

# WOMEN THRIVE WORLDWIDE

## FINANCIAL STATEMENTS

DECEMBER 31, 2016

KOSITZKA, WICKS & COMPANY  
CERTIFIED PUBLIC ACCOUNTANTS



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*Certified Public Accountants*

## **Independent Auditor's Report**

To the Board of Directors  
**Women Thrive Worldwide**

We have audited the accompanying financial statements of **Women Thrive Worldwide** (a nonprofit organization), which comprise the statement of financial position as of December 31, 2016, 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 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 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 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 Thrive Worldwide** as of December 31, 2016, 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.

To the Board of Directors  
Women Thrive Worldwide  
November 1, 2017  
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**Emphasis-of-Matter Regarding Going Concern**

The accompanying financial statements have been prepared assuming that the Organization will continue as a going concern. As discussed in Note 11 to the financial statements, the Organization has suffered recurring significant reductions in grant revenue and has a net deficiency in unrestricted net assets. These conditions raise substantial doubt about its ability to continue as a going concern. Management's plans regarding those matters also are described in Note 11. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to that matter

*Kositzka, Wicks and Company*

Alexandria, Virginia  
November 1, 2017

# Women Thrive Worldwide

## Statement of Financial Position December 31, 2016

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### Assets

#### Current assets

Cash and cash equivalents	\$ 283,600
Contributions receivable	22,640
Prepaid expenses	2,575
Total current assets	<u>308,815</u>

Property and equipment, net	32,190
Deposit	24,442
	<u>56,632</u>

**Total assets** \$ 365,447

### Liabilities and net assets

#### Current liabilities

Accounts payable and accrued expenses	\$ 22,383
Recoverable grant payable, current	27,991
Related party loan payable, current	27,160
Line of credit	75,000
Capital lease, current	11,156
	<u>163,690</u>

#### Other liabilities

Deferred rent	34,887
Recoverable grant payable, long-term	47,430
Related party loan payable, long-term	13,361
Capital lease, long-term	14,534
	<u>110,212</u>

**Total liabilities** 273,902

#### Net assets

Unrestricted	60,227
Temporarily restricted	31,318
<b>Total net assets</b>	<u>91,545</u>

**Total liabilities and net assets** \$ 365,447

The accompanying independent auditor's report and notes are an integral part of the financial statements.

# Women Thrive Worldwide

## Statement of Activities for the year ended December 31, 2016

	Unrestricted	Temporarily restricted	Total
<b>Support and revenue</b>			
Contributions	\$ 216,673	\$ -	\$ 216,673
Grants	348,000	-	348,000
Donated legal services	18,155	-	18,155
Other income	1,189	-	1,189
Net assets released from restrictions	256,624	(256,624)	-
<b>Total support and revenue</b>	<b>840,641</b>	<b>(256,624)</b>	<b>584,017</b>
<b>Expenses</b>			
Program	341,735	-	341,735
Management and general	184,981	-	184,981
Fundraising	155,568	-	155,568
<b>Total expenses</b>	<b>682,284</b>	<b>-</b>	<b>682,284</b>
<b>Change in net assets</b>	<b>158,357</b>	<b>(256,624)</b>	<b>(98,267)</b>
<b>Net assets, beginning of year</b>	<b>(98,130)</b>	<b>287,942</b>	<b>189,812</b>
<b>Net assets, end of year</b>	<b>\$ 60,227</b>	<b>\$ 31,318</b>	<b>\$ 91,545</b>

The accompanying independent auditor's report and notes are an integral part of the financial statements.

