

WOMEN DONORS NETWORK

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2010

WITH AUDITOR'S REPORT

**Ghaffari Zaragoza LLP
CERTIFIED PUBLIC ACCOUNTANTS**

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Women Donors Network
San Francisco, California

We have audited the accompanying statements of financial position of Women Donors Network as of December 31, 2010 and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Women Donors Network as of December 31, 2010, and the changes in net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Ghaffari Zaragoza LLP

August 3, 2011
Oakland, California

WOMEN DONORS NETWORK

Statement of Financial Position

At December 31, 2010

Assets

Current Assets

Cash and cash equivalents (Note 3)	\$ 1,003,053
Certificates of deposit	246,341
Pledges receivable (Notes 3 and 4)	873,000
Prepaid expenses	22,702
Other receivables	2,660

Total Current Assets 2,147,756

Pledges receivable beyond one year (Notes 3 and 4)	1,071,640
Property and equipment, net (Note 5)	16,732
Deposits	10,084

Total Assets \$ 3,246,212

Liabilities

Current Liabilities

Accounts payable and accrued expenses	16,181
Grants payable	36,075
Accrued vacation liability	9,533
Deferred revenue	10,250

Total Current Liabilities and Total Liabilities 72,039

Net Assets

Unrestricted

Available for operations	168,181
Designated for cash reserves	362,650

Total unrestricted	530,831
Temporarily restricted (Note 6)	2,643,342

Total Net Assets 3,174,173

Total Liabilities and Net Assets \$ 3,246,212

See notes to financial statements

WOMEN DONORS NETWORK

Statement of Activities
Year Ended December 31, 2010

	Unrestricted	Temporarily Restricted	Total
Support and Revenue			
Contributions	\$ 700,863	\$ 2,489,169	\$ 3,190,032
Conference registration fees	81,700	-	81,700
Other program fees	125,226	-	125,226
Interest and dividends	9,440	-	9,440
Rental income	36,000	-	36,000
Loss of prior year pledges	-	(240,606)	(240,606)
Net assets released from restriction:			
Purpose was accomplished or time restriction was expired	675,769	(675,769)	-
Total Support and Revenue	1,628,998	1,572,794	3,201,792
Expenses			
Program services	1,246,578	-	1,246,578
Supporting services:			
Management and general	265,208	-	265,208
Fundraising	152,942	-	152,942
Total Expenses	1,664,728	-	1,664,728
Change in Net Assets	(35,730)	1,572,794	1,537,064
Net Assets at beginning of year	566,561	1,070,548	1,637,109
Net Assets at end of year	\$ 530,831	\$ 2,643,342	\$ 3,174,173

See notes to financial statements

WOMEN DONORS NETWORK

Statement of Cash Flows Year Ended December 31, 2010

Cash flows from operating activities:	
Change in net assets	\$ 1,537,064
Adjustments to reconcile change in net assets to net cash from operating activities:	
Change in unamortized discount on receivables	106,028
Change in allowance for uncollectible pledges	244,500
Depreciation	10,821
(Increase) decrease in operating assets:	
Receivables	(1,645,261)
Prepays	2,973
Increase (decrease) in operating liabilities:	
Accounts payable and accrued expenses	8,076
Grants payable	28,325
Deferred revenue	1,250
Net cash provided by operating activities	<u>293,776</u>
Cash flows from investing activities:	
Net change in certificates of deposit	128,891
Write-off of previously capitalized equipment	3,087
Net cash provided by investing activities	<u>131,978</u>
Net increase in cash and cash equivalents	425,754
Cash and cash equivalents at beginning of the year	<u>577,299</u>
Cash and cash equivalents at end of the year	<u>\$ 1,003,053</u>

