

**ACCOUNTING & FINANCIAL
WOMEN'S ALLIANCE**

**FINANCIAL STATEMENTS
JUNE 30, 2019 and 2018**

CONTENTS

Independent Auditors' Report	1
Financial Statements	
Statements of Financial Position.....	2
Statements of Activities.....	3
Statements of Cash Flows	4
Notes to Financial Statements	5-11



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, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2019 and 2018, 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.

Auditors' 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 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 auditors' 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 the Accounting & Financial Women's Alliance as of June 30, 2019 and 2018, 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.

RFH
RFH, PLLC
Lexington, Kentucky
October 31, 2019

ACCOUNTING & FINANCIAL WOMEN'S ALLIANCE
STATEMENTS OF FINANCIAL POSITION

June 30,

ASSETS	2019	2018
Current assets		
Cash and cash equivalents	\$ 39,414	\$ 34,274
Accounts receivable	6,153	7,177
Investments	139,684	130,540
Prepaid expenses	<u>33,574</u>	<u>17,740</u>
Total current assets	218,825	189,731
Website development costs, net of accumulated amortization of \$4,025 for 2019 and \$2,093 for 2018	<u>1,775</u>	<u>3,707</u>
Total assets	<u>\$ 220,600</u>	<u>\$ 193,438</u>
 LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 534	\$ 1,033
Accrued expenses	135,298	146,988
Deferred revenue	240,575	186,997
Due to Foundation	<u>1,186</u>	<u>10,893</u>
Total current liabilities	<u>377,593</u>	<u>345,911</u>
Total liabilities	377,593	345,911
Net assets		
Net (deficit) without donor restrictions	<u>(156,993)</u>	<u>(152,473)</u>
Total liabilities and net assets	<u>\$ 220,600</u>	<u>\$ 193,438</u>

The accompanying notes are an integral
part of the financial statements.

ACCOUNTING & FINANCIAL WOMEN'S ALLIANCE
STATEMENTS OF ACTIVITIES
for the years ended
June 30,

NET ASSETS WITHOUT DONOR RESTRICTIONS	2019	2018
Revenues from continuing operations		
Membership dues	\$ 221,487	\$ 236,814
Annual conference	137,610	131,550
Advertising	17,546	17,856
Contributions	13,517	3,800
Investment income	9,145	11,015
Product sales	1,164	440
Royalties	<u>1,501</u>	<u>590</u>
Total revenues from continuing operations	<u>401,970</u>	<u>402,065</u>
Expenses		
Annual conference	191,356	182,464
Publications and website	18,591	44,806
Chapter and Foundation support	52,495	47,217
Products	<u>2,625</u>	<u>2,623</u>
Total program expenses	<u>265,067</u>	<u>277,110</u>
Membership services	57,411	48,383
Fundraising	20,998	20,985
Leadership	39,535	42,568
Management and general	<u>61,135</u>	<u>62,642</u>
Total support expenses	<u>179,079</u>	<u>174,578</u>
Total expenses	<u>444,146</u>	<u>451,688</u>
Income before unusual item	<u>(42,176)</u>	<u>(49,623)</u>
Unusual item		
Chapter reactivation funds	<u>37,656</u>	<u>-</u>
CHANGE IN NET ASSETS	(4,520)	(49,623)
Net (deficit) at the beginning of the year	<u>(152,473)</u>	<u>(102,850)</u>
NET (DEFICIT) AT THE END OF THE YEAR	<u>\$ (156,993)</u>	<u>\$ (152,473)</u>

The accompanying notes are an integral
part of the financial statements.

ACCOUNTING & FINANCIAL WOMEN'S ALLIANCE
STATEMENTS OF CASH FLOWS
for the years ended June 30,

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (4,520)	\$ (49,623)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Amortization	1,932	1,932
Net unrealized (gain) loss on investments	(1,468)	(4,485)
Decrease (increase) in operating assets:		
Accounts receivable	1,024	(125)
Prepaid expenses	(15,834)	(4,736)
Increase (decrease) in operating liabilities:		
Accounts payable	(499)	16
Accrued expenses	(11,690)	70,150
Deferred revenue	53,578	(39,301)
Due to Foundation	<u>(9,707)</u>	<u>6,405</u>
Net cash provided by (used in) operating activities	<u>12,816</u>	<u>(19,767)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment interest and dividend income reinvested	<u>(7,676)</u>	<u>(6,530)</u>
Net cash provided by (used in) investing activities	<u>(7,676)</u>	<u>(6,530)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	5,140	(26,297)
Cash and cash equivalents at the beginning of the year	<u>34,274</u>	<u>60,571</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 39,414</u>	<u>\$ 34,274</u>

The accompanying notes are an integral part of the financial statements.

ACCOUNTING & FINANCIAL WOMEN'S ALLIANCE
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 and 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES 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 all accounting and finance fields to achieve their full potential and to contribute to their profession.

New Accounting Pronouncement

On August 18, 2016, the FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. The Organization has adjusted the presentation of its financial statements, accordingly, applying the changes retrospectively to the comparative period presented. The new standards change the following aspects of the Organization's financial statements:

- The unrestricted net asset class has been renamed net assets without donor restrictions.
- The temporarily restricted and permanently restricted net asset classes have been combined into a single net asset class called net assets with donor restrictions.
- The financial statements include a new disclosure about liquidity and availability of resources (Note 3).

