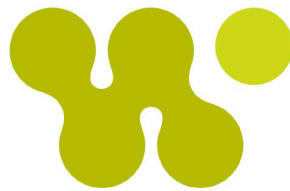


FINANCIAL STATEMENTS



WASHINGTON AREA
WOMEN'S
FOUNDATION

STAND TOGETHER. SO SHE CAN STAND ON HER OWN.

**FOR THE YEARS ENDED
JUNE 30, 2014 AND 2013**

WASHINGTON AREA WOMEN'S FOUNDATION, INC.

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GELMAN, ROSENBERG

& FREEDMAN

CERTIFIED PUBLIC ACCOUNTANTS



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, 2014 and 2013, 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, 2014 and 2013, 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, 2014

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WASHINGTON AREA WOMEN'S FOUNDATION, INC.

STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2014 AND 2013

ASSETS

	<u>2014</u>	<u>2013</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 2,769,923	\$ 2,300,551
Accounts receivable	-	1,000
Pledges receivable, current, net of allowance of \$18,498 and \$33,981 in 2014 and 2013, respectively (Notes 2 and 10)	229,095	587,217
Prepaid expenses	<u>35,621</u>	<u>64,399</u>
Total current assets	<u>3,034,639</u>	<u>2,953,167</u>
FIXED ASSETS		
Furniture and equipment	67,763	66,464
Software	79,507	79,507
Leasehold improvements	<u>35,564</u>	<u>35,564</u>
	182,834	181,535
Less: Accumulated depreciation and amortization	<u>(161,642)</u>	<u>(150,502)</u>
Net fixed assets	<u>21,192</u>	<u>31,033</u>
OTHER ASSETS		
Pledges receivable, noncurrent, net of allowance of \$12,226 and \$12,497 in 2014 and 2013, respectively (Notes 2 and 10)	236,024	296,442
Investment (Notes 3 and 12)	107,551	-
Deposits	<u>16,209</u>	<u>18,931</u>
Total other assets	<u>359,784</u>	<u>315,373</u>
TOTAL ASSETS	<u>\$ 3,415,615</u>	<u>\$ 3,299,573</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable	\$ 9,497	\$ 72
Accrued expenses	<u>78,864</u>	<u>52,842</u>
Total current liabilities	<u>88,361</u>	<u>52,914</u>
LONG-TERM LIABILITIES		
Deferred rent (Note 6)	<u>103,461</u>	<u>72,329</u>
Total liabilities	<u>191,822</u>	<u>125,243</u>
NET ASSETS		
Unrestricted:		
Undesignated	895,500	540,650
Board-designated	<u>750,000</u>	<u>750,000</u>
Total unrestricted	1,645,500	1,290,650
Temporarily restricted (Note 4)	<u>1,578,293</u>	<u>1,883,680</u>
Total net assets	<u>3,223,793</u>	<u>3,174,330</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 3,415,615</u>	<u>\$ 3,299,573</u>

WASHINGTON AREA WOMEN'S FOUNDATION, INC.

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

	2014		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUE			
Contributions and grants:			
Individuals	\$ 819,720	\$ 295,761	\$ 1,115,481
Foundation	43,210	202,500	245,710
Corporate	189,778	1,396,353	1,586,131
Contributed goods and services (Notes 9 and 11)	<u>135,473</u>	<u>-</u>	<u>135,473</u>
Total contributions	1,188,181	1,894,614	3,082,795
Investment income (loss) (Note 3)	4,589	-	4,589
Net assets released from donor restrictions (Note 5)	<u>2,189,487</u>	<u>(2,189,487)</u>	<u>-</u>
Total revenue	<u>3,382,257</u>	<u>(294,873)</u>	<u>3,087,384</u>
EXPENSES			
Program Services:			
Catalyze Investment	1,797,698	-	1,797,698
Education and Outreach	<u>653,174</u>	<u>-</u>	<u>653,174</u>
Total program services	<u>2,450,872</u>	<u>-</u>	<u>2,450,872</u>
Supporting Services:			
General and Administrative	356,218	-	356,218
Development	<u>220,317</u>	<u>-</u>	<u>220,317</u>
Total supporting services	<u>576,535</u>	<u>-</u>	<u>576,535</u>
Total expenses	<u>3,027,407</u>	<u>-</u>	<u>3,027,407</u>
Changes in net assets before other item	354,850	(294,873)	59,977
OTHER ITEM			
De-obligation of funding	<u>-</u>	<u>(10,514)</u>	<u>(10,514)</u>
Changes in net assets	354,850	(305,387)	49,463
Net assets at beginning of year	<u>1,290,650</u>	<u>1,883,680</u>	<u>3,174,330</u>
NET ASSETS AT END OF YEAR	<u>\$ 1,645,500</u>	<u>\$ 1,578,293</u>	<u>\$ 3,223,793</u>

