

## **FINANCIAL STATEMENTS**



WASHINGTON AREA  
**WOMEN'S**  
FOUNDATION

STAND TOGETHER. SO SHE CAN STAND ON HER OWN.

**FOR THE YEARS ENDED  
JUNE 30, 2018 AND 2017**

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

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**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, 2018 and 2017, 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.

**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, 2018 and 2017, 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.



October 2, 2018

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WASHINGTON AREA WOMEN'S FOUNDATION, INC.

STATEMENTS OF FINANCIAL POSITION  
AS OF JUNE 30, 2018 AND 2017

ASSETS

	<u>2018</u>	<u>2017</u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 829,164	\$ 1,057,272
Pledges receivable, current, net of allowance of \$36,794 and \$40,663 in 2018 and 2017, respectively	484,834	683,092
Prepaid expenses	<u>26,804</u>	<u>62,498</u>
Total current assets	<u>1,340,802</u>	<u>1,802,862</u>
<b>FIXED ASSETS</b>		
Furniture and equipment	88,435	88,435
Software	79,507	79,507
Leasehold improvements	<u>35,564</u>	<u>35,564</u>
	203,506	203,506
Less: Accumulated depreciation and amortization	<u>(185,126)</u>	<u>(178,909)</u>
Net fixed assets	<u>18,380</u>	<u>24,597</u>
<b>OTHER ASSETS</b>		
Pledges receivable, noncurrent, net of allowance of and discount of \$2,331 and \$12,000 in 2018 and 2017, respectively	1,669	130,973
Investments	967,518	956,102
Donor advised funds investments	259,736	294,691
Deposits	<u>29,436</u>	<u>26,562</u>
Total other assets	<u>1,258,359</u>	<u>1,408,328</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 2,617,541</u></b>	<b><u>\$ 3,235,787</u></b>

## LIABILITIES AND NET ASSETS

	<u>2018</u>	<u>2017</u>
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 15,089	\$ 210
Accrued expenses	113,877	119,400
Deferred rent, current portion	<u>17,900</u>	<u>11,238</u>
Total current liabilities	<u>146,866</u>	<u>130,848</u>
<b>LONG-TERM LIABILITIES</b>		
Deferred rent, net of current portion	<u>78,053</u>	<u>95,953</u>
Total liabilities	<u>224,919</u>	<u>226,801</u>
<b>NET ASSETS</b>		
Unrestricted:		
Undesignated	(26,635)	270,124
Board-designated	<u>750,000</u>	<u>750,000</u>
Total unrestricted	723,365	1,020,124
Temporarily restricted	<u>1,669,257</u>	<u>1,988,862</u>
Total net assets	<u>2,392,622</u>	<u>3,008,986</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 2,617,541</u></b>	<b><u>\$ 3,235,787</u></b>

WASHINGTON AREA WOMEN'S FOUNDATION, INC.

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	<b>2018</b>		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>REVENUE</b>			
Contributions and grants:			
Individuals	\$ 362,503	\$ 262,596	\$ 625,099
Foundation	12,283	709,804	722,087
Corporate	283,101	419,000	702,101
Contributed goods and services	<u>100,640</u>	<u>-</u>	<u>100,640</u>
Total contributions and grants	758,527	1,391,400	2,149,927
Investment income	15,787	20,852	36,639
Net assets released from donor restrictions	<u>1,731,857</u>	<u>(1,731,857)</u>	<u>-</u>
Total revenue	<u>2,506,171</u>	<u>(319,605)</u>	<u>2,186,566</u>
<b>EXPENSES</b>			
Program Services:			
Catalyze Investment	1,372,178	-	1,372,178
Education and Outreach	828,096	-	828,096
Advocate	<u>108,014</u>	<u>-</u>	<u>108,014</u>
Total program services	<u>2,308,288</u>	<u>-</u>	<u>2,308,288</u>
Supporting Services:			
General and Administrative	218,521	-	218,521
Development	<u>276,121</u>	<u>-</u>	<u>276,121</u>
Total supporting services	<u>494,642</u>	<u>-</u>	<u>494,642</u>
Total expenses	<u>2,802,930</u>	<u>-</u>	<u>2,802,930</u>
Changes in net assets	(296,759)	(319,605)	(616,364)
Net assets at beginning of year	<u>1,020,124</u>	<u>1,988,862</u>	<u>3,008,986</u>
<b>NET ASSETS AT END OF YEAR</b>	<b><u>\$ 723,365</u></b>	<b><u>\$ 1,669,257</u></b>	<b><u>\$ 2,392,622</u></b>

