

CONCERNED WOMEN FOR AMERICA
Washington, D.C.

Financial Statements
For years ended
June 30, 2018 and 2017

(Including Independent Auditor's
Report Thereon)

Not-for-Profit Organization

CONCERNED WOMEN FOR AMERICA

Board of Trustees

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CONCERNED WOMEN FOR AMERICA

Contents

	Page
Report of Independent Auditor	1
Statements of Financial Position	2
Statements of Activities	3-4
Statements of Functional Expenses	5-6
Statements of Cash Flows	7
Notes to Financial Statements	8-13

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Report of Independent Auditor

The Board of Trustees
Concerned Women for America
Washington, D.C.

I have audited the accompanying financial statements of Concerned Women for America (a nonprofit organization), which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities, 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


My responsibility is to express an opinion on these financial statements based on my audits. I conducted my audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Concerned Women for America 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.



Forest, Virginia
September 4, 2018

CONCERNED WOMEN FOR AMERICA
Statements of Financial Position
June 30, 2018 and 2017

Assets

	2018	2017
Current assets		
Cash and cash equivalents	\$ 633,261	\$ 91,589
Accounts receivable		
Affiliate	0	50,662
Pledges receivable	0	70,160
Other	99	80
Prepaid expenses	113,188	129,190
Inventory	28,801	47,054
Total current assets	775,349	388,735
Property and equipment	3,208,342	177,819
Accumulated depreciation	(12,166)	(115,460)
Net property and equipment	3,196,176	62,359
Other assets	2,890	7,888
Total assets	\$ 3,974,415	\$ 458,982

Liabilities and net assets

Current liabilities		
Accounts payable	\$ 170,416	\$ 278,437
Current portion of long-term debt	15,731	0
Accrued payroll and payroll taxes	25,539	356
Total current liabilities	211,686	278,793
Long-term debt (net of current portion)		
Notes payable	2,138,701	0
Net assets		
Unrestricted	1,522,387	110,029
Temporarily restricted	101,641	70,160
Total net assets	1,624,028	180,189
Total liabilities and net assets	\$ 3,974,415	\$ 458,982

See Accompanying Notes.

CONCERNED WOMEN FOR AMERICA
Statements of Activities
Years ended June 30, 2018 and 2017

	<u>Unrestricted</u>	<u>2018 Temporarily Restricted</u>	<u>Total</u>
Revenue and other support			
Contributions			
Cash	\$ 5,176,057	\$ 101,641	\$ 5,277,698
Grants			
Cash	6,000	0	6,000
Product sales	142	0	142
Royalties	16,279	0	16,279
Interest/dividend income	1,291	0	1,291
Net assets released from restrictions	<u>70,160</u>	<u>(70,160)</u>	<u>0</u>
Total revenue and support	<u>5,269,929</u>	<u>31,481</u>	<u>5,301,410</u>
Expenses and losses			
Program services			
Public educational programs	2,945,828	0	2,945,828
Supporting services			
General and administrative	455,055	0	455,055
Fundraising	399,009	0	399,009
Total expenses	<u>3,799,892</u>	<u>0</u>	<u>3,799,892</u>
Loss on disposal of property & equipment	<u>57,679</u>	<u>0</u>	<u>57,679</u>
Total expenses and losses	<u>3,857,571</u>	<u>0</u>	<u>3,857,571</u>
Change in net assets	1,412,358	31,481	1,443,839
Net assets at beginning of year	<u>110,029</u>	<u>70,160</u>	<u>180,189</u>
Net assets at end of year	<u>\$ 1,522,387</u>	<u>\$ 101,641</u>	<u>\$ 1,624,028</u>

See Accompanying Notes.

CONCERNED WOMEN FOR AMERICA
Statements of Activities
Years ended June 30, 2018 and 2017

	<u>Unrestricted</u>	<u>2017 Temporarily Restricted</u>	<u>Total</u>
Revenue and other support			
Contributions			
Cash	\$ 3,820,610	\$ 70,160	\$ 3,890,770
Grants			
Cash	110,000	0	110,000
Product sales	1,189	0	1,189
Royalties	13,668	0	13,668
Interest income	177	0	177
Net assets released from restrictions	0	0	0
	<u>3,945,644</u>	<u>70,160</u>	<u>4,015,804</u>
Total revenue and support			
Expenses			
Program services			
Public educational programs	2,999,279	0	2,999,279
Supporting services			
General and administrative	248,931	0	248,931
Fundraising	626,718	0	636,718
	<u>3,884,928</u>	<u>0</u>	<u>3,884,928</u>
Total expenses			
Change in net assets	60,716	70,160	130,876
Net assets at beginning of year	<u>49,313</u>	<u>0</u>	<u>49,313</u>
Net assets at end of year	<u>\$ 110,029</u>	<u>\$ 70,160</u>	<u>\$ 180,189</u>

See Accompanying Notes.