See notes to financial statements

WOMEN DONORS NETWORK

Statement of Functional Expenses Year Ended December 31, 2010

	Program Services	Management and General	Fundraising	Total
Salaries	\$ 322,846	\$ 119,001	\$ 61,272	\$ 503,119
Payroll taxes	23,791	8,765	4,272	36,828
Employee benefits (Note 7)	65,901	24,279	11,834	102,014
Grants	374,150	-	-	374,150
Rent	108,141	36,752	17,725	162,618
Travel, conferences and meetings	172,071	3,893	9,061	185,025
Professional services	109,125	56,487	34,221	199,833
Honoraria and speaker fees	23,375	-	-	23,375
Printing and publications	12,887	1,709	3,573	18,169
Telecommunications	14,877	3,741	1,543	20,161
Depreciation	7,699	1,860	1,262	10,821
Licenses and fees	1,397	160	6,789	8,346
Supplies	2,672	3,994	438	7,104
Insurance	3,256	2,406	534	6,196
Postage and shipping	2,245	1,467	403	4,115
Dues and subscriptions	809	104	15	928
Miscellaneous	1,336	590	-	1,926
Total	\$ 1,246,578	\$ 265,208	\$ 152,942	\$ 1,664,728

See notes to financial statements

WOMEN DONORS NETWORK

Notes to Financial Statements
Year Ended December 31, 2010

Note 1 – Organization

Women Donors Network (the Organization) is a California nonprofit organization located in San Francisco, California that seeks to build the progressive movement through the power of philanthropy, women’s leadership, and collective and individual action. The Organization is primarily supported through private grants and contributions.

The Organization’s program activities during the year ended December 31, 2010 included educational teleconferences and webinars on topics of interest to progressive women philanthropists; in-person educational seminars on issues confronting women and girls in Haiti and on peace and human rights in the Middle East; donor trips to study environmental justice issues in indigenous communities in Montana and to a women’s prison in California; grant awards to organizations working to promote women’s health and reproductive rights, equitable recovery and community-led rebuilding efforts in the Gulf Coast region, racial justice, environmental advocacy against the transport of massive oil-industry equipment through several Western states, peace in the Middle East, and a theatrical production that tells the stories of women who lived through Hurricane Katrina and its aftermath; and finally an Annual Conference, held in Philadelphia in 2010, where women donors gathered to learn to be more effective philanthropists, to build community, and to strategize for the future.

Note 2 – Summary of Significant Accounting Policies

Significant accounting policies are described below to enhance the usefulness of the financial statements to the reader.

- a. **Method of Accounting** – The financial statements of the Organization have been prepared using the accrual method of accounting, which involves the recognition of revenues and gains when earned and expenses and losses when incurred.
- b. **Cash and Cash Equivalents** – For purposes of the statement of cash flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less and securities received as donations and liquidated within fifteen days or less, to be cash equivalents.
- c. **Pledges Receivable** – Pledges receivable include unconditional commitments from donors that are recorded at their net realizable value of the amount expected to be collected by the Management.
- d. **Fixed Assets and Depreciation** – The Organization records acquisitions of durable equipment with a cost of \$1,000 or more and leasehold improvements

WOMEN DONORS NETWORK

Notes to Financial Statements
Year Ended December 31, 2010

that significantly prolong the useful lives of assets as fixed assets. Fixed assets are recorded at cost when purchased and fair value when received as a donation. Depreciation is provided over the estimated useful lives of respective assets, primarily three to five years, using the straight-line method of depreciation.

- e. **Grants Payable** – Grants to others are recorded as expense when unconditionally committed by the Organization.
- f. **Deferred Revenue** – The Organization receives conference and workshop fees in advance of the event. Such amounts are recorded as deferred revenue and recognized as income when the conference and/or workshop is held.
- g. **Income Tax Status** – The Organization is recognized as a public charity exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code, whereby only unrelated business income, as defined by Section 512(a)(1) of the Internal Revenue Code and similar code sections of the California Revenue and Taxation Code, is subject to income tax. Management believes that all of the Organization’s activities were directly related to its exempt purpose, thus the accompanying financial statements do not include any provision for income taxes.
- h. **Basis of Presentation** – Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:
 - Unrestricted net assets* represent net assets that are not subject to donor-imposed stipulations. The Board of Directors has designated a portion of this class of net assets for operating cash reserves. Such designations are not available for the Organization’s operations without the Board of Directors’ approval.
 - Temporarily restricted net assets* represent net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time.
- i. **Restricted Resources** – Contributions are recognized when the donor makes a promise to the Organization that is, in substance, unconditional. The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction

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Notes to Financial Statements
Year Ended December 31, 2010

ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Gifts of fixed assets are recorded as unrestricted support unless explicit donor stipulations specify how the donated asset must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when donated or acquired long-lived assets are placed in service.