## Women Thrive Worldwide

### Statement of Functional Expenses for the year ended December 31, 2016

	Program services			Total program services	Supporting services		Total expenses
	Basic education	Economic opportunity and trade	Violence against women and girls		Management and general	Fundraising	
Accounting and audit	\$ 9,622	\$ 10,957	\$ 8,634	\$ 29,213	\$ 15,495	\$ 13,487	\$ 58,195
Consulting services	5,995	2,908	851	9,754	6,426	3,251	19,431
Depreciation and amortization	1,613	1,837	1,448	4,898	2,596	2,261	9,755
Grants and contributions	186	212	167	565	299	260	1,124
Information technology	2,460	2,802	2,208	7,470	3,962	3,449	14,881
Insurance	1,083	1,232	971	3,286	1,743	1,517	6,546
Interest expense	1,095	1,247	983	3,325	1,763	1,535	6,623
Translation services	1,669	18	14	1,701	902	786	3,389
Occupancy	15,339	17,470	13,766	46,575	24,703	21,503	92,781
Office expenses	7,616	8,667	6,830	23,113	12,156	10,775	46,044
Salaries and wages	64,632	73,606	58,002	196,240	104,086	90,603	390,929
Travel and meetings	5,327	1,780	137	7,244	5,585	1,602	14,431
	<u>116,637</u>	<u>122,736</u>	<u>94,011</u>	<u>333,384</u>	<u>179,716</u>	<u>151,029</u>	<u>664,129</u>
Donated legal services	<u>2,723</u>	<u>3,086</u>	<u>2,542</u>	<u>8,351</u>	<u>5,265</u>	<u>4,539</u>	<u>18,155</u>
	<u>\$ 119,360</u>	<u>\$ 125,822</u>	<u>\$ 96,553</u>	<u>\$ 341,735</u>	<u>\$ 184,981</u>	<u>\$ 155,568</u>	<u>\$ 682,284</u>

The accompanying independent auditor's report and notes are an integral part of the financial statements.

# Women Thrive Worldwide

## Statement of Cash Flows for the year ended December 31, 2016

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<b>Cash flows from operating activities</b>	
Change in net assets	\$ (98,267)
Adjustments to reconcile change in net assets to net cash from operating activities	
Depreciation and amortization	9,755
(Increase) decrease in operating assets	
Accounts receivable	(22,640)
Contributions receivable	134,202
Prepaid expenses	12,404
Increase (decrease) in operating liabilities	
Accounts payable and accrued expenses	(526)
Deferred rent	17,737
Net cash provided by operating activities	<u>52,665</u>
<b>Cash flows from investing activities</b>	
Proceeds from disposal of property and equipment	<u>1,149</u>
Net cash provided by investing activities	<u>1,149</u>
<b>Cash flows from financing activities</b>	
Draw on line of credit	75,000
Principal payments on grant and loans payable	(14,641)
Principal payments on capital lease	(9,962)
Net cash provided by investing activities	<u>50,397</u>
<b>Net change in cash and cash equivalents</b>	104,211
<b>Cash and cash equivalents, beginning of year</b>	<u>179,389</u>
<b>Cash and cash equivalents, end of year</b>	<u><u>\$ 283,600</u></u>
<b>Supplemental disclosure of cash flow information</b>	
Cash paid for interest	<u>\$ 6,623</u>
Income taxes paid	<u>\$ -</u>

The accompanying independent auditor's report and notes are an integral part of the financial statements.



# Women Thrive Worldwide

## Notes to Financial Statements December 31, 2016

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### 1. Organization

Women Thrive Worldwide (the Organization) was formed in 1998 to ensure that U.S. international aid and trade programs work for women. The Organization advocates for change at the U.S. and global levels so that women and men can share equally in the enjoyment of opportunities, economic prosperity, voice and freedom from fear and violence. The Organization partners with locally based organizations to advance the interests of the women and girls it serves. The Organization receives funding from private foundations, corporations, individuals, and organizations to support its programs and activities.

### 2. Significant accounting policies

#### Basis of accounting

The financial statements of the Organization are prepared using the accrual method of accounting. In accordance with this method of accounting, revenue is recognized in the period in which it is earned and expenses are recognized in the period in which they are incurred. All revenue and expenses, which are applicable to future periods, have been presented as deferred revenue or prepaid expenses on the accompanying statement of financial position.

#### Financial statement presentation

The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. As of December 31, 2016, the Organization had no permanently restricted net assets.

#### Use of estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain 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.

#### Cash and cash equivalents

For purposes of the statement of cash flows, the Organization considers all cash and unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents. Federal Deposit Insurance Corporation insurance is \$250,000 per depositor, per insured bank. At December 31, 2016, the Organization's cash exceeded the FDIC limit by \$41,406. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash

See independent auditor's report.

