

**ACCOUNTING & FINANICAL WOMEN'S ALLIANCE**

**FINANCIAL REPORT**

**JUNE 30, 2016**



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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Accounting & Financial Women's Alliance  
Lexington, Kentucky

We have audited the accompanying financial statements of the Accounting & Financial Women's Alliance (a nonprofit organization), which comprise the statements of financial position as of June 30, 2016 and 2015, and the related statements of activities 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 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 principles 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 Accounting & Financial Women's Alliance as of June 30, 2016 and 2015, 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.

*Steve Guy & Associates, P.C.*

Fredericksburg, Virginia  
October 17, 2016

## **FINANCIAL STATEMENTS**

**ACCOUNTING & FINANCIAL WOMEN'S ALLIANCE****STATEMENTS OF FINANCIAL POSITION**

June 30, 2016 and 2015

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<b>ASSETS</b>		
	2016	2015
<b>ASSETS</b>		
Cash and cash equivalents	\$ 87,226	\$ 59,498
Investments	108,251	184,082
Accounts receivable	1,990	9,803
Prepaid expenses	15,697	13,258
Total Assets	<u>\$ 213,164</u>	<u>\$ 266,641</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 97,550	\$ 99,839
Deferred revenue	159,775	137,653
Due to Foundation	6,891	12,388
Total Liabilities	<u>264,216</u>	<u>249,880</u>
<b>NET ASSETS</b>		
Unrestricted	(51,052)	16,761
Total Net Assets	<u>(51,052)</u>	<u>16,761</u>
Total Liabilities and Net Assets	<u>\$ 213,164</u>	<u>\$ 266,641</u>

*See accompanying notes.*

# ACCOUNTING & FINANCIAL WOMEN'S ALLIANCE

## STATEMENTS OF ACTIVITIES

Years ended June 30, 2016 and 2015

	2016	2015
<b>REVENUE</b>		
Membership dues	\$ 217,877	\$ 249,105
Annual conference	131,337	115,885
Honorary Trustees	23,106	58,983
Advertising	12,369	11,216
Product sales	1,713	206
Royalties	569	1,525
Investment income	4,169	10,237
Total Revenue and Support	391,140	447,157
<b>EXPENSES</b>		
Program Services		
Annual conference	189,841	226,321
Publications and website	47,746	61,168
Chapter and Foundation support	45,816	59,614
Products	5,390	7,056
Total Program Services	288,793	354,159
Supporting Services		
Membership Services	46,324	60,574
Fundraising	26,950	35,280
Leadership	42,419	55,285
Management and general	54,467	70,303
Total Supporting Services	170,160	221,442
Total Expenses	458,953	575,601
CHANGE IN NET ASSETS	(67,813)	(128,444)
NET ASSETS, beginning of year	16,761	145,205
NET ASSETS, END OF YEAR	\$ (51,052)	\$ 16,761

See accompanying notes.

# ACCOUNTING & FINANCIAL WOMEN'S ALLIANCE

## STATEMENTS OF CASH FLOWS

Years ended June 30, 2016 and 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (67,813)	\$ (128,444)
Adjustments to reconcile change in net assets to net cash (used in) operating activities:		
Net unrealized loss on investments	28,928	42,806
Investment interest & dividend income reinvested	(9,388)	(16,121)
Realized gains on investments reinvested	(23,709)	(36,821)
Change in operating assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	7,813	14,772
Prepaid expenses	(2,439)	4,997
Increase (decrease) in:		
Accounts payable and accrued expenses	(2,289)	32,070
Deferred revenue	22,122	(62,632)
Due to Foundation	(5,497)	6,305
Net cash (used in) operating activities	<u>(52,272)</u>	<u>(143,068)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of securities	<u>80,000</u>	<u>109,829</u>
Net cash provided by investing activities	<u>80,000</u>	<u>109,829</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	27,728	(33,239)
CASH AND CASH EQUIVALENTS, beginning of year	<u>59,498</u>	<u>92,737</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 87,226</u>	<u>\$ 59,498</u>

## ACCOUNTING & FINANCIAL WOMEN'S ALLIANCE

### NOTES TO FINANCIAL STATEMENTS

June 30, 2016 and 2015

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#### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICES AND GENERAL INFORMATION

##### **Nature of Organization**

The Accounting & Financial Women's Alliance ("the Alliance") is a nonprofit organization, incorporated in the District of Columbia in 1953. The Alliance is a membership organization, which exists to enable women in accounting and related fields to achieve their full personal, professional, and economic potential and to contribute to the future development of their profession.

