

FINANCIAL STATEMENTS



WASHINGTON AREA
WOMEN'S
FOUNDATION

STAND TOGETHER. SO SHE CAN STAND ON HER OWN.

**FOR THE YEARS ENDED
JUNE 30, 2015 AND 2014**

WASHINGTON AREA WOMEN'S FOUNDATION, INC.

CONTENTS

	PAGE NO.
INDEPENDENT AUDITOR'S REPORT	2
EXHIBIT A - Statements of Financial Position, as of June 30, 2015 and 2014	3
EXHIBIT B - Statements of Activities and Changes in Net Assets, for the Years Ended June 30, 2015 and 2014	4 - 5
EXHIBIT C - Statement of Functional Expenses, for the Year Ended June 30, 2015	6 - 7
EXHIBIT D - Statement of Functional Expenses, for the Year Ended June 30, 2014	8 - 9
EXHIBIT E - Statements of Cash Flows, for the Years Ended June 30, 2015 and 2014	10
NOTES TO FINANCIAL STATEMENTS	11 - 18

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, 2015 and 2014, 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, 2015 and 2014, 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 1, 2015

4550 MONTGOMERY AVENUE • SUITE 650 NORTH • BETHESDA, MARYLAND 20814
(301) 951-9090 • FAX (301) 951-3570 • WWW.GRCPA.COM

WASHINGTON AREA WOMEN'S FOUNDATION, INC.

STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,583,672	\$ 2,769,923
Pledges receivable, current, net of allowance of \$35,572 and \$18,498 in 2015 and 2014, respectively	644,023	229,095
Prepaid expenses	<u>55,947</u>	<u>35,621</u>
Total current assets	<u>2,283,642</u>	<u>3,034,639</u>
FIXED ASSETS		
Furniture and equipment	76,563	67,763
Software	79,507	79,507
Leasehold improvements	<u>35,564</u>	<u>35,564</u>
	191,634	182,834
Less: Accumulated depreciation and amortization	<u>(166,849)</u>	<u>(161,642)</u>
Net fixed assets	<u>24,785</u>	<u>21,192</u>
OTHER ASSETS		
Pledges receivable, noncurrent, net of allowance of \$9,541 and \$12,226 in 2015 and 2014, respectively	115,606	236,024
Investments	911,066	107,551
Deposits	<u>26,217</u>	<u>16,209</u>
Total other assets	<u>1,052,889</u>	<u>359,784</u>
TOTAL ASSETS	<u>\$ 3,361,316</u>	<u>\$ 3,415,615</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 73,309	\$ 9,497
Accrued expenses	<u>81,946</u>	<u>78,864</u>
Total current liabilities	<u>155,255</u>	<u>88,361</u>
LONG-TERM LIABILITIES		
Deferred rent	<u>111,675</u>	<u>103,461</u>
Total liabilities	<u>266,930</u>	<u>191,822</u>
NET ASSETS		
Unrestricted:		
Undesignated	907,586	895,500
Board-designated	<u>750,000</u>	<u>750,000</u>
Total unrestricted	1,657,586	1,645,500
Temporarily restricted	<u>1,436,800</u>	<u>1,578,293</u>
Total net assets	<u>3,094,386</u>	<u>3,223,793</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 3,361,316</u>	<u>\$ 3,415,615</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, 2015 AND 2014

	2015		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUE			
Contributions and grants:			
Individuals	\$ 634,383	\$ 195,500	\$ 829,883
Foundation	83,538	780,000	863,538
Corporate	185,105	403,500	588,605
Contributed goods and services	<u>370,396</u>	<u>-</u>	<u>370,396</u>
Total contributions	1,273,422	1,379,000	2,652,422
Investment income	7,276	-	7,276
Net assets released from donor restrictions	<u>1,520,493</u>	<u>(1,520,493)</u>	<u>-</u>
Total revenue	<u>2,801,191</u>	<u>(141,493)</u>	<u>2,659,698</u>
EXPENSES			
Program Services:			
Catalyze Investment	1,285,679	-	1,285,679
Education and Outreach	810,905	-	810,905
Advocate	<u>52,136</u>	<u>-</u>	<u>52,136</u>
Total program services	<u>2,148,720</u>	<u>-</u>	<u>2,148,720</u>
Supporting Services:			
General and Administrative	388,068	-	388,068
Development	<u>252,317</u>	<u>-</u>	<u>252,317</u>
Total supporting services	<u>640,385</u>	<u>-</u>	<u>640,385</u>
Total expenses	<u>2,789,105</u>	<u>-</u>	<u>2,789,105</u>
Changes in net assets before other item	12,086	(141,493)	(129,407)
OTHER ITEM			
De-obligation of funding	<u>-</u>	<u>-</u>	<u>-</u>
Changes in net assets	12,086	(141,493)	(129,407)
Net assets at beginning of year	<u>1,645,500</u>	<u>1,578,293</u>	<u>3,223,793</u>
NET ASSETS AT END OF YEAR	<u>\$ 1,657,586</u>	<u>\$ 1,436,800</u>	<u>\$ 3,094,386</u>