2013		
Unrestricted	Temporarily Restricted	Total
\$ 710,429	\$ 488,034	\$ 1,198,463
325,508	795,000	1,120,508
161,341	459,000	620,341
<u>197,230</u>	<u>-</u>	<u>197,230</u>
1,394,508	1,742,034	3,136,542
(52)	-	(52)
<u>1,668,995</u>	<u>(1,668,995)</u>	<u>-</u>
<u>3,063,451</u>	<u>73,039</u>	<u>3,136,490</u>
1,692,579	-	1,692,579
<u>605,607</u>	<u>-</u>	<u>605,607</u>
<u>2,298,186</u>	<u>-</u>	<u>2,298,186</u>
319,809	-	319,809
<u>270,037</u>	<u>-</u>	<u>270,037</u>
<u>589,846</u>	<u>-</u>	<u>589,846</u>
<u>2,888,032</u>	<u>-</u>	<u>2,888,032</u>
175,419	73,039	248,458
<u>-</u>	<u>-</u>	<u>-</u>
175,419	73,039	248,458
<u>1,115,231</u>	<u>1,810,641</u>	<u>2,925,872</u>
<u>\$ 1,290,650</u>	<u>\$ 1,883,680</u>	<u>\$ 3,174,330</u>

See accompanying notes to financial statements.

WASHINGTON AREA WOMEN'S FOUNDATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2014

	Program Services		
	Catalyze Investment	Education and Outreach	Total Program Services
Grants and awards	\$ 1,100,550	\$ -	\$ 1,100,550
Subgrant awards	58,773	-	58,773
Employee salaries and wages	293,145	309,457	602,602
Payroll taxes	20,845	20,104	40,949
Employee benefits (Note 7)	34,333	33,426	67,759
Professional and consulting services	97,158	109,092	206,250
Conference, meetings and conventions	39,265	38,504	77,769
Printing and copying	5,819	5,946	11,765
Occupancy (Note 5)	55,694	56,566	112,260
Contributed services (Note 8)	50,585	50,997	101,582
Office supplies, bank and credit card fees	5,335	5,641	10,976
Technology, website and telephone	27,620	12,078	39,698
Postage, shipping and delivery	1,751	1,678	3,429
Community outreach and volunteer support	118	434	552
Depreciation and amortization	3,382	3,883	7,265
Travel	2,294	3,044	5,338
Resources and membership	7,969	6,471	14,440
Legal services, licenses and permits	3	5	8
Bad debt expense/(recovery)	(6,941)	(4,152)	(11,093)
TOTAL	\$ 1,797,698	\$ 653,174	\$ 2,450,872

Supporting Services			
General and Administrative	Development	Total Supporting Services	Total Expenses
\$ -	\$ -	\$ -	\$ 1,100,550
-	-	-	58,773
209,238	99,743	308,981	911,583
15,372	6,931	22,303	63,252
25,377	10,404	35,781	103,540
31,233	17,934	49,167	255,417
439	13,110	13,549	91,318
989	2,054	3,043	14,808
41,402	19,297	60,699	172,959
16,587	17,304	33,891	135,473
1,259	8,415	9,674	20,650
4,104	17,965	22,069	61,767
503	551	1,054	4,483
648	15	663	1,215
2,613	1,262	3,875	11,140
8,084	331	8,415	13,753
410	407	817	15,257
84	702	786	794
(2,124)	3,892	1,768	(9,325)
\$ 356,218	\$ 220,317	\$ 576,535	\$ 3,027,407

WASHINGTON AREA WOMEN'S FOUNDATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2013

	Program Services		
	Catalyze Investment	Education and Outreach	Total Program Services
Grants and awards	\$ 852,116	\$ -	\$ 852,116
Subgrant awards	100,000	-	100,000
Employee salaries and wages	286,580	276,914	563,494
Payroll taxes	22,193	19,360	41,553
Employee benefits (Note 7)	30,903	31,252	62,155
Professional and consulting services	200,690	57,079	257,769
Conference, meetings and conventions	41,010	38,796	79,806
Printing and copying	6,889	4,261	11,150
Occupancy (Note 5)	53,809	53,032	106,841
Contributed services (Note 8)	57,355	90,177	147,532
Office supplies, bank and credit card fees	1,597	5,685	7,282
Technology, website and telephone	16,666	9,461	26,127
Postage, shipping and delivery	1,372	1,356	2,728
Community outreach and volunteer support	77	255	332
Depreciation and amortization	6,182	5,883	12,065
Travel	2,256	1,932	4,188
Resources and membership	7,263	4,069	11,332
Legal services, licenses and permits	-	-	-
Bad debt expense/(recovery)	5,621	6,095	11,716
TOTAL	\$ 1,692,579	\$ 605,607	\$ 2,298,186

Supporting Services			
General and Administrative	Development	Total Supporting Services	Total Expenses
\$ -	\$ -	\$ -	\$ 852,116
-	-	-	100,000
186,759	114,935	301,694	865,188
14,594	8,868	23,462	65,015
19,320	12,284	31,604	93,759
14,721	16,962	31,683	289,452
830	14,230	15,060	94,866
940	7,330	8,270	19,420
40,315	23,636	63,951	170,792
26,116	23,582	49,698	197,230
4,283	4,176	8,459	15,741
2,848	15,937	18,785	44,912
650	2,334	2,984	5,712
83	389	472	804
4,367	2,537	6,904	18,969
-	13	13	4,201
1,282	1,221	2,503	13,835
333	525	858	858
2,368	21,078	23,446	35,162
\$ 319,809	\$ 270,037	\$ 589,846	\$ 2,888,032

WASHINGTON AREA WOMEN'S FOUNDATION, INC.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 49,463	\$ 248,458
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	11,140	18,969
Donated investments	(103,371)	-
Realized (gain) loss on sale of investments	(61)	469
Change in allowance for doubtful accounts	(15,754)	9,871
Change in present value discount	(13,312)	24,361
Deferred rent	31,132	30,073
Increase (decrease) in:		
Accounts receivable	1,000	-
Pledges receivable	447,606	(606,863)
Prepaid expenses	28,778	(10,885)
Deposits	2,722	(2,714)
Increase (decrease) in:		
Accounts payable	9,425	(21,004)
Accrued expenses	<u>26,022</u>	<u>(18,153)</u>
Net cash provided (used) by operating activities	<u>474,790</u>	<u>(327,418)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	24,454	4,381
Purchases of investments	(28,573)	-
Purchase of furniture and equipment	<u>(1,299)</u>	<u>(4,829)</u>
Net cash used by investing activities	<u>(5,418)</u>	<u>(448)</u>
Net increase (decrease) in cash and cash equivalents	469,372	(327,866)
Cash and cash equivalents at beginning of year	<u>2,300,551</u>	<u>2,628,417</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 2,769,923</u>	<u>\$ 2,300,551</u>
SUPPLEMENTAL INFORMATION:		
Donated Investments	<u>\$ 24,394</u>	<u>\$ -</u>

WASHINGTON AREA WOMEN'S FOUNDATION, INC.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013**

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. Washington Area Women's 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 Financial Accounting Standards Board (FASB) Accounting Standards Codification (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 (losses) on the sale of donated stock for the years ended June 30, 2014 and 2013 were \$61 and \$(469), 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, 2014 AND 2013

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

Uncertain tax positions -

For the years ended June 30, 2014 and 2013, 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. The Federal Form 990, *Return of Organization Exempt from Income Tax*, is subject to examination by the Internal Revenue Service, generally for three years after it is filed.

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>2014</u>	<u>2013</u>
Reserve Fund	<u>\$ 750,000</u>	<u>\$ 750,000</u>

- **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, 2014 and 2013, 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 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, 2014 AND 2013

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. For the years ended June 30, 2014 and 2013, the allowance for doubtful accounts was 3% of the two largest pledges and 10% of the remaining pledges.

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.

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%. Pledges are due as follows at June 30, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Less than one year	\$ 247,592	\$ 621,198
One to five years, net of discount for present value	248,251	308,939
Less: Allowance for doubtful accounts	<u>(30,724)</u>	<u>(46,478)</u>
Total pledges receivable	465,119	883,659
Less: Current maturities, net of allowance for doubtful accounts	<u>(229,095)</u>	<u>(587,217)</u>
PLEDGES RECEIVABLE, NET	<u>\$ 236,024</u>	<u>\$ 296,442</u>

WASHINGTON AREA WOMEN'S FOUNDATION, INC.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013**

3. INVESTMENTS

Investments consisted of the following at June 30, 2014 and 2013:

	2014	2013
	Fair Value	Fair Value
Fixed Annuity	\$ <u>107,551</u>	\$ <u>-</u>

Included in investment income (loss) are the following:

	2014	2013
Interest and dividends	\$ 4,528	\$ 417
Realized and unrealized gain (loss) on investments	61	(469)
TOTAL INVESTMENT INCOME (LOSS)	\$ <u>4,589</u>	\$ <u>(52)</u>

4. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of the following at June 30, 2014 and 2013:

	2014	2013
Early Care and Education Funders Collaborative	\$ 287,852	\$ 523,330
Leadership Luncheon	251,610	274,797
Women's Economic Security Campaign	5,259	-
Website	50,000	-
Portrait Project	120,000	-
Board Retreat	-	8,700
Stepping Stones	418,164	399,910
Time Restricted	445,408	676,943
TOTAL TEMPORARILY RESTRICTED NET ASSETS	\$ <u>1,578,293</u>	\$ <u>1,883,680</u>

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:

	2014	2013
Early Care and Education Funders Collaborative	\$ 380,478	\$ 420,197
Stepping Stones	1,001,610	867,812
Women's Economic Security Campaign	44,741	50,229
Leadership Luncheon	269,797	221,851
Board Retreat	26,700	6,300
Website	40,000	-
Portrait Project	5,000	-
Strategic Planning	-	9,674
Transition/Communication	20,000	-
Passage of Time	401,161	92,932
TOTAL NET ASSETS RELEASED FROM DONOR RESTRICTIONS	\$ <u>2,189,487</u>	\$ <u>1,668,995</u>

WASHINGTON AREA WOMEN'S FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013

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, 2014 and 2013, totaled \$158,061 and \$155,291, respectively.

Future minimum lease payments required under the lease as of June 30, 2014 are as follows:

<u>Year Ending June 30,</u>	
2015	\$ 148,014
2016	153,936
2017	160,089
2018	166,494
2019	173,156
Thereafter	<u>479,131</u>
	<u>\$ 1,280,820</u>

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 \$1,649 and \$6,358 for the years ended June 30, 2014 and 2013, 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:

	<u>2014</u>	<u>2013</u>
Catalyze Investment	\$ 701	\$ 2,702
Education and Outreach	701	2,702
Development	<u>247</u>	<u>954</u>
TOTAL JOINT COSTS	<u>\$ 1,649</u>	<u>\$ 6,358</u>

8. TAX-DEFERRED ANNUITY PLAN

The Foundation maintains a tax-deferred annuity plan qualified under Section 403(b) 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 \$39,835 and \$38,138 for the years ended June 30, 2014 and 2013, respectively.

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9. CONTRIBUTED GOODS AND SERVICES

The Foundation recognized revenue for contributed goods and services for the years ended June 30, 2014 and 2013. 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, 2014 and 2013, totaled \$135,473 and \$197,230, respectively.

10. CONCENTRATION OF RECEIVABLES

Approximately 59% and 76% of pledges receivable for the years ended June 30, 2014 and 2013, respectively, was derived from two donors. Approximately 36% and 35%, respectively, of the Foundation's revenue for the years ended June 30, 2014 and 2013 was derived from grants awarded by one donor.

The Foundation has no reason to believe that the relationship with these donors will be discontinued in the foreseeable future. However, any interruption of these relationships (i.e., the failure to renew grant agreements or withholding of funds) may adversely affect the Foundation's ability to finance ongoing operations.

11. RELATED PARTY

During the year ended June 30, 2014, the Foundation paid \$40,000 to a related party for marketing services. The transaction was only entered into after the completion of a competitive RFP process. Additionally, the Foundation received pro-bono services from the same party totaling \$55,451 and \$52,373 for the years ended June 30, 2014 and 2013, respectively, and will continue to receive pro-bono work as part of the agreement. There were no payments to the related party for the year ended June, 2013. 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.

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12. FAIR VALUE MEASUREMENT (Continued)

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, 2014 and 2013.

- *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, 2014:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total June 30, 2014</u>
Asset Class:				
Fixed Annuity	\$ <u>-</u>	\$ <u>107,551</u>	\$ <u>-</u>	\$ <u>107,551</u>

13. SUBSEQUENT EVENTS

In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure through October 2, 2014, the date the financial statements were available for issuance.