- j. **Allocation of Expenses** – Common costs that benefit all activities of the Organization are allocated based on the percentage of time employees work in each functional area as estimated by management at year end.
- k. **Use of Estimates** – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Significant accounting estimates reflected in the Organization's financial statements include the valuation of pledges receivable and functional allocation of expenses. Actual results may differ from those estimates.

Note 3 – Concentration of Credit Risk

Concentrations of credit risk primarily include cash and cash equivalents and pledges receivable. The Organization maintains cash balance in financial institutions that from time to time exceed the guaranteed amount of the Federal Deposit Insurance Corporation of \$250,000 per account holder. Total uninsured cash and cash equivalents balances at December 31, 2010 were \$792,432. As of December 31, 2010 approximately 63% of contributions receivable were from four individuals and/or their family foundations.

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Notes to Financial Statements
Year Ended December 31, 2010

Note 4 – Pledges Receivable

Pledges receivable at December 31, 2010 were expected to be received:

Receivable in less than one year	\$873,000
Receivable in two to five years	<u>1,460,500</u>
Total pledges receivable	2,333,500
Allowance for uncollectible receivables	(254,500)
Unamortized discount	<u>(134,360)</u>
Pledges receivable, net	<u>\$1,944,640</u>

Pledges receivable with due dates extending beyond one year were discounted using discount rates between 2.29% and 6.64%.

Note 5 – Property and Equipment

Property and equipment as of December 31, 2010 is summarized as follows:

Furniture and equipment	\$39,864
Leasehold improvements	<u>20,405</u>
Total property and equipment	60,269
Accumulated depreciation and amortization	<u>(43,537)</u>
Property and equipment, net	<u>\$16,732</u>

Note 6 – Temporarily Restricted Net Assets

Temporarily restricted net assets at December 31, 2010 were available for the following purposes:

Expenses of future periods	\$2,444,866
Action Funds	416,476
Reproductive Rights Circle	78,100
Earth Circle	59,037
Mideast Peace Circle	27,565
Gulf Coast Circle	20,000
Haiti Circle	<u>1,324</u>
	3,047,044
Allowance for uncollectible restricted pledges	(256,000)
Unamortized portion of discount related to restricted pledges	<u>(148,026)</u>
	<u>\$2,643,342</u>

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Notes to Financial Statements
Year Ended December 31, 2010

Note 7 – Retirement Plan

The Organization maintains individual SEP IRA accounts for each regular employee who works at least 20 hours per week. The Organization's contribution is 5% of each employee's salary. All SEP IRA account balances are 100% vested. During the year ended December 31, 2010 the Organization contributed \$24,072 to these accounts.

Note 8 – Operating Leases

The Organization has two non-cancelable operating lease arrangements. Future minimum lease payments at December 31, 2010 were as follows:

Year ending December 31, 2011	\$125,197
Year ending December 31, 2012	115,216
Year ending December 31, 2013	119,155
Year ending December 31, 2014	<u>91,582</u>
	<u>\$451,149</u>

The Organization also has a non-cancellable sublease arrangement that expires in 2011. Total expected receipt from this arrangement is \$9,000 during the year ending December 31, 2011.

For the year ended December 31, 2010, rental expense was \$162,618 and rental income from the sublease was \$36,000.

Note 9 – Subsequent Events

The Organization has evaluated subsequent events through August 3, 2011, the date which the financial statements were available to be issued.