The changes have the following effect on net assets at June 30, 2018:

Net Asset Class	As Originally Presented	After Adoption of ASU 2016-14
Unrestricted net assets	\$ (152,473)	\$ -
Net assets without donor restrictions	<u>-</u>	<u>(152,473)</u>
Total net assets	<u>\$ (152,473)</u>	<u>\$ (152,473)</u>

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 held in bank deposit accounts with initial maturities of three months or less to be cash equivalents.

Investments

Investments consist of mutual funds and money market funds that 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, 2019 and 2018. No allowance for doubtful accounts is recorded, as management believes that all accounts receivable are fully collectible.

ACCOUNTING & FINANCIAL WOMEN'S ALLIANCE
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 and 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Website Development Costs

Website development costs have been capitalized and are being amortized over three years using the straight-line method. Amortization expense was \$1,932 for the years ended June 30, 2019 and 2018, respectively.

Income Taxes

The Alliance is exempt from the payment of taxes on income other than net unrelated business income under Section 501(c)(6) of the Internal Revenue Code. No provisions for income tax are required for the years ended June 30, 2019 and 2018, as there was no net unrelated business taxable income. The Alliance is not a private foundation.

The Association is no longer subject to U.S. federal income tax examinations by tax authorities for years before June 30, 2016. 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 provisions.

Net assets without donor restrictions

Net assets without donor restrictions encompass the portion of net assets that are not subject to donor-imposed restrictions and are available for support of the Alliance's operations. The net asset deficits at June 30, 2019 and 2018, were \$(156,993) and \$(152,473), respectively.

Net assets with donor restrictions

Net assets with donor restrictions are the net assets resulting from contributions and other inflows whose use by the Alliance is limited by donor-imposed stipulations. Such stipulations are either temporary in nature, such as those that will be met by the passage of time or other events specified by the donor, or the stipulations are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. There were no net assets with donor restrictions at June 30, 2019 and 2018.

Revenue Recognition

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 net assets with donor restrictions 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, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

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 statement of financial position, and amounts to \$168,672 and \$175,093 at June 30, 2019 and 2018, 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 statement of financial position, and amounts to \$65,070 and \$9,154 at June 30, 2019 and 2018, respectively.

Corporate sponsor revenue is recognized in the applicable period. Amounts received in advance are included in deferred revenue in the accompanying statement of financial position, and amounts to \$6,833 and \$2,750 at June 30, 2019 and 2018, respectively.

ACCOUNTING & FINANCIAL WOMEN'S ALLIANCE
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 and 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Donated Services

A significant amount of donated services is 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 the donated services do not meet the criteria required for recognition of revenue.

Functional Allocation of Expenses

The costs of providing various program services and other activities have been summarized on a functional basis in the statement 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.

Subsequent Events

The Association evaluated the accompanying financial statements for subsequent events and transactions through October 31, 2019, the date these financial statements were available for issue and have determined that no material subsequent events have occurred that would affect the information presented in the accompanying financial statements or require additional disclosure. Subsequent events past this date, as they pertain to the period ended June 30, 2019, have not been evaluated by the Alliance.

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, 2019 and 2018.

The Alliance also maintains investments with a financial institution amounting to \$139,684 and \$130,540 at June 30, 2019 and 2018, 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.

3. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Alliance has not adopted a formal liquidity management plan. The Alliance continually reviews its financial assets and assesses if these financial assets are sufficient to meet cash needs for general expenditures. The Alliance's financial assets for this purpose include cash and cash equivalents, accounts and other receivables, investments, and beneficial interests in trusts. As of June 30, 2019 and 2018, the Alliance's financial assets available to meet cash needs for general expenditures within one year are \$185,251 and \$171,991, respectively.

ACCOUNTING & FINANCIAL WOMEN'S ALLIANCE
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 and 2018

4. INVESTMENTS

Investments consist of various mutual funds and are presented in the aggregate at their fair market value as of June 30, 2019 and 2018 as follows:

	Cost	Fair Value	Unrealized Gain
2019	<u>\$ 103,826</u>	<u>\$ 139,684</u>	<u>\$ 35,858</u>
2018	<u>\$ 96,150</u>	<u>\$ 130,540</u>	<u>\$ 34,390</u>

Financial Accounting Standards Board (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 consists 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, 2019 and 2018, the Alliance's investments are all valued using Level 1 inputs.

Investment income consists of the following for the years ended June 30, 2019 and 2018:

	2019	2018
Interest and dividends	\$ 7,676	\$ 6,530
Net unrealized gains (losses) on investments	<u>1,469</u>	<u>4,485</u>
Total investment income	<u>\$ 9,145</u>	<u>\$ 11,015</u>

5. RELATED PARTIES

Foundation of Accounting and Financial Women's Alliance

The Foundation of Accounting and 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 have control of 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 the Alliance and deposited to Alliance accounts which may result in the Alliance owing funds to the Foundation. Additionally, certain costs are shared and paid by the Alliance or the Foundation but are reimbursable from or to the other organization resulting in an amount due to/from the organizations.

At June 30, 