CONCERNED WOMEN FOR AMERICA
Statements of Functional Expenses
Years ended June 30, 2018 and 2017

2018

	Public		General &		Fundraising		Total
	Educational		Administrative				
	Programs						
Printing/Mailing	\$ 363,115	\$	693	\$	69,114	\$	432,922
Postage	239,608		3,956		43,594		287,158
Salaries, payroll taxes & employee benefits	967,946		213,702		75,424		1,257,072
Data Processing	172,508		0		35,333		207,841
Consultants	183,396		18,297		17,430		219,123
Occupancy	310,614		62,123		41,415		414,152
Telephone	26,635		5,327		3,551		35,513
List rentals	15,480		0		3,171		18,651
Telemarketing fees	38,330		0		89,436		127,766
Travel & lodging	266,143		30,967		5,634		302,744
Office expense	33,543		8,511		2,416		44,470
Dues/Subscriptions	48,527		2,076		0		50,603
Depreciation	3,652		730		487		4,869
Repairs/Maintenance	3,835		1,373		0		5,208
Insurance	1,567		23,393		0		24,960
Bank charges	27,474		19,633		5,627		52,734
Accounting & legal	0		59,321		0		59,321
Taxes & licenses	21,194		0		3,276		24,470
Training/Conferences	180,113		300		0		180,413
Equipment rental	23,255		4,651		3,101		31,007
Miscellaneous	18,893		2		0		18,895
Total expenses	\$ 2,945,828	\$	455,055	\$	399,009	\$	3,799,892

See Accompanying Notes.

CONCERNED WOMEN FOR AMERICA
Statements of Functional Expenses
Years ended June 30, 2018 and 2017

2017

	Public		General &		Fundraising		Total
	Educational		Administrative				
	Programs						
Printing/Mailing	\$ 575,240	\$ 796	\$ 103,950	\$ 679,986			
Postage	349,288	1,157	57,384	407,829			
Salaries, payroll taxes & employee benefits	910,354	58,355	198,411	1,167,120			
Data Processing	219,439	0	32,790	252,229			
Consultants	180,663	17,745	22,513	220,921			
Occupancy	296,565	63,550	63,550	423,665			
Telephone	26,589	5,698	5,698	37,985			
List rentals	0	0	0	0			
Telemarketing fees	52,000	0	121,334	173,334			
Travel & lodging	166,591	27,406	7,431	201,428			
Office expense	20,095	6,230	68	26,393			
Dues/Subscriptions	16,120	6,318	0	22,438			
Depreciation	3,146	674	644	4,464			
Repairs/Maintenance	325	174	0	499			
Insurance	433	14,383	0	14,816			
Bank charges	32,747	354	4,893	37,994			
Accounting & legal	0	38,693	0	38,693			
Taxes & licenses	18,619	2,791	13,715	35,125			
Training/Conferences	89,166	300	0	89,466			
Equipment rental	20,099	4,307	4,307	28,713			
Miscellaneous	21,800	0	30	21,830			
Total expenses	\$ 2,999,279	\$ 248,931	\$ 636,718	\$ 3,884,928			

See Accompanying Notes.

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CONCERNED WOMEN FOR AMERICA
Statements of Cash Flows
Years ended June 30, 2018 and 2017

	2018	2017
Cash flows from operating activities		
Change in net assets	\$ 1,443,839	\$ 130,876
Adjustments for noncash revenue and expense items		
Depreciation	4,869	4,464
Loss on disposal of property and equipment	57,679	
Adjustments to reconcile change in net assets to cash provided by (used in) operating activities		
(Increase) decrease in receivables	120,803	93,059
(Increase) decrease in inventory	18,253	(16,534)
(Increase) decrease in prepaid expenses	16,002	46,239
Increase (decrease) in accounts payable	(108,021)	(210,702)
Increase (decrease) in accrued payroll and payroll taxes	25,183	(47,509)
Net cash provided by (used in) operating activities	1,578,607	(107)
Cash flows from investing activities		
(Increase) decrease in other assets	4,998	(2,348)
Purchase of property and equipment	(3,196,365)	(2,000)
Net cash provided by (used in) investing activities	(3,191,367)	(4,348)
Cash flows from financing activities		
New borrowings		
Long-term debt	2,156,095	0
Debt reduction		
Long-term debt	(1,663)	0
Net cash provided by financing activities	2,154,432	0
Net increase (decrease) in cash and cash equivalents	541,672	(4,455)
Cash and cash equivalents at beginning of year	91,589	96,044
Cash and cash equivalents at end of year	\$ 633,261	\$ 91,589

See Accompanying Notes.