2014		
Unrestricted	Temporarily Restricted	Total
\$ 819,720	\$ 295,761	\$ 1,115,481
43,210	202,500	245,710
189,778	1,396,353	1,586,131
<u>135,473</u>	<u>-</u>	<u>135,473</u>
1,188,181	1,894,614	3,082,795
4,589	-	4,589
<u>2,189,487</u>	<u>(2,189,487)</u>	<u>-</u>
<u>3,382,257</u>	<u>(294,873)</u>	<u>3,087,384</u>
1,797,698	-	1,797,698
653,174	-	-
<u>-</u>	<u>-</u>	<u>-</u>
<u>2,450,872</u>	<u>-</u>	<u>2,450,872</u>
356,218	-	356,218
<u>220,317</u>	<u>-</u>	<u>220,317</u>
<u>576,535</u>	<u>-</u>	<u>576,535</u>
<u>3,027,407</u>	<u>-</u>	<u>3,027,407</u>
354,850	(294,873)	59,977
<u>-</u>	<u>(10,514)</u>	<u>(10,514)</u>
354,850	(305,387)	49,463
<u>1,290,650</u>	<u>1,883,680</u>	<u>3,174,330</u>
<u>\$ 1,645,500</u>	<u>\$ 1,578,293</u>	<u>\$ 3,223,793</u>

See accompanying notes to financial statements.

WASHINGTON AREA WOMEN'S FOUNDATION, INC.

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

	Program Services			Total Program Services
	Catalyze Investment	Education and Outreach	Advocate	
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
TOTAL	\$ 1,285,679	\$ 810,905	\$ 52,136	\$ 2,148,720

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
\$ 388,068	\$ 252,317	\$ 640,385	\$ 2,789,105

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	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	55,694	56,566	112,260
Contributed services	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.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ (129,407)	\$ 49,463
Adjustments to reconcile changes in net assets to net cash (used) provided by operating activities:		
Depreciation and amortization	5,207	11,140
Donated investments	-	(103,371)
Realized loss (gain) on sale of investments	94	(61)
Unrealized loss on investments	1,802	-
Change in allowance for doubtful accounts	14,389	(15,754)
Change in present value discount	104	(13,312)
Deferred rent	8,214	31,132
Increase (decrease) in:		
Accounts receivable	-	1,000
Pledges receivable	(309,003)	447,606
Prepaid expenses	(20,326)	28,778
Deposits	(10,008)	2,722
Increase (decrease) in:		
Accounts payable	63,812	9,425
Accrued expenses	<u>3,082</u>	<u>26,022</u>
Net cash (used) provided by operating activities	<u>(372,040)</u>	<u>474,790</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	84,980	24,454
Purchases of investments	(890,391)	(28,573)
Purchase of furniture and equipment	<u>(8,800)</u>	<u>(1,299)</u>
Net cash used by investing activities	<u>(814,211)</u>	<u>(5,418)</u>
Net (decrease) increase in cash and cash equivalents	(1,186,251)	469,372
Cash and cash equivalents at beginning of year	<u>2,769,923</u>	<u>2,300,551</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 1,583,672</u>	<u>\$ 2,769,923</u>
SUPPLEMENTAL INFORMATION:		
Donated Investments	<u>\$ 103,195</u>	<u>\$ 24,394</u>

WASHINGTON AREA WOMEN'S FOUNDATION, INC.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014**

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) gains on the sale of donated stock for the years ended June 30, 2015 and 2014, totaled \$(94) and \$61, 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.