<b>2017</b>		
<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Total</b>
\$ 514,856	\$ 470,830	\$ 985,686
189,672	1,198,122	1,387,794
101,872	461,300	563,172
<u>200,037</u>	<u>-</u>	<u>200,037</u>
1,006,437	2,130,252	3,136,689
25,446	29,677	55,123
<u>1,751,474</u>	<u>(1,751,474)</u>	<u>-</u>
<u>2,783,357</u>	<u>408,455</u>	<u>3,191,812</u>
2,073,634	-	2,073,634
479,803	-	479,803
<u>56,745</u>	<u>-</u>	<u>56,745</u>
<u>2,610,182</u>	<u>-</u>	<u>2,610,182</u>
345,803	-	345,803
<u>331,896</u>	<u>-</u>	<u>331,896</u>
<u>677,699</u>	<u>-</u>	<u>677,699</u>
<u>3,287,881</u>	<u>-</u>	<u>3,287,881</u>
(504,524)	408,455	(96,069)
<u>1,524,648</u>	<u>1,580,407</u>	<u>3,105,055</u>
<b><u>\$ 1,020,124</u></b>	<b><u>\$ 1,988,862</u></b>	<b><u>\$ 3,008,986</u></b>

See accompanying notes to financial statements.

WASHINGTON AREA WOMEN'S FOUNDATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2018

	Program Services			Total Program Services
	Catalyze Investment	Education and Outreach	Advocate	
Grants and awards	\$ 438,834	\$ -	\$ -	\$ 438,834
Employee salaries and wages	408,482	363,675	7,418	779,575
Payroll taxes	30,386	28,566	507	59,459
Employee benefits	39,808	35,071	606	75,485
Professional and consulting services	220,193	177,674	80,331	478,198
Conference, meetings and conventions	58,719	38,515	305	97,539
Printing and copying	8,939	2,747	20	11,706
Occupancy	68,191	66,177	1,197	135,565
Contributed services	10,231	56,114	14,900	81,245
Office supplies, bank and credit card fees	29,747	22,749	1,421	53,917
Technology, website and telephone	25,598	25,660	569	51,827
Postage, shipping and delivery	933	306	2	1,241
Community outreach and volunteer support	593	272	1	866
Depreciation and amortization	2,344	2,306	42	4,692
Travel	8,148	510	14	8,672
Resources and membership	16,045	2,775	633	19,453
Legal services, licenses and permits	737	729	48	1,514
Bad debt expense	4,250	4,250	-	8,500
<b>TOTAL</b>	<b>\$ 1,372,178</b>	<b>\$ 828,096</b>	<b>\$ 108,014</b>	<b>\$ 2,308,288</b>



<b>Supporting Services</b>			
<b>General and Administrative</b>	<b>Development</b>	<b>Total Supporting Services</b>	<b>Total Expenses</b>
\$ -	\$ -	\$ -	\$ 438,834
145,488	135,627	281,115	1,060,690
10,692	8,271	18,963	78,422
15,768	14,443	30,211	105,696
5,349	26,323	31,672	509,870
1,642	13,628	15,270	112,809
233	1,144	1,377	13,083
27,848	18,673	46,521	182,086
1,580	17,815	19,395	100,640
5,511	10,611	16,122	70,039
2,536	21,835	24,371	76,198
51	305	356	1,597
523	166	689	1,555
861	664	1,525	6,217
260	1,055	1,315	9,987
4	1,389	1,393	20,846
175	1,049	1,224	2,738
-	3,123	3,123	11,623
<b>\$ 218,521</b>	<b>\$ 276,121</b>	<b>\$ 494,642</b>	<b>\$ 2,802,930</b>

WASHINGTON AREA WOMEN'S FOUNDATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2017