CONCERNED WOMEN FOR AMERICA
Notes to Financial Statements
June 30, 2018 and 2017

Note 1 – Nature of organization and summary of significant accounting policies

Nature of organization

Concerned Women for America (CWA) was established as an incorporated not-for-profit organization in 1981. The primary purpose of the organization is to educate the general public on certain issues (i.e., abortion, abuse, family values).

Basis of financial statement presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting which is in accordance with accounting principles generally accepted in the United States of America (GAAP) and, accordingly, reflect all significant receivables, payables, and other liabilities.

The financial statements present information regarding the financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

- Unrestricted net assets-Net assets not subject to donor imposed stipulations.
- Temporarily restricted net assets-Net assets subject to donor imposed stipulations that will be met by actions of the Organization and/or the passage of time. When a donor stipulated time-restriction ends or a 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.
- Permanently restricted net assets-Net assets subject to donor imposed stipulations requiring that they be maintained permanently by the Organization. The income from these assets is available for either general operations or specific programs as specified by the donor.

Contributions

Contributions are recognized when the donor makes a promise to give in writing to the Nonprofit that is in substance, unconditional. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions. All donor-restricted support is reported as an increase in temporarily restricted net assets. When the stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets. Contributions to be received in future periods are discounted at an appropriate discount rate. Amortization of discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions.

CONCERNED WOMEN FOR AMERICA
Notes to Financial Statements
June 30, 2018 and 2017

Note 1 - Nature of organization and summary of significant accounting policies (continued)

Donated Services and Support

The Organization utilizes the services of many volunteers throughout the year. This contribution of services by the volunteers is not recognized in the financial statements unless the services received (a) create or enhance nonfinancial assets or (b) require specialized skills which are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. The donated services for the years ended June 30, 2018 and 2017, did not meet the requirements above, therefore no amounts were recognized in the accompanying financial statements.

Promises to Give

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Fair Value of Financial Instruments

The Organization's financial instruments are cash, accounts receivable, inventory, prepaid expenses, accounts payable and accrued liabilities. The recorded values of cash, accounts receivable, inventory, prepaid expenses, accounts payable and accrued liabilities approximate their fair values based on their short-term nature.

Fair Value Measurements

The Fair Value Measurements and Disclosures topic of the FASB Accounting Standards Codification establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consists of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs have the lowest priority. The Organization uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs would be used only when Level 1 or Level 2 inputs were not available.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

CONCERNED WOMEN FOR AMERICA
Notes to Financial Statements
June 30, 2018 and 2017

Note 1 - Nature of organization and summary of significant accounting policies (continued)

Inventories

Inventories are stated at the lower of cost (principally first-in, first-out) or market.

Property and depreciation

Property and equipment are stated in the financial statements at cost, less accumulated depreciation. Depreciation is computed using the straight-line method over estimated useful lives as follows:

<u>Classification</u>	<u>Estimated Useful Life</u>
Office equipment & computers	5-7 years
Building	39.5 years

Income taxes

The Organization is exempt from Federal income taxes under section 501(c)(3) of the Internal Revenue Code except to the extent of unrelated business income. There was \$0 and \$0 income tax due on unrelated business income for the years ended June 30, 2018 and 2017 respectively.

Related party transactions

In the regular course of its operations, the Organization receives contributions from individuals serving on its Board of Trustees.

CWA is also affiliated with Concerned Women for America Legislative Action Committee (CWALAC) by a common Board of Trustees and several officers. The two organizations share office space, equipment and personnel. CWA charged CWALAC \$162,828 and \$192,167 for its share of all expenses for the years ended June 30, 2018 and 2017, respectively. The balance in accounts receivable due from CWALAC was \$0 and \$50,582 for the years ended June 30, 2018, and 2017, respectively.

CWALAC gave contributions totaling \$1,169,784 and \$0 to CWA for the years ended June 30, 2018 and 2017, respectively.

Functional expenses

The costs of providing the Organization's programs and supporting services have been summarized on a functional basis in the accompanying statements of activities and functional expenses. The functional expenses of the Organization's program and supporting services include those costs directly attributable to its program as well as an allocation of supporting service expenditures, which, in the estimation of management, are indirectly attributable to its programs.

CONCERNED WOMEN FOR AMERICA
Notes to Financial Statements
June 30, 2018 and 2017

Note 1 - Nature of organization and summary of significant accounting policies

Functional expenses (continued)

For the fiscal periods ended June 30, 2018 and 2017, CWA incurred joint costs of \$1,209,847 and \$1,663,952, respectively for informational materials and activities that included fund-raising appeals. Of those costs, \$251,493 and \$334,285 was allocated to fund-raising expense and \$954,387 and \$1,328,323 was allocated to program services and \$3,967 and \$1,344 was allocated to management and general for the years ended June 30, 2018 and 2017 respectively.

