



Certified Public Accountants
and Financial Advisors

Women Donors Network

Financial Statements

December 31, 2017 and 2016

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Women Donors Network

We have audited the accompanying financial statements of Women Donors Network (a nonprofit organization), which comprise the statement of financial position as of December 31, 2017, and the related statements of activities, functional expenses, and cash flows for the year 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 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 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 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 Women Donors Network as of December 31, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Period Financial Statements

The financial statements as of and for the year ended December 31, 2016, were audited by DZH Phillips LLP, who merged with Squar Milner LLP as of January 1, 2018, and whose report, dated August 25, 2017, expressed an unmodified opinion on those statements.

SQUAR MILNER LLP

San Francisco, California
September 6, 2018

Women Donors Network
STATEMENTS OF FINANCIAL POSITION
December 31, 2017 and 2016

	2017	2016
ASSETS		
Current assets		
Cash and cash equivalents	\$ 2,180,691	\$ 1,891,145
Certificates of deposit	122,340	121,973
Pledges receivable, net	814,515	319,617
Program investment	102,015	101,508
Prepaid expenses	66,166	66,268
Other receivables	8,789	10,075
Total current assets	3,294,516	2,510,586
Pledges receivable, net - non-current	866,266	389,559
Property and equipment, net	60,559	55,770
Deposits	8,535	8,535
Total assets	\$ 4,229,876	\$ 2,964,450
LIABILITIES		
Current liabilities		
Accounts payable and accrued expenses	\$ 66,652	\$ 93,698
Accrued vacation liability	35,280	32,281
Accrued sabbatical liability	36,906	35,831
Deferred revenue	19,200	10,200
Total current liabilities	158,038	172,010
Accrued sabbatical liability - non-current	62,549	69,822
Total liabilities	220,587	241,832
NET ASSETS		
Unrestricted		
Undesignated	598,877	658,184
Board designated	860,000	680,000
Total unrestricted	1,458,877	1,338,184
Temporarily restricted	2,550,412	1,384,434
Total net assets	4,009,289	2,722,618
Total liabilities and net assets	\$ 4,229,876	\$ 2,964,450

Women Donors Network
STATEMENTS OF ACTIVITIES
For the Years Ended December 31, 2017 and 2016

	December 31, 2017			December 31, 2016		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE						
Contributions	\$ 1,597,037	\$ 3,312,316	\$ 4,909,353	\$ 1,261,193	\$ 2,826,740	\$ 4,087,933
Conference registration fees	92,313	-	92,313	90,115	-	90,115
Other program fees	246,358	-	246,358	153,486	-	153,486
Interest and dividends	2,757	-	2,757	1,856	-	1,856
Net assets released from restrictions:						
Purpose accomplished or time restriction expired	2,146,338	(2,146,338)	-	2,318,544	(2,318,544)	-
TOTAL SUPPORT AND REVENUE	4,084,803	1,165,978	5,250,781	3,825,194	508,196	4,333,390
EXPENSES						
Program Services	3,207,722	-	3,207,722	2,983,002	-	2,983,002
Supporting services						
Management and general	477,419	-	477,419	423,474	-	423,474
Fundraising	278,969	-	278,969	290,267	-	290,267
TOTAL EXPENSES	3,964,110	-	3,964,110	3,696,743	-	3,696,743
CHANGE IN NET ASSETS	120,693	1,165,978	1,286,671	128,451	508,196	636,647
Net assets at beginning of year	1,338,184	1,384,434	2,722,618	1,209,733	876,238	2,085,971
NET ASSETS AT THE END OF YEAR	\$ 1,458,877	\$ 2,550,412	\$ 4,009,289	\$ 1,338,184	\$ 1,384,434	\$ 2,722,618

Women Donors Network
STATEMENT OF FUNCTIONAL EXPENSES 2017
For the Year Ended December 31, 2017