##### **Basis of Accounting**

The accompanying financial statements are presented on the accrual basis of accounting and are in accordance with generally accepted accounting principles for not-for-profit organizations.

##### **Cash and Cash Equivalents**

The Alliance considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.

##### **Investments**

Investments consist of mutual funds and money funds, and are recorded at fair value based on quoted market prices. Unrealized gains and losses are included in investment income as increases/decreases in unrestricted net assets on the Statement of Activities.

##### **Accounts Receivable**

Accounts receivable consist of amounts due for memberships and other exchange transactions. Accounts receivable are expected to be collected within one year and are recorded at net realizable value at June 30, 2016 and 2015. No allowance for doubtful accounts is recorded, as management believes that all accounts receivable are fully collectible.

##### **Income Taxes**

The Alliance is recognized as a tax-exempt organization under IRC Section 501(c)(6) and is exempt from income taxes except for taxes on unrelated business activities. No provisions for income tax are required for the years ended June 30, 2016 and 2015, as there was no net unrelated business taxable income. AFWA is not a private foundation.

The Alliance files IRS Form 990 annually. The returns for the years ending June 30, 2012 through 2016 remain open to potential examination by the IRS. Management is not aware of any uncertain tax positions that may not be allowed. Therefore, no adjustments to these financial statements have been included for uncertain tax positions.

##### **Net Asset Classification**

Net assets are comprised of the following categories:

*Unrestricted net assets* represent funds that are not subject to donor-imposed stipulations and are available for support of the Alliance's operations. Unrestricted net assets were \$(51,052) and \$16,761 at June 30, 2016 and 2015, respectively.



## ACCOUNTING & FINANCIAL WOMEN'S ALLIANCE

### NOTES TO FINANCIAL STATEMENTS

June 30, 2016 and 2015

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#### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICES AND GENERAL INFORMATION (continued)

*Temporarily restricted net assets* represent funds subject to donor-imposed restrictions that are met either by actions of the Alliance or the passage of time. There were no temporarily restricted net assets at June 30, 2016 and 2015.

##### **Revenue Recognition**

Membership dues are recognized ratably over the applicable dues or subscription period. Membership dues received that are applicable to the following year are included in deferred revenue in the accompanying statements of financial position, and amount to \$141,689 and \$113,958 at June 30, 2016 and 2015, respectively.

Annual conference revenue is recognized at the time of the annual conference. Amounts received in advance are included in deferred revenue in the accompanying statements of financial position, and amount to \$7,836 and \$3,445 at June 30, 2016 and 2015, respectively.

Honorary Trustees revenue is recognized in the applicable period. Amounts received in advance are included in deferred revenue in the accompanying statements of financial position, and amount to \$10,250 and \$20,250 at June 30, 2016 and 2015, respectively.

All grants and contributions are considered to be available for unrestricted use unless specifically restricted by the donor. The Alliance reports grants and contributions as temporarily restricted support if they are received with donor or grantor 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 statements of activities as net assets released from restrictions.

Revenue from all other sources is recognized when earned.

##### **Donated Services**

A significant amount of donated services are contributed to the Alliance by various members in order to support the organization's program and supporting services. These volunteer activities include participation on the Board of Directors and numerous other committees. No amounts have been recognized in the accompanying financial statements, as management believes it is impracticable to determine a value.

##### **Fair Value of Financial Instruments**

The Alliance's financial instruments consist of cash, investments, prepaid expenses, short-term receivables and payables. The carrying value for all such instruments, considering the terms, approximates fair value at June 30, 2016 and 2015.

