,273	392	16,223
Technology, website and telephone	23,943	14,359	314	38,616
Postage, shipping and delivery	1,066	1,124	9	2,199
Community outreach and volunteer support	107	68	4	179
Depreciation and amortization	1,521	1,620	150	3,291
Travel	2,056	2,956	8	5,020
Resources and membership	3,230	5,284	232	8,746
Legal services, licenses and permits/(recovery)	(17)	(19)	(1)	(37)
Bad debt expense	13,616	13,682	440	27,738
<b>TOTAL</b>	<b>\$ 1,285,679</b>	<b>\$ 810,905</b>	<b>\$ 52,136</b>	<b>\$ 2,148,720</b>

Supporting Services			
General and Administrative	Development	Total Supporting Services	Total Expenses
\$ -	\$ -	\$ -	\$ 697,050
207,176	85,130	292,306	788,590
15,806	5,608	21,414	60,497
22,437	9,698	32,135	86,771
30,538	62,139	92,677	370,505
859	8,533	9,392	61,529
1,178	1,573	2,751	13,250
47,976	18,455	66,431	173,677
34,929	23,485	58,414	370,396
4,334	7,465	11,799	28,022
13,666	9,024	22,690	61,306
149	748	897	3,096
203	21	224	403
1,372	544	1,916	5,207
982	103	1,085	6,105
2,114	3,438	5,552	14,298
400	178	578	541
3,949	16,175	20,124	47,862
<b>\$ 388,068</b>	<b>\$ 252,317</b>	<b>\$ 640,385</b>	<b>\$ 2,789,105</b>

## WASHINGTON AREA WOMEN'S FOUNDATION, INC.

STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Changes in net assets	\$ 10,669	\$ (129,407)
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	5,769	5,207
Realized loss on sale of investments	1,717	94
Unrealized loss on investments	10,280	1,802
Change in allowance for doubtful accounts	(10,860)	14,389
Change in present value discount	(11,152)	104
(Increase) decrease in:		
Pledges receivable	489,672	(309,003)
Prepaid expenses	(5,811)	(20,326)
Deposits	(2,500)	(10,008)
Increase (decrease) in:		
Accounts payable	(67,642)	63,812
Accrued expenses	17,402	3,082
Deferred rent	<u>349</u>	<u>8,214</u>
Net cash provided (used) by operating activities	<u>437,893</u>	<u>(372,040)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of investments	51,663	84,980
Purchases of investments	(244,749)	(890,391)
Purchase of furniture and equipment	<u>(4,087)</u>	<u>(8,800)</u>
Net cash used by investing activities	<u>(197,173)</u>	<u>(814,211)</u>
Net increase (decrease) in cash and cash equivalents	240,720	(1,186,251)
Cash and cash equivalents at beginning of year	<u>1,583,672</u>	<u>2,769,923</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b><u>\$ 1,824,392</u></b>	<b><u>\$ 1,583,672</u></b>
<b>SUPPLEMENTAL INFORMATION:</b>		
Donated Investments	<b><u>\$ 205,986</u></b>	<b><u>\$ 103,195</u></b>

**WASHINGTON AREA WOMEN'S FOUNDATION, INC.**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016 AND 2015**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION**

**Organization -**

Founded in 1998, the Washington Area Women's Foundation, Inc. (the Foundation) is a results-oriented, creative catalyst for social change. The mission is to mobilize the community to ensure that economically vulnerable women and girls in the Washington region have the resources they need to thrive. To do this, five core goals are pursued.

The Foundation acts as a catalyst by grant making to effective organizations dedicated to increasing economic security for women and girls in our region. They educate community stakeholders about the needs of women and girls in the region and successful strategies to address those needs. They advocate influencing public policy that enables and supports economic security. The Foundation generates resources - financial, human, social and political capital - necessary to sustain this work at its highest quality; and engages in trustworthy stewardship of those resources. The Foundation connects the Washington region with a global movement that recognizes that promoting women's and girls' prosperity is key to stronger, more resilient and healthier communities.

**Basis of accounting -**

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with FASB ASC 958, *Not-for-Profit Entities*.

**Cash and cash equivalents -**

Cash and cash equivalents include all liquid investments with a maturity of three months or less when purchased.

Bank deposit accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to a limit of \$250,000. At times during the year, the Foundation maintains cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal.

**Investments -**

Investments are recorded at their readily determinable fair value. Realized and unrealized gains and losses are included in investment income in the Statements of Activities and Changes in Net Assets.

Donated stocks are recorded at their fair value on the date of donation. Realized losses on the sale of donated stock for the years ended June 30, 2016 and 2015, totaled \$1,717 and \$94, respectively.