# Women Thrive Worldwide

## Notes to Financial Statements December 31, 2016

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### 2. Significant accounting policies (continued)

#### **Below market interest rate loans**

The interest-free recoverable grant payable and below-market-interest related party loan payable are recorded as liabilities on the accompanying statement of financial position at the present value of future net estimated principal payments. The Organization's borrowing rate of 4.25 percent has been used to approximate a market rate of interest. The difference between the fair value of loans at the market rate and the fair value of loans at the stated rate are recorded as restricted contributions and will be charged to interest expense over the life of the loans.

#### **Property and equipment**

Property and equipment is recorded at cost if purchased and at fair value if donated. The Organization's policy is to capitalize purchases of property and equipment with a cost of \$500 or more. Depreciation is computed using the straight-line method over the estimated useful life.

#### **Compensated absences**

Employees of the Organization are entitled to paid vacation depending on job classification, length of service and other factors. As of December 31, 2016, compensated absences of \$5,529 are included in accounts payable and accrued expenses in the accompanying statement of financial position.

#### **Receivables**

Accounts receivable is recorded at the amount the Organization expects to collect on balances outstanding at year-end. Allowances for receivables are determined by management based on an assessment of their collectability. Management considers the past history, current economic conditions and overall vulnerability of the third-party. Based on this assessment, the Organization considers receivables to be fully collectible; accordingly, no allowance for doubtful accounts is required.

#### **Contributions and grants**

Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets. 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 or if they are designated as support for future periods. 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. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

#### **Functional classification of expenses**

The costs of providing the programs and services are summarized on a functional basis in the accompanying financial statements. Accordingly, certain costs have been allocated among the programs and services benefited. Expenses have been allocated between the programs, management and general, and fundraising functions based on a combination of specific identification and allocation by management.

See independent auditor's report.

# Women Thrive Worldwide

## Notes to Financial Statements December 31, 2016

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### 2. Significant accounting policies (continued)

#### Donated services, facilities and materials

The Organization recognizes contribution revenue at estimated fair value for donated services received if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise have to be purchased by the Organization.

#### Fair value of financial assets and liabilities

Financial assets with carrying values approximating fair value include cash and cash equivalents, contributions receivable, and prepaid expenses. Financial liabilities with carrying values approximating fair value include accounts payable and accrued expenses. The carrying value of these financial assets and liabilities approximates fair value due to their short maturities and any associated interest rates approximate current market rates.

#### Income taxes

The Organization is exempt from federal income tax as a nonprofit organization described in Section 501(c)(3) of the Internal Revenue Code and is classified as an organization other than a private foundation. The Organization did not have a liability for unrelated business income for the year ended December 31, 2016.

The material jurisdictions subject to potential examination by taxing authorities include the U.S. and the District of Columbia. The Board does not believe that the ultimate outcome of any future examinations of open tax years will have a material impact on Organization results of operations. Tax years that remain subject to examination by the IRS are 2013 through 2016.

### 3. Property and equipment

A summary of property and equipment at cost on December 31, 2016, includes the following:

		<u>Useful life</u>
Computer equipment and software	\$ 87,083	3 years
Furniture and fixtures	19,446	5 years
Leasehold improvements	17,241	7 years
Accumulated depreciation and amortization	<u>(91,580)</u>	
	<u>\$ 32,190</u>	

Depreciation expense is \$9,755 for the year ended December 31, 2016.

See independent auditor's report.

# Women Thrive Worldwide

## Notes to Financial Statements December 31, 2016

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### 4. Temporarily restricted net assets

For the year ended December 31, 2016, net assets were temporarily restricted for the following purposes:

	<u>2015</u>	<u>Additions</u>	<u>Releases</u>	<u>2016</u>
Restricted for specific programs:				
Basic education program	\$ 143,936	\$ -	\$ (119,235)	\$ 24,701
Economic opportunity and trade	8,156	-	(3,577)	4,579
Violence against women and girls	50,000	-	(50,000)	-
Time restricted	85,850	-	(83,812)	2,038
	<u>\$ 287,942</u>	<u>\$ -</u>	<u>\$ (256,624)</u>	<u>\$ 31,318</u>

### 5. In-kind revenue

Women Thrive Worldwide receives in-kind revenue from various sources. Professional services include donated legal services. In-kind revenue is recorded at fair market value of services.