## ACCOUNTING & FINANCIAL WOMEN'S ALLIANCE

### NOTES TO FINANCIAL STATEMENTS

June 30, 2016 and 2015

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#### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICES AND GENERAL INFORMATION (continued)

##### **Functional Allocation of Expenses**

The costs of providing the various program services and other activities have been summarized on a functional basis in the Statements of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

##### **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 that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

##### **Date of Management Evaluation**

Management has evaluated subsequent events through October 17, 2016, the date on which the financial statements were available to be issued.

#### NOTE 2 – CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Alliance to significant concentrations of credit risk consist of cash and cash equivalents. The Alliance maintains various cash deposit and transaction accounts with financial institutions, including interest-bearing and noninterest-bearing cash accounts that are within insurable limits under the Federal Depository Insurance Corporation (FDIC) at June 30, 2016.

The Alliance also maintains investments with a financial institution amounting to \$108,251 and 184,082 at June 30, 2016 and 2015, which are within insurable limits under the Securities Investor Protection Corporation (SIPC). The Alliance has not experienced any credit losses from its cash and investments to date, as it relates to FDIC and SIPC insurance limits. Management periodically assesses the financial condition of these financial institutions and believes that the risk of any credit loss is minimal.

#### NOTE 3 – INVESTMENTS

Investments consist of various mutual funds and are presented in the aggregate at their fair market value as of June 30, 2016 and 2015 as follows:

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain</u>
2016	<u>\$ 85,180</u>	<u>\$ 108,251</u>	<u>\$ 23,071</u>
2015	<u>\$ 132,083</u>	<u>\$ 184,082</u>	<u>\$ 51,999</u>

## ACCOUNTING & FINANCIAL WOMEN'S ALLIANCE

### NOTES TO FINANCIAL STATEMENTS

June 30, 2016 and 2015

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#### NOTE 3 – INVESTMENTS (continued)

The Fair Value Measurements and Disclosures topic of FASB Accounting Standards Codification establishes 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 consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, and Level 3 inputs have the lowest priority. The Alliance uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Alliance measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are used only when Level 1 or 2 inputs are not available. At June 30, 2016 and 2015 the Alliance's investments are all valued using Level 1 inputs.

Investment income consists of the following for the years ended June 30, 2016 and 2015:

	2016	2015
Interest and dividends	\$ 9,388	\$ 16,222
Net realized gains on sales of investments	23,709	36,821
Net unrealized (losses) on investments	(28,928)	(42,806)
Total investment income	<u>\$ 4,169</u>	<u>\$ 10,237</u>

#### NOTE 4 – RELATED PARTIES

The Foundation of Accounting & Financial Women's Alliance ("the Foundation") is an organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC). The Alliance does not have the ability to appoint the majority of the Foundation's Board of Directors and thus does not control the Foundation. The accompanying financial statements only include the activities of the Alliance.

Since inception, the Alliance has processed all of the Foundation's financial transactions. Certain transactions including member dues and contributions are processed by AFWA and deposited to AFWA accounts which may result in AFWA owing funds to the Foundation. Additionally, certain costs are shared and paid by AFWA or the Foundation but are reimbursable from or to the other organization resulting in an amount due to/from the organizations.

At June 30, 2016 and 2015, the Alliance owed the Foundation \$6,891 and \$12,388, respectively, which is included on the accompanying statements of financial position.

## **ACCOUNTING & FINANCIAL WOMEN'S ALLIANCE**

### **NOTES TO FINANCIAL STATEMENTS**

June 30, 2016 and 2015

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#### **NOTE 5 – MANAGEMENT FEES**

Effective, March 1, 2014, the Alliance has entered into an agreement with Associations International, LLC for management services, office space, and equipment usage. Per terms of this agreement, monthly management fees are \$30,000, of which the Foundation has agreed to pay \$600 with the Alliance paying the remaining \$29,400. The initial term of the agreement is for forty months through June 30, 2017, and shall automatically renew for successive three year terms unless terminated by either party. Effective July 1, 2015, per mutual agreement, the monthly fee has been reduced to \$22,917. The Foundation's share of the new monthly fee is \$458 and the Alliance's share is \$22,459. For the years ended June 30, 2016 and 2015, the Alliance's management fee expense totaled \$269,504 and \$352,800, respectively. Management fees are allocated amongst the programs and supporting services benefited in the accompanying statements of activities.