**Fixed assets -**

Fixed assets are stated at cost. Fixed assets with a useful life of greater than one year and cost greater than \$1,000 are capitalized and depreciated on a straight-line basis over the estimated useful lives of the related assets, generally three to ten years. Leasehold improvements are amortized over the remaining life of the lease. The cost of maintenance and repairs is recorded as expenses are incurred.

**Income taxes -**

The Foundation is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying financial statements. The Foundation is not a private foundation.

WASHINGTON AREA WOMEN'S FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016 AND 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION  
(Continued)

Uncertain tax positions -

For the years ended June 30, 2016 and 2015, the Foundation has documented its consideration of FASB ASC 740-10, *Income Taxes*, that provides guidance for reporting uncertainty in income taxes and has determined that no material uncertain tax positions qualify for either recognition or disclosure in the financial statements.

Net asset classification -

The net assets are reported in four self-balancing groups as follows:

- **Unrestricted net assets** include unrestricted revenue and contributions received without donor-imposed restrictions. These net assets are available for the operation of the Foundation.
- **Unrestricted Board-designated net assets** include net assets that the Board of Directors has set aside to be used at its discretion control to carry-out future activities.

	<u>2016</u>	<u>2015</u>
<b>Reserve Fund</b>	<b>\$ <u>750,000</u></b>	<b>\$ <u>750,000</u></b>

- **Temporarily restricted net assets** include revenue and contributions subject to donor-imposed stipulations that will be met by the actions of the Foundation and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statements of Activities and Changes in Net Assets as net assets released from restrictions.
- **Permanently restricted net assets** represent funds restricted by the donor to be maintained in-perpetuity by the Foundation. As of June 30, 2016 and 2015, there were no permanently restricted net assets.

Contributions and grants -

Unrestricted and temporarily restricted contributions and grants are recorded as revenue in the year notification is received from the donor. Temporarily restricted contributions and grants are recognized as unrestricted support only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions.

Such funds in excess of expenses incurred are shown as temporarily restricted net assets in the accompanying financial statements.

Pledges receivable -

Pledges receivable that are expected to be collected in future years are recorded at their fair value, measured as the present value of their future cash flows. The discounts on these amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in grants and contribution revenue.

WASHINGTON AREA WOMEN'S FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016 AND 2015

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION  
(Continued)**

Pledges receivable (continued) -

Conditional promises to give are not included as support until the conditions are substantially met. Management maintains an allowance for doubtful accounts based upon estimates of the net realizable value of the accounts. Management considers both the age of the pledge as well as the Foundation's history of collection. The allowance for doubtful accounts was calculated as 3% of outstanding pledges greater or equal to \$200,000 for the year ended June 30, 2016 and 3% of outstanding pledges greater or equal to \$300,000 for the year ended June 30, 2015. Additionally, 10.5% and 7% of the remaining pledges were included in the allowance for the years ended June 30, 2016 and 2015, respectively.

Use of estimates -

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Significant estimates have been made with respect to the recoverable amounts of receivables and the allocation of expenses to programs. Accordingly, actual results could differ from those estimates.

Functional allocation of expenses -

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statements of Activities and Changes in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Risks and uncertainties -

The Foundation invests in various investment securities. Investment securities are exposed to various risks such as interest rates, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying financial statements.

Fair value measurement -

The Foundation adopted the provisions of FASB ASC 820, *Fair Value Measurement*. FASB ASC 820 defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs (assumptions that market participants would use in pricing assets and liabilities, including assumptions about risk) used to measure fair value, and enhances disclosure requirements for fair value measurements. The Foundation accounts for a significant portion of its financial instruments at fair value or considers fair value in their measurement.

**2. PLEDGES RECEIVABLE**

Pledges due in more than one year have been recorded at the present value of the estimated cash flows using a discount rate of approximately 2%.

**WASHINGTON AREA WOMEN'S FOUNDATION, INC.**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016 AND 2015**

**2. PLEDGES RECEIVABLE (Continued)**

Pledges are due as follows at June 30, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Less than one year	\$ 326,222	\$ 679,594
One to five years, net of discount for present value	-	125,148
Less: Allowance for doubtful accounts	<u>(34,253)</u>	<u>(45,113)</u>
Total pledges receivable	291,969	759,629
Less: Current maturities, net of allowance for doubtful accounts	<u>(291,969)</u>	<u>(644,023)</u>
<b>LONG-TERM PLEDGES RECEIVABLE, NET</b>	<b><u>\$ -</u></b>	<b><u>\$ 115,606</u></b>

**3. INVESTMENTS**

Investments consisted of the following at June 30, 2016 and 2015:

	<u>2016</u> <u>Fair Value</u>	<u>2015</u> <u>Fair Value</u>
Money Market Funds	\$ 111	\$ -
Equities	10,102	-
Fixed Annuity	119,405	111,927
Mutual Funds	<u>962,537</u>	<u>799,139</u>
<b>TOTAL INVESTMENTS</b>	<b><u>\$ 1,092,155</u></b>	<b><u>\$ 911,066</u></b>

Included in investment income are the following:

	<u>2016</u>	<u>2015</u>
Interest and dividends	\$ 41,621	\$ 9,172
Realized loss on investments	(1,717)	(94)
Unrealized loss on investments	<u>(10,280)</u>	<u>(1,802)</u>
<b>TOTAL INVESTMENT INCOME</b>	<b><u>\$ 29,624</u></b>	<b><u>\$ 7,276</u></b>

**4. TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets consisted of the following at June 30, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Prosperity Together	\$ 19,318	\$ 67,500
Early Care and Education Funders Collaborative	333,179	520,852
Leadership Luncheon	421,489	322,335
Strategic Planning	-	14,212
Stepping Stones	513,465	5,000
Board Development	17,979	25,000
Planning Family Initiative	61,500	-
Donor Advised Funds	148,522	-
Giving Circles	10,547	-
Time Restricted	<u>54,408</u>	<u>481,901</u>
<b>TOTAL TEMPORARILY RESTRICTED NET ASSETS</b>	<b><u>\$ 1,580,407</u></b>	<b><u>\$ 1,436,800</u></b>



**WASHINGTON AREA WOMEN'S FOUNDATION, INC.**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016 AND 2015**

**5. NET ASSETS RELEASED FROM RESTRICTIONS**

The following temporarily restricted net assets were released from donor restrictions by incurring expenses or by the passage of time, which satisfied the restricted purposes specified by the donors:

	<u>2016</u>	<u>2015</u>
Early Care and Education Funders Collaborative	\$ 392,673	\$ 407,000
Stepping Stones	602,413	424,414
Women's Economic Security Campaign	-	5,259
Prosperity Together	98,182	15,000
Leadership Luncheon	308,835	249,610
Board Development	7,021	-
Website	-	50,000
Portrait Project	-	120,000
Strategic Planning	14,212	10,788
Donor Advised Funds	14,921	-
Giving Circles	102,224	-
Passage of Time	<u>409,738</u>	<u>238,422</u>
<b>TOTAL NET ASSETS RELEASED FROM DONOR RESTRICTIONS</b>	<b><u>\$ 1,950,219</u></b>	<b><u>\$ 1,520,493</u></b>

**6. LEASE COMMITMENT**

In September 2011, the Foundation entered into a ten-year, noncancellable lease agreement, commencing February 1, 2012. Under the terms of the lease, rent will increase by a factor of 4% per year.

Accounting principles generally accepted in the United States of America require that the total rent commitment should be recognized on a straight-line basis over the term of the lease. Accordingly, the difference between the actual monthly payments and the rent expense being recognized for financial statement purposes is recorded as a deferred rent liability on the Statements of Financial Position.

Rent expense, including operating expenses, for the years ended June 30, 2016 and 2015, totaled \$162,008 and \$160,374, respectively. These amounts are included in occupancy on the Statements of Functional Expenses.

Future minimum lease payments required under the lease as of June 30, 2016 are as follows:

<u>Year Ending June 30,</u>	
2017	\$ 160,089
2018	166,494
2019	173,156
2020	180,082
2021	187,287
Thereafter	<u>111,762</u>
	<b><u>\$ 978,870</u></b>

**WASHINGTON AREA WOMEN'S FOUNDATION, INC.**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016 AND 2015**

**7. JOINT COSTS**

The Foundation achieves some of its programmatic goals in direct mail campaigns that include requests for contributions. The cost of conducting those campaigns included a total of \$1,718 and \$1,583 for the years ended June 30, 2016 and 2015, respectively, of joint costs that are not directly attributable to either the program or the fundraising component of the activities.

Those joint costs were allocated as follows for the years ending June 30, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Catalyze Investment	\$ 730	\$ 673
Education and Outreach	730	673
Development	<u>258</u>	<u>237</u>
<b>TOTAL JOINT COSTS</b>	<b><u>\$ 1,718</u></b>	<b><u>\$ 1,583</u></b>

**8. TAX-DEFERRED ANNUITY PLAN**

The Foundation maintains a tax-deferred annuity plan qualified under Section 401(k) of the Internal Revenue Code. The plan covers full-time employees of the Foundation. The Foundation contributes 5% of gross salaries for qualified employees to the plan. Employees must be employed for six months to become eligible for the employer contribution.