	<u>Supporting Services</u>			<u>Total</u>
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	
Salaries	\$ 699,047	\$ 249,901	\$ 176,731	\$ 1,125,679
Payroll taxes	46,710	17,492	11,809	76,011
Employee benefits	100,969	36,095	25,527	162,591
Professional services	948,602	100,067	13,090	1,061,759
Grants	857,192	-	-	857,192
Travel, conferences and meetings	377,010	20,200	7,231	404,441
Occupancy	95,509	31,690	19,513	146,712
Printing and publications	8,909	2,414	1,692	13,015
Licenses and fees	410	715	-	1,125
Office supplies	6,544	2,171	1,337	10,052
Computer equipment	2,637	875	539	4,051
Software	5,103	1,693	1,042	7,838
Furniture and equipment	104	35	21	160
Telephone	6,798	2,256	1,389	10,443
Depreciation and amortization	26,693	3,138	1,932	31,763
Insurance	2,856	3,989	584	7,429
Postage	2,483	824	507	3,814
Internet and email fees	3,928	1,303	802	6,033
Training and education	3,161	1,049	646	4,856
Membership dues	2,750	-	612	3,362
Miscellaneous	10,307	1,512	13,965	25,784
Total Expenses	<u>\$ 3,207,722</u>	<u>\$ 477,419</u>	<u>\$ 278,969</u>	<u>\$ 3,964,110</u>

Women Donors Network
STATEMENT OF FUNCTIONAL EXPENSES 2016
For the Year Ended December 31, 2016

	Program Services	Supporting Services		Total
		Management and General	Fundraising	
Salaries	\$ 661,977	\$ 260,024	\$ 161,431	\$ 1,083,432
Payroll taxes	43,648	17,923	10,645	72,216
Employee benefits	54,411	21,372	13,269	89,052
Professional services	642,231	54,876	45,263	742,370
Grants	1,142,606	-	-	1,142,606
Travel, conferences and meetings	274,074	20,241	11,057	305,372
Occupancy	90,526	29,764	16,871	137,161
Printing and publications	12,589	2,130	1,135	15,854
Licenses and fees	-	416	-	416
Office supplies	5,914	1,944	1,102	8,960
Computer equipment	1,314	432	245	1,991
Software	3,232	1,063	602	4,897
Furniture and equipment	3,931	1,292	733	5,956
Telephone	6,724	2,210	1,253	10,187
Depreciation and amortization	21,186	1,572	891	23,649
Insurance	2,977	3,538	555	7,070
Postage	3,445	1,133	642	5,220
Internet and email fees	3,590	1,180	669	5,439
Training and education	1,672	549	311	2,532
Membership dues	1,000	-	1,057	2,057
Miscellaneous	5,955	1,815	22,536	30,306
Total Expenses	\$ 2,983,002	\$ 423,474	\$ 290,267	\$ 3,696,743

Women Donors Network
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2017 and 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 1,286,671	\$ 636,647
Adjustments to reconcile change in net assets to net cash from operating activities:		
Change in amortized discount on receivables	77,593	52,941
Change in allowance for uncollectible pledges	110,000	45,000
Depreciation and amortization	31,763	23,649
(Increase) decrease in operating assets:		
Pledges and other receivables	(1,157,912)	(475,848)
Program investments	(507)	(505)
Prepaid expenses	102	(30,427)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	(30,245)	(41,279)
Grants payable	-	(9,500)
Deferred revenue	9,000	(1,800)
Net cash provided by operating activities	326,465	198,878
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest earned on certificates of deposit	(367)	(366)
Purchases of property and equipment	(36,552)	(27,083)
Net cash used in investing activities	(36,919)	(27,449)
Net increase in cash and cash equivalents	289,546	171,429
CASH AND CASH EQUIVALENTS - beginning of the year	1,891,145	1,719,716
CASH AND CASH EQUIVALENTS - end of the year	\$ 2,180,691	\$ 1,891,145