Additionally, the management contract calls for incentive fees based on certain measurable outcomes and milestones. Incentive fees for the years ended June 30, 2016 and 2015 totaled \$7,119 and 4,288, respectively.

#### **NOTE 6 – COMMITMENTS**

The Alliance has contracts with various hotels and convention centers for future annual conferences. In the event that the Alliance cancels, it can be held liable for liquidated damages incurred by the hotels and convention centers as calculated in accordance with the terms of the agreements, less any insurance proceeds.

#### **NOTE 7 – CHAPTERS**

The Alliance has approximately 70 local Chapters. The Alliance has no ownership or voting interest in these local Chapters, but does exercise control over various Chapter activities through affiliation agreements and by mutual provisions within the respective by-laws. The Alliance also provides general oversight of the local Chapters, which remit a portion of their membership dues to the Alliance. The Chapters are subordinate organizations under the Alliance's group exemption ruling with the Internal Revenue Service. Summarized financial information for the Chapters is not presented herein due to immateriality.

#### **NOTE 8 – FUNCTIONAL ALLOCATION OF EXPENSES**

In order to better determine the actual cost of the organization's programs and services, management fees are allocated to program and supporting services based on percentages determined from management's estimates of activities and services provided.

# ACCOUNTING & FINANCIAL WOMEN'S ALLIANCE

## NOTES TO FINANCIAL STATEMENTS

June 30, 2016 and 2015

### NOTE 8 – FUNCTIONAL ALLOCATION OF EXPENSES (continued)

The management fee for 2016 is allocated as follows:

	Direct Costs	Management Fee	Allocation %	Total
Program Services				
Annual Conference	\$ 122,465	\$ 67,376	25%	\$ 189,841
Publications & Website	10,015	37,731	14%	47,746
Chapter & Foundation support	-	45,816	17%	45,816
Products	-	5,390	2%	5,390
Total Program Services	<u>132,480</u>	<u>156,313</u>	<u>58%</u>	<u>288,793</u>
Supporting Services				
Membership services	5,898	40,426	15%	46,324
Fundraising	-	26,950	10%	26,950
Leadership	20,859	21,560	8%	42,419
Management & general	<u>30,212</u>	<u>24,255</u>	<u>9%</u>	<u>54,467</u>
Total Supporting Services	<u>56,969</u>	<u>113,191</u>	<u>42%</u>	<u>170,160</u>
Total Expenses	<u>\$ 189,449</u>	<u>\$ 269,504</u>	<u>100%</u>	<u>\$ 458,953</u>

The management fee for 2015 is allocated as follows:

	Direct Costs	Management Fee	Allocation %	Total
Program Services				
Annual Conference	\$ 138,121	\$ 88,200	25%	\$ 226,321
Publications & Website	11,776	49,392	14%	61,168
Chapter & Foundation support	(362)	59,976	17%	59,614
Products	-	7,056	2%	7,056
Total Program Services	<u>149,535</u>	<u>204,624</u>	<u>58%</u>	<u>354,159</u>
Supporting Services				
Membership services	7,654	52,920	15%	60,574
Fundraising	-	35,280	10%	35,280
Leadership	27,061	28,224	8%	55,285
Management & general	<u>38,551</u>	<u>31,752</u>	<u>9%</u>	<u>70,303</u>
Total Supporting Services	<u>73,266</u>	<u>148,176</u>	<u>42%</u>	<u>221,442</u>
Total Expenses	<u>\$ 222,801</u>	<u>\$ 352,800</u>	<u>100%</u>	<u>\$ 575,601</u>