	Program Services			Total Program Services
	Catalyze Investment	Education and Outreach	Advocate	
Grants and awards	\$ 963,288	\$ -	\$ -	\$ 963,288
Employee salaries and wages	487,707	218,140	3,489	709,336
Payroll taxes	37,392	16,277	455	54,124
Employee benefits	44,920	23,705	239	68,864
Professional and consulting services	254,328	56,192	49,160	359,680
Conference, meetings and conventions	36,015	30,624	31	66,670
Printing and copying	6,248	4,983	21	11,252
Occupancy	78,844	37,984	1,312	118,140
Contributed services	99,556	54,651	-	154,207
Office supplies, bank and credit card fees	14,868	8,483	759	24,110
Technology, website and telephone	26,910	20,642	114	47,666
Postage, shipping and delivery	1,135	1,099	2	2,236
Community outreach and volunteer support	650	938	-	1,588
Depreciation and amortization	3,048	1,237	32	4,317
Travel	9,177	1,476	827	11,480
Resources and membership	9,548	3,372	304	13,224
Legal services, licenses and permits	-	-	-	-
Bad debt expense	-	-	-	-
<b>TOTAL</b>	<b>\$ 2,073,634</b>	<b>\$ 479,803</b>	<b>\$ 56,745</b>	<b>\$ 2,610,182</b>

<b>Supporting Services</b>			
<b>General and Administrative</b>	<b>Development</b>	<b>Total Supporting Services</b>	<b>Total Expenses</b>
\$ -	\$ -	\$ -	\$ 963,288
210,207	144,811	355,018	1,064,354
15,877	11,157	27,034	81,158
22,941	17,789	40,730	109,594
19,902	35,317	55,219	414,899
3,360	10,748	14,108	80,778
505	2,080	2,585	13,837
38,217	24,993	63,210	181,350
24,424	21,406	45,830	200,037
5,378	9,933	15,311	39,421
2,455	22,017	24,472	72,138
92	542	634	2,870
231	243	474	2,062
1,158	816	1,974	6,291
590	122	712	12,192
466	2,047	2,513	15,737
-	725	725	725
-	27,150	27,150	27,150
<b>\$ 345,803</b>	<b>\$ 331,896</b>	<b>\$ 677,699</b>	<b>\$ 3,287,881</b>

## WASHINGTON AREA WOMEN'S FOUNDATION, INC.

STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Changes in net assets	\$ (616,364)	\$ (96,069)
Adjustments to reconcile changes in net assets to net cash used by operating activities:		
Depreciation and amortization	6,217	6,291
Realized gain on sale of investments	(14,679)	(8,362)
Unrealized loss (gain) on investments	23,968	(5,860)
Change in allowance for doubtful accounts	(8,877)	11,418
Change in present value discount	(4,661)	6,992
Decrease (increase) in:		
Pledges receivable	341,100	(540,506)
Prepaid expenses	35,694	(740)
Deposits	(2,874)	2,155
Increase (decrease) in:		
Accounts payable	14,879	(5,457)
Accrued expenses	(5,523)	20,052
Deferred rent	(11,238)	(4,833)
Net cash used by operating activities	<u>(242,358)</u>	<u>(614,919)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of investments	155,545	264,985
Purchases of investments	(141,295)	(409,401)
Purchase of furniture and equipment	-	(7,785)
Net cash provided (used) by investing activities	<u>14,250</u>	<u>(152,201)</u>
Net decrease in cash and cash equivalents	(228,108)	(767,120)
Cash and cash equivalents at beginning of year	<u>1,057,272</u>	<u>1,824,392</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b><u>\$ 829,164</u></b>	<b><u>\$ 1,057,272</u></b>
<b>SUPPLEMENTAL INFORMATION:</b>		
Donated Investments	<b><u>\$ 45,000</u></b>	<b><u>\$ 50,237</u></b>

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

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018 AND 2017**

**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 gains and losses on the sale of donated stock for the years ended June 30, 2018 and 2017, totaled \$2,057 and \$737, 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 as incurred.

WASHINGTON AREA WOMEN'S FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018 AND 2017

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

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.

Uncertain tax positions -

For the years ended June 30, 2018 and 2017, 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>2018</u>	<u>2017</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, 2018 and 2017, 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.

WASHINGTON AREA WOMEN'S FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018 AND 2017

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

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. 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 and 7% of remaining pledges less than \$200,000 for the years ended June 30, 2018 and 2017, 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.