Women Donors Network
NOTES TO FINANCIAL STATEMENTS
December 31, 2017 and 2016

1. DESCRIPTION OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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, 2017 included an ongoing Reflective Democracy Campaign to research and publicize data on the race and gender of elected officials and candidates at all levels in the United States and to illuminate and remove the structural barriers to achieving a democracy where our leaders will demographically reflect the American people; a collaborative funding initiative to support the Movement for Black Lives; collaborative funding through the Organization’s donor circles to award grants to organizations working to promote reproductive health and justice, to develop grassroots criminal justice campaigns to reverse discriminatory practices, to support indigenous communities most impacted by extreme energy extraction, to promote immigration reform that addresses the needs of women and families, and to support women leaders working for peace and human rights internationally; an advocacy and lobbying training in Washington, DC; a new collaborative funding vehicle called the Emergent Fund which supports vulnerable communities that are under attack by current federal policies and priorities; webinars on issues of interest to women philanthropists; regional meetings where groups of Organization members and prospective members networked and learned together; two skills-building retreats for women donors; and finally an Annual Conference, “WDN Connect: 2017,” which was held in Atlanta, Georgia, where more than 130 women donors gathered to learn to be more effective philanthropists, exchange ideas with grassroots leaders and experts, build community, and develop collaborative social change strategies.

The Organization’s program activities during the year ended December 31, 2016 included collaborative funding through the Organization’s member circles to award grants to organizations working to promote reproductive health and justice, to develop grassroots criminal justice campaigns to reverse discriminatory practices, to support indigenous communities most impacted by extreme energy extraction, to promote immigration reform that addresses the needs of women and families, to sponsor outreach campaigns for several educational films, to ensure fair elections, and to support women leaders working for peace and human rights internationally; an advocacy and lobbying training in Washington, DC; educational webinars on issues of interest to women philanthropists; regional meetings where groups of Organization members and prospective members networked and learned together; an ongoing Reflective Democracy Campaign to illuminate and remove the structural barriers to achieving a democracy where our leaders will demographically reflect the American people; a new collaborative funding initiative to support the Movement for Black Lives; and finally an Annual Conference, “WDN Connect: 2016,” which was held in Detroit, Michigan, where more than 100 women donors gathered to learn to be more effective philanthropists, exchange ideas with grassroots leaders in the progressive movement, build community, and develop collaborative social change strategies.

Women Donors Network
NOTES TO FINANCIAL STATEMENTS
December 31, 2017 and 2016

1. DESCRIPTION OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A summary of the Organization's significant accounting policies follows:

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.

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 reserves. The amounts designated 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.

Permanently restricted net assets consist of assets where the use has been restricted by donor imposed stipulations that neither expire by passage of time nor can otherwise be removed by actions of the Organization. The Organization does not have any permanently restricted net assets at December 31, 2017.

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, to be cash equivalents.

Certificates of Deposit

The Organization reports certificates of deposit at cost plus accrued interest. Unless the Organization identifies events or changes in circumstances that might have an adverse effect on the fair value of these certificates, management does not evaluate such certificates for impairment.

Pledges Receivable

Pledges receivable include unconditional promises to give from donors. Pledges receivable are recorded at net realizable value. Pledges receivable that are expected to be received in future years are discounted to the anticipated present value of future cash flows using a discount rate. Such promises are further discounted using a risk premium. The Organization provides an allowance for estimated uncollectible contributions.

Women Donors Network
NOTES TO FINANCIAL STATEMENTS
December 31, 2017 and 2016

1. DESCRIPTION OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Program Investments

To promote women's leadership and economic empowerment, the Organization maintains a program-related investment in a community investment note at Calvert Foundation. The program investment is valued at cost plus accrued interest. This investment in the Women Investing in Women Initiative provides loan capital to organizations working to empower women through projects that support education, microfinance, health care, childcare, housing, and leadership development.