Included in the employee benefits shown in the Statements of Functional Expenses are plan contributions in the amounts of \$36,809 and \$35,780 for the years ended June 30, 2016 and 2015, respectively.

**9. CONTRIBUTED GOODS AND SERVICES**

The Foundation recognized revenue for contributed goods and services for the years ended June 30, 2016 and 2015. Contributed services consist of website maintenance, photography, video services and legal services. Contribution revenue from services is measured based on the fair value of such services. Contributed goods and services during the years ended June 30, 2016 and 2015, totaled \$189,063 and \$370,396, respectively.

**10. CONCENTRATION OF RECEIVABLES**

Approximately 61% of pledges receivable for the year ended June 30, 2015, was derived from two donors. Approximately 15% of the Foundation's revenue for the year ended June 30, 2016 was derived from grants awarded by one donor. Accordingly, there was no further concentration of receivables for the year ended June 30, 2016.

**11. RELATED PARTY**

During the years ended June 30, 2016 and 2015, the Foundation paid \$15,900 and \$50,000, respectively, to a related party for marketing services and website design. The services were only entered into after the completion of a competitive RFP process.

**WASHINGTON AREA WOMEN'S FOUNDATION, INC.**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016 AND 2015**

**11. RELATED PARTY (Continued)**

Additionally, the Foundation received pro-bono services from the same party totaling \$27,951 and \$186,342 for the years ended June 30, 2016 and 2015, respectively, and will continue to receive pro-bono work as part of the agreement. One of the Foundation's Board members is the CEO of this related party organization.

**12. FAIR VALUE MEASUREMENT**

In accordance with FASB ASC 820, *Fair Value Measurement*, the Foundation has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

Investments recorded in the Statements of Financial Position are categorized based on the inputs to valuation techniques as follows:

**Level 1.** These are investments where values are based on unadjusted quoted prices for identical assets in an active market the Foundation has the ability to access.

**Level 2.** These are investments where values are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, or model-based valuation techniques that utilize inputs that are observable either directly or indirectly for substantially the full-term of the investments.

**Level 3.** These are investments where inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Following is a description of the valuation methodology used for investments measured at fair value. There have been no changes in the methodologies used at June 30, 2016 and 2015.

- *Money market funds* - The fair value is equal to the reported net asset value of the fund.
- *Equities* - Valued at the closing price reported on the active market in which the individual securities are traded.
- *Mutual funds* - The fair value is equal to the reported net asset value of the fund, which is the price at which additional shares can be obtained.
- *Fixed annuity* - Generally valued at original cost plus accrued interest, which approximates fair value.

The table below summarizes, by level within the fair value hierarchy, the Foundation's investments as of June 30, 2016:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total June 30, 2016</u>
<b>Asset Class:</b>				
Money Market Funds	\$ 111	\$ -	\$ -	\$ 111
Equities	10,102	-	-	10,102
Fixed Annuity	119,405	-	-	119,405
Mutual Funds	<u>962,537</u>	<u>-</u>	<u>-</u>	<u>962,537</u>
<b>TOTAL</b>	<b><u>\$ 1,092,155</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 1,092,155</u></b>

**WASHINGTON AREA WOMEN'S FOUNDATION, INC.**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016 AND 2015**

**12. FAIR VALUE MEASUREMENT (Continued)**

The table below summarizes, by level within the fair value hierarchy, the Foundation's investments as of June 30, 2015:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total June 30, 2015</u>
<b>Asset Class:</b>				
Fixed Annuity	\$ -	\$ 111,927	\$ -	\$ 111,927
Mutual Funds	<u>799,139</u>	<u>-</u>	<u>-</u>	<u>799,139</u>
<b>TOTAL</b>	<b><u>\$ 799,139</u></b>	<b><u>\$ 111,927</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 911,066</u></b>

**13. DONOR ADVISED FUNDS INVESTMENTS**

During the year ended June 30, 2016, the Foundation launched a new initiative to encourage additional giving and increase its grantmaking capacity through Donor Advised Funds (DAFs). These philanthropic investment vehicles allow the donor to make a charitable contribution of \$50,000, at a minimum, and immediately receive the maximum tax benefit. In accordance with each respective DAF agreement, the donor can recommend grants to organizations that invest in women and girls locally as well as other 501(c)(3) charitable organizations of their choice, but final grant approval remains with the foundation. Additionally, the DAF agreements require a minimum of 5% to be invested in the general operations of the foundation. The assets are invested in accordance with the donors' requests, and in most cases, within a predetermined investment portfolio. The DAF investments totaled \$148,522 for the year ended June 30, 2016.

**14. SUBSEQUENT EVENTS**

In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure through October 4, 2016, the date the financial statements were available for issuance.