WASHINGTON AREA WOMEN'S FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018 AND 2017

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

Fair value measurement (continued) -

The Foundation accounts for a significant portion of its financial instruments at fair value or considers fair value in their measurement.

New accounting pronouncements not yet adopted -

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities* (Topic 958), intended to improve financial reporting for not-for-profit entities. The ASU will reduce the current three classes of net assets into two: with and without donor restrictions. The change in each of the classes of net assets must be reported on the Statements of Activities and Changes in Net Assets. The ASU also requires various enhanced disclosures around topics such as board designations, liquidity, functional classification of expenses, investment expenses, donor restrictions, and underwater endowments. The Foundation plans to adopt the new ASU at the required implementation date. The ASU is effective for years beginning after December 15, 2017. Early adoption is permitted. The ASU should be applied on a retrospective basis in the year the ASU is first applied. While the ASU will change the presentation of the Foundation's financial statements, it is not expected to alter the Foundation's reported financial position.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606) (ASU 2014-09). The ASU establishes a comprehensive revenue recognition standard for virtually all industries under generally accepted accounting principles in the United States (U.S. GAAP) including those that previously followed industry-specific guidance. The guidance states that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The FASB issued ASU 2015-14 in August 2015 that deferred the effective date of ASU 2014-09 by a year; thus, the effective date is years beginning after December 15, 2018. Early adoption is permitted. The Foundation has not yet selected a transition method and is currently evaluating the effect that the updated standard will have on its financial statements.

In 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). The ASU changes the accounting treatment for operating leases by recognizing a lease asset and lease liability at the present value of the lease payments in the Statements of Financial Position and disclosing key information about leasing arrangements. The ASU is effective for private entities for fiscal years beginning after December 31, 2019. Early adoption is permitted. The ASU should be applied at the beginning of the earliest period presented using a modified retrospective approach. The Foundation plans to adopt the new ASU at the required implementation date.

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 5%.



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

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018 AND 2017**

**2. PLEDGES RECEIVABLE (Continued)**

Pledges are due as follows at June 30, 2018 and 2017:

	<b>2018</b>	<b>2017</b>
Less than one year	\$ 521,628	\$ 723,755
One to five years, net of discount for present value	4,000	142,973
Less: Discount for present value	(2,331)	(6,992)
Less: Allowance for doubtful accounts	(36,794)	(45,671)
Total net pledges receivable	486,503	814,065
Less: Current maturities, net of allowance for doubtful accounts	(484,834)	(683,092)
<b>LONG-TERM PLEDGES RECEIVABLE, NET</b>	<b>\$ 1,669</b>	<b>\$ 130,973</b>

**3. INVESTMENTS**

Investments consisted of the following at June 30, 2018 and 2017:

	<b>2018</b>	<b>2017</b>
	<b>Fair Value</b>	<b>Fair Value</b>
Money Market Funds	\$ 111	\$ 109
Fixed Annuity	124,229	121,793
Mutual Funds	1,102,914	1,128,891
<b>TOTAL INVESTMENTS</b>	<b>\$ 1,227,254</b>	<b>\$ 1,250,793</b>

Included in investment income are the following:

	<b>2018</b>	<b>2017</b>
Interest and dividends	\$ 45,928	\$ 40,901
Realized gain on investments	14,679	8,362
Unrealized (loss) gain on investments	(23,968)	5,860
<b>TOTAL INVESTMENT INCOME</b>	<b>\$ 36,639</b>	<b>\$ 55,123</b>

**4. TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets consisted of the following at June 30, 2018 and 2017:

	<b>2018</b>	<b>2017</b>
Prosperity Together	\$ -	\$ 7,296
Early Care and Education Funders Collaborative	345,064	586,801
Leadership Luncheon	315,000	411,505
Washington Region Early Care and Education Workforce Network	110,991	92,853
Young Women's Initiative	259,638	-
Family Planning Initiative	272,604	384,665
Donor Advised Funds	258,304	294,691
Giving Circles	32,490	14,385
Time Restricted	75,166	196,666
<b>TOTAL TEMPORARILY RESTRICTED NET ASSETS</b>	<b>\$ 1,669,257</b>	<b>\$ 1,988,862</b>