Property, Equipment and Depreciation

The Organization records acquisitions of durable equipment with a cost of \$1,000 or more and leasehold improvements that significantly prolong the useful lives of assets as property and equipment. Property and equipment are recorded at cost when purchased and fair value when received as a donation. Property and equipment are depreciated over the estimated useful lives of the respective assets, primarily three to five years, using the straight-line method of depreciation.

Grants Payable

Grants to others are recorded as an expense when unconditionally committed by the Organization. At December 31, 2017 and 2016 there were no outstanding grants payable.

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 section of the California Revenue and Taxation Code, is subject to income tax.

Each year management considers whether any material tax positions the Organization has taken are more likely than not to be sustained upon examination by the applicable taxing authority. Management believes that any positions the Organization has taken are supported by substantial authority and, hence, do not need to be measured or disclosed in these financial statements.

Women Donors Network
NOTES TO FINANCIAL STATEMENTS
December 31, 2017 and 2016

1. DESCRIPTION OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition

Contributions

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 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 property and equipment 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.

Conferences registration fees and deferred revenue

Registration fees for conferences are recognized on the date of the conference. Fees paid in advance of the conference are recorded as deferred revenue.

Program fees

Program fees represent fees paid for events such as seminars, donor trips, and donor retreats, which are recognized as income on the date of the event. Fees received near the end of the year for an event in the subsequent year are recorded as deferred revenue.

Allocation of Expenses

Common costs that benefit all activities of the Organization are allocated based on the percentage of time each employee works in each functional area.

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.

Women Donors Network
NOTES TO FINANCIAL STATEMENTS
December 31, 2017 and 2016

1. DESCRIPTION OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Subsequent Events

The Organization has evaluated subsequent events through September 6, 2018, the date which the financial statements were available to be issued.

2. CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents. Risks associated with cash and cash equivalents are mitigated by banking with creditworthy institutions. Such balances with any one institution may, at times, be in excess of federally insured amounts (\$250,000 per depositor). The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk.

3. PLEDGES RECEIVABLE

Pledges receivable consists of:

	<u>12/31/17</u>	<u>12/31/16</u>
Receivable in less than one year	\$ 814,515	319,617
Receivable in one to five years	<u>1,176,800</u>	<u>512,500</u>
Total pledges receivable	1,991,315	832,117
Allowance for uncollectible receivables	(180,000)	(70,000)
Unamortized discount	<u>(130,534)</u>	<u>(52,941)</u>
Pledges receivable, net	<u>\$ 1,680,781</u>	<u>\$ 709,176</u>

Pledges receivable with due dates extending beyond one year were discounted using discount rates between 3.83% and 7.83% at December 31, 2017 and between 3.17% and 7.17% at December 31, 2016.

Women Donors Network
NOTES TO FINANCIAL STATEMENTS
December 31, 2017 and 2016

4. PROPERTY AND EQUIPMENT

Property and equipment consists of:

	<u>12/31/17</u>	<u>12/31/16</u>
Furniture and equipment	\$ 44,132	\$ 52,009
Website	83,083	124,423
Software	3,500	16,500
Leasehold improvements	-	4,100
	<u>130,715</u>	<u>197,032</u>
Total property and equipment	130,715	197,032
Accumulated depreciation and amortization	<u>(70,156)</u>	<u>(141,262)</u>
	<u>\$ 60,559</u>	<u>\$ 55,770</u>
Property and equipment, net	<u>\$ 60,559</u>	<u>\$ 55,770</u>

5. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets were available for the following purposes:

	<u>12/31/17</u>	<u>12/31/16</u>
Expenses of future periods	\$ 1,881,682	\$ 792,444
Reflective Democracy Campaign	543,059	293,651
Jean Hardisty Catalytic Impact Fund	320,663	34,688
Donna P. Hall Leadership Awards	51,814	-
Action funds	23,000	28,000
Reproductive Health circle	14,768	10,415
Middle East Peace & Democracy circle	12,852	39,352
Women Building a Just Peace circle	4,650	4,650
Earth circle	3,908	39,635
Criminal (In)Justice circle	3,550	98,134
Philanthropy Fellowship Program	-	95,912
Immigration circle	-	44,002
Gulf Coast circle	-	19,700
Film & Media circle	-	5,569
Other purposes	1,000	1,223
	<u>2,860,946</u>	<u>1,507,375</u>
Allowance for uncollectible restricted pledges	(180,000)	(70,000)
Unamortized discount related to restricted pledges	<u>(130,534)</u>	<u>(52,941)</u>
	<u>\$ 2,550,412</u>	<u>\$ 1,384,434</u>

Women Donors Network
NOTES TO FINANCIAL STATEMENTS
December 31, 2017 and 2016

5. TEMPORARILY RESTRICTED NET ASSETS (continued)

Temporarily restricted net assets were released from donor restrictions by incurring expenses satisfying the purpose restrictions specified by the donors as follows:

	<u>12/31/17</u>	<u>12/31/16</u>
Reflective Democracy Campaign	\$ 766,629	\$ 939,665
Membership/Operating Support	350,944	374,420
Jean Hardisty Catalytic Impact Fund	309,397	277,750
Criminal (In)Justice circle	156,379	88,000
Earth circle	153,601	71,500
Philanthropy Fellowship Program	130,912	56,478
Reproductive Health circle	125,000	130,955
Immigration circle	91,407	-
Middle East Peace & Democracy circle	36,578	62,810
Gulf Coast Circle	19,700	-
Film & Media circle	5,569	219,258
Progressive Political Infrastructure	222	69,108
Women Building A Just Peace	-	28,600
	<u>\$ 2,146,338</u>	<u>\$ 2,318,544</u>

6. RETIREMENT PLAN

Included in the Organization's employee benefits expense is the Organization's contributions made to 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. Total employer contributions to these plans for the years ended December 31, 2017 and 2016 were \$56,449 and \$53,064 respectively.

7. SABBATICAL LEAVE

During the year ended December 31, 2015, the Organization instituted a policy to provide a 3-month paid sabbatical leave to eligible employees. The policy was implemented retroactively for all eligible employees based on their employment date. At December 31, 2017 and 2016, the accrued sabbatical liability was \$99,455 and \$105,653, respectively.

Women Donors Network
NOTES TO FINANCIAL STATEMENTS
December 31, 2017 and 2016

8. OPERATING LEASES

The Organization leases its office space under a noncancelable operating lease arrangement expiring on September 30, 2019. The lease contains scheduled annual increases and requires payment of the tenant's share of property taxes and operating expenses. Future minimum lease payments at December 31, 2017 are as follows:

<u>Year ending December 31,</u>	
2018	\$ 142,789
2019	<u>109,307</u>
	<u>\$ 252,096</u>

Rental expense for the years ended December 31, 2017 and 2016 was \$140,256 and \$137,010, respectively.

9. RELATED PARTY

In December 2017, a new separate legal entity called WDN Action was formed, a nonprofit corporation exempt from federal income tax under Section 501(c)(4) of the Code. The purpose of this organization is to advance a just, equitable, and sustainable world through advocacy, funding, and civic engagement of underrepresented communities.

At December 7, 2017, WDN entered into a resource sharing agreement (the "Agreement") with WDN Action. Under the terms of the Agreement, the Organization and WDN Action share a variety of personnel, facilities and goods and services. Under the terms of the agreement, the Organization allocates shared costs between the Organization and WDN Action.

For the year ended December 31, 2017, the Organization allocated approximately \$7,974 of expenses to WDN Action under the Agreement.

At December 31, 2017, accounts receivable totaling \$8,425 from WDN Action consisted of \$7,974 in shared costs and \$450 in direct costs related to setting up WDN Action, which the Organization paid on behalf of WDN Action.