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 that 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 2 –Inventories

The major components of inventories at June 30, 2018 and 2017 consist of books and tapes. The values at cost are \$28,801 and \$47,054, respectively.

Note 3 – Property and equipment

The cost and accumulated depreciation of the various classes of property and equipment at June 30, 2018 and 2017 were as follows:

	<u>2018</u>		<u>2017</u>	
	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>
Land	\$ 723,996	\$ N/A	\$ 0	\$ N/A
Building	2,429,645	0	0	0
Office furniture/equipment	54,701	12,166	96,566	92,141
Leasehold improvements	0	0	81,253	23,319
	<u>\$ 3,208,342</u>	<u>\$ 12,166</u>	<u>\$ 177,819</u>	<u>\$ 115,460</u>

Depreciation expense for the years ended June 30, 2018 and 2017 was \$4,870 and \$4,464 respectively.

The building costs represent cumulative costs of projects not yet placed in service; therefore, no depreciation was taken on these capitalized costs for the year ended June 30, 2018.

CONCERNED WOMEN FOR AMERICA
Notes to Financial Statements
June 30, 2018 and 2017

Note 4 – Operating leases

The Organization has several non-cancelable operating leases for its computers and office equipment that expire at various dates through 2020. Rental expenses for the building consist of payments of \$0 and \$418,283 for the years ended June 30, 2018 and 2017, respectively.

Equipment and computer leases provide for monthly payments of \$1,030 and \$1,030 for the years ended June 30, 2018 and 2017, respectively.

Future lease payments under these agreements are as follows:

Year ending June 30		
2019	\$	11,333
2020		11,333
2021		11,333
2022		7,171
Thereafter		0
	\$	<u>41,170</u>

Note 5 – Income tax status

CWA is exempt from income tax under Section 501(a) of the Internal Revenue Code and has been determined to be a charitable organization under Section 501(c)(3) of the Code, which qualifies contributions, bequests, and legacies as deductions by the donor for income, estate, and gift tax purposes. An annual information return is filed with the Internal Revenue Service.

The Organization's federal income tax returns for 2015, 2016, and 2017 are subject to examination by the IRS, generally for three years after they were filed. Management has determined that the Organization does not have any uncertain tax positions and associated unrecognized benefits that materially impact the financial statements or related disclosures.

Note 6 – Cash flow information

Cash paid for interest and income taxes was as follows:

	<u>2018</u>	<u>2017</u>
Interest expense	\$ <u>19,633</u>	\$ <u>0</u>
Income taxes	\$ <u>0</u>	\$ <u>0</u>

Note 7 – Retirement Plan

CWA sponsors a tax deferred annuity plan, 403(b), for all employees. Employees may elect to defer any percentage of their annual compensation, up to statutory limits.

Employer contributions are discretionary. CWA contributed \$0 and \$0 for June 30, 2018 and 2017, respectively.

CONCERNED WOMEN FOR AMERICA
Notes to Financial Statements
June 30, 2018 and 2017

Note 8 - Subsequent Events

Management has evaluated subsequent events through September 4, 2018, the date on which the financial statements were available to be issued.

There were no subsequent events requiring adjustment to the financial statements or disclosures as stated herein.

Note 9 – Line of Credit

The Company has a line of credit available in the amount of \$100,000 with a bank. There was no outstanding balance on the line as of June 30, 2018 and 2017. A balance on the line is due on demand and interest on outstanding borrowings is charged at the bank's prime rate plus 1%. The line is secured by a deed of trust.

Note 10 – Long-term debt

	<u>2018</u>	<u>2017</u>
To bank, payable in monthly installments of \$19,274, bearing interest at 4.85%, and maturing April 26, 2033. Secured by real estate.	\$ 2,117,000	\$ 0
Finance lease to commercial leasing company, payable in 48 payments of \$982.46 each, plus applicable sales tax, bearing interest at an imputed rate of 9.515%, and maturing March 2022. Secured by computer equipment.	37,432	0
Total	<u>2,154,432</u>	<u>0</u>
Less current portion	15,731	0
Long-term portion	<u>\$ 2,138,701</u>	<u>\$ 0</u>

Aggregate principal payments on long-term debt are scheduled as follows:

Year ending June 30	
2019	\$ 15,731
2020	88,141
2021	92,987
2022	94,689
2023	90,901
Thereafter	<u>1,756,252</u>
Total	<u>\$ 2,138,701</u>