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

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**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>2018</u>	<u>2017</u>
Prosperity Together	\$ 30,296	\$ 49,022
Early Care and Education Funders Collaborative	385,615	352,500
Washington Region Early Care and Education Workforce Network	91,862	27,146
Leadership Luncheon	409,005	416,489
Stepping Stones	-	513,465
Board Development	-	17,979
Family Planning Initiative	237,061	81,835
Young Women's Initiative	247,113	-
Young Women's Initiative National	18,336	-
Donor Advised Funds	106,039	183,508
Giving Circles	75,030	81,788
Passage of Time	<u>131,500</u>	<u>27,742</u>
<b>TOTAL NET ASSETS RELEASED FROM DONOR RESTRICTIONS</b>	<b><u>\$ 1,731,857</u></b>	<b><u>\$ 1,751,474</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. The deferred rent liability totaled \$95,953 and \$107,191 for the years ended June 30, 2018 and 2017, respectively.

Rent expense, including operating expenses, for the years ended June 30, 2018 and 2017, totaled \$167,467 and \$166,246, 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, 2018 are as follows:

<u>Year Ending June 30,</u>	
2019	\$ 173,156
2020	180,082
2021	187,287
2022	<u>111,762</u>
	<b><u>\$ 652,287</u></b>

WASHINGTON AREA WOMEN'S FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS  
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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 \$2,030 and \$3,911 for the years ended June 30, 2018 and 2017, 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, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Catalyze Investment	\$ 863	\$ 1,662
Education and Outreach	863	1,662
Development	<u>304</u>	<u>587</u>
<b>TOTAL JOINT COSTS</b>	<b>\$ <u>2,030</u></b>	<b>\$ <u>3,911</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 \$46,526 and \$40,661 for the years ended June 30, 2018 and 2017, respectively.

9. CONTRIBUTED GOODS AND SERVICES

The Foundation recognized revenue for contributed goods and services for the years ended June 30, 2018 and 2017. Contributed services consist of consulting, 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, 2018 and 2017 totaled \$100,640 and \$200,037, respectively.

10. RELATED PARTY

During the years ended June 30, 2018 and 2017, the Foundation paid \$- and \$6,900, 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.

Additionally, the Foundation received pro-bono services from the same party totaling \$- and \$86,855 for the years ended June 30, 2018 and 2017. The former chair of the Foundation's Board of Directors is the CEO of this related party organization.

11. 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.

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

**NOTES TO FINANCIAL STATEMENTS  
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**11. FAIR VALUE MEASUREMENT (Continued)**

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, 2018 and 2017.

- *Money market funds* - The fair value is equal to the reported net asset value of the fund.
- *Fixed annuity* - Generally valued at original cost plus accrued interest, which approximates fair value.
- *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.

The table below summarizes, by level within the fair value hierarchy, the Foundation's investments as of June 30, 2018:

<b>Asset Class:</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total June 30, 2018</b>
Money market funds	\$ 111	\$ -	\$ -	\$ 111
Fixed annuity	-	124,229	-	124,229
Mutual funds	<u>1,102,914</u>	<u>-</u>	<u>-</u>	<u>1,102,914</u>
<b>TOTAL</b>	<b><u>\$ 1,103,025</u></b>	<b><u>\$ 124,229</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 1,227,254</u></b>

The table below summarizes, by level within the fair value hierarchy, the Foundation's investments as of June 30, 2017:

<b>Asset Class:</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total June 30, 2017</b>
Money market funds	\$ 109	\$ -	\$ -	\$ 109
Fixed annuity	-	121,793	-	121,793
Mutual funds	<u>1,128,891</u>	<u>-</u>	<u>-</u>	<u>1,128,891</u>
<b>TOTAL</b>	<b><u>\$ 1,129,000</u></b>	<b><u>\$ 121,793</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 1,250,793</u></b>

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

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**12. DONOR ADVISED FUNDS INVESTMENTS**

During the year ended June 30, 2017, 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 amounts disbursed from the DAFs for the years ended June 30, 2018 and 2017 totaled \$106,039 and \$183,508, respectively. For the years ended June 30, 2018 and 2017, the DAF investments totaled \$259,736 and \$294,691, respectively.

**13. SUBSEQUENT EVENTS**

In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure through October 2, 2018, the date the financial statements were available for issuance.