### 6. Commitments

The Organization has a line of credit of up to \$200,000 that expires on April 13, 2017, and has an interest rate of 4.25 percent. As of December 31, 2016, the balance outstanding on the line of credit was \$75,000.

In 2015, Women Thrive Worldwide signed a lease for office space through July 31, 2022. Base monthly rent is \$8,147. For the year ended December 31, 2016, rent expense was \$91,325. The rent expense is recorded on a straight line basis over the term of the lease in the amount of \$8,318 per month. As of December 31, 2016, the deferred rent credit was \$34,887.

Future minimum lease payments for base rent under this lease are:

<u>Years ending December 31,</u>	<u>Amount</u>
2017	\$ 92,696
2018	103,787
2019	106,382
2020	109,538
2021	112,971
Thereafter	66,851
	<u>\$ 592,225</u>

See independent auditor's report.

# Women Thrive Worldwide

## Notes to Financial Statements December 31, 2016

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### 6. Commitments (continued)

In October 2015, the Organization signed a five-year lease agreement for a copier under a capital lease. Additionally, the Organization has a second capital lease agreement ending in 2017 for a copier that was sold in 2015; the related lease liability remains outstanding. The asset and liabilities under these capital leases are recorded at the present value of the minimum lease payments discounted at the Organization's borrowing rate of 4.25 percent. The asset cost of \$25,207 is amortized over the term of the lease. Accumulated amortization as of December 31, 2016 is \$5,041. Amortization of the asset is included in depreciation and amortization expense in the accompanying statement of functional expenses.

Future minimum lease payments under this capital lease are:

<u>Years ending December 31,</u>	<u>Amount</u>
2017	\$ 11,285
2018	5,585
2019	5,585
2020	5,120
Less: interest	<u>(1,885)</u>
	<u>\$ 25,690</u>

### 7. Recoverable grant payable

During 2014, a \$100,000 interest-free recoverable grant loan was issued by Open Road Alliance to cover costs related to the Organization's Economic Opportunity Initiative. This below market rate loan is reported at fair value using the face value discounted at the Organization's borrowing rate of 4.25 percent. The difference between the fair value of the loan at the market rate and the fair value of the loan at its stated rate is recorded as a restricted contribution. The fair value as of December 31, 2016 is \$75,421, including accrued interest of \$4,579. The loan matures in principal installments of \$25,000 per year through 2019.

### 8. Related party loan payable

In November 2012, the family foundation of a Board member made a loan to the Organization of \$43,865 for use as the security deposit for the Organization's prior office lease. The loan carries a stated interest rate of 1.75 percent, payable annually, and expires December 22, 2019. This below market loan is reported at fair value using the face value discounted at the Organization's borrowing rate of 4.25 percent. The difference between the fair value of the loan at the market rate and the fair value of the loan at its stated rate has been recorded as a restricted contribution. The fair value as of December 31, 2016 is \$41,826, including accrued interest of \$1,305. The loan principal matures in installments of \$29,243 and \$14,622 in 2017 and 2019.

See independent auditor's report.

# Women Thrive Worldwide

## Notes to Financial Statements December 31, 2016

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### 9. Concentration

For the year ended December 31, 2016, 86 percent of the Organization's grant revenue was from one foundation.

### 10. Retirement plan

The Organization participates in a 403(b) retirement plan. This defined contribution plan covers all full-time employees who meet eligibility requirements. In 2009, the Organization froze the plan and established a 401(k) profit sharing plan for all eligible employees that also allows for discretionary contributions from the Organization. For December 31, 2016, the Organization's contribution to the Plan was \$4,965.

### 11. Business conditions and management's plans

Due to the loss of key support in 2015, the Organization was forced to downsize its operations and suffered significant losses. Should losses continue, there may not be sufficient assets to cover the losses. The Organization is seeking funding from new and current donors. Further, management has taken steps to cut program and supporting services and negotiate for extended payment terms with creditors. Should enough funding not be secured, management has plans to make further cuts to program and supporting services to address the shortfall.

### 12. Subsequent events

The Organization assessed events occurring subsequent to December 31, 2016 through November 1, 2017, the date the financial statements were available to be issued, for potential recognition and disclosure in the financial statements. No events have occurred that would require adjustment to or disclosure in the financial statements.

See independent auditor's report.