WASHINGTON AREA WOMEN'S FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

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, 2015 and 2014, 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>2015</u>	<u>2014</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, 2015 and 2014, 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, 2015 AND 2014

**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 \$300,000 for the years ended June 30, 2015 and 2014. Additionally, 7% and 10% of the remaining pledges were included in the allowance for the years ended June 30, 2015 and 2014, 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, 2015 AND 2014

2. PLEDGES RECEIVABLE (Continued)

Pledges are due as follows at June 30, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Less than one year	\$ 679,594	\$ 247,592
One to five years, net of discount for present value	125,148	248,251
Less: Allowance for doubtful accounts	<u>(45,113)</u>	<u>(30,724)</u>
Total pledges receivable	759,629	465,119
Less: Current maturities, net of allowance for doubtful accounts	<u>(644,023)</u>	<u>(229,095)</u>
PLEDGES RECEIVABLE, NET	<u>\$ 115,606</u>	<u>\$ 236,024</u>

3. INVESTMENTS

Investments consisted of the following at June 30, 2015 and 2014:

	<u>2015</u> <u>Fair Value</u>	<u>2014</u> <u>Fair Value</u>
Fixed Annuity	\$ 111,927	\$ 107,551
Mutual Funds	<u>799,139</u>	<u>-</u>
TOTAL INVESTMENTS	<u>\$ 911,066</u>	<u>\$ 107,551</u>

Included in investment income are the following:

	<u>2015</u>	<u>2014</u>
Interest and dividends	\$ 9,172	\$ 4,528
Realized (loss) gain on investments	(94)	61
Unrealized (loss) gain on investments	<u>(1,802)</u>	<u>-</u>
TOTAL INVESTMENT INCOME	<u>\$ 7,276</u>	<u>\$ 4,589</u>

4. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of the following at June 30, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Prosperity Together	\$ 67,500	\$ -
Early Care and Education Funders Collaborative	520,852	287,852
Leadership Luncheon	322,335	251,610
Women's Economic Security Campaign	-	5,259
Website	-	50,000
Portrait Project	-	120,000
Strategic Planning	14,212	-
Stepping Stones	5,000	418,164
Board Development	25,000	-
Time Restricted	<u>481,901</u>	<u>445,408</u>
TOTAL TEMPORARILY RESTRICTED NET ASSETS	<u>\$ 1,436,800</u>	<u>\$ 1,578,293</u>

WASHINGTON AREA WOMEN'S FOUNDATION, INC.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014**

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:

	2015	2014
Early Care and Education Funders Collaborative	\$ 407,000	\$ 380,478
Stepping Stones	424,414	1,001,610
Women's Economic Security Campaign	5,259	44,741
Prosperity Together	15,000	-
Leadership Luncheon	249,610	269,797
Board Retreat	-	26,700
Website	50,000	40,000
Portrait Project	120,000	5,000
Strategic Planning	10,788	-
Transition/Communication	-	20,000
Passage of Time	<u>238,422</u>	<u>401,161</u>
 TOTAL NET ASSETS RELEASED FROM DONOR RESTRICTIONS	 <u>\$ 1,520,493</u>	 <u>\$ 2,189,487</u>

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, 2015 and 2014, totaled \$160,374 and \$158,061, 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, 2015 are as follows:

<u>Year Ending June 30,</u>		
2016	\$	153,936
2017		160,089
2018		166,494
2019		173,156
2020		180,082
Thereafter		<u>299,049</u>
		 <u>\$ 1,132,806</u>

WASHINGTON AREA WOMEN'S FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

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 \$1,583 and \$1,649 for the years ended June 30, 2015 and 2014, 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>2015</u>	<u>2014</u>
Catalyze Investment	\$ 673	\$ 701
Education and Outreach	673	701
Development	<u>237</u>	<u>247</u>
TOTAL JOINT COSTS	\$ <u>1,583</u>	\$ <u>1,649</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 \$35,780 and \$39,835 for the years ended June 30, 2015 and 2014, respectively.

9. CONTRIBUTED GOODS AND SERVICES

The Foundation recognized revenue for contributed goods and services for the years ended June 30, 2015 and 2014. 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, 2015 and 2014, totaled \$370,396 and \$135,473, respectively.

10. CONCENTRATION OF RECEIVABLES

Approximately 61% and 59% of pledges receivable for the years ended June 30, 2015 and 2014, respectively, was derived from two donors. Approximately 15% and 36% of the Foundation's revenue for the years ended June 30, 2015 and 2014, respectively, 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.

WASHINGTON AREA WOMEN'S FOUNDATION, INC.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014**

11. RELATED PARTY

During the years ended June 30, 2015 and 2014, the Foundation paid \$50,000 and \$40,000, 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.

Additionally, the Foundation received pro-bono services from the same party totaling \$186,342 and \$55,451 for the years ended June 30, 2015 and 2014, 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, 2015 and 2014.

- *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, 2015:

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

WASHINGTON AREA WOMEN'S FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

12. FAIR VALUE MEASUREMENT (Continued)

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 1, 2015, the date the financial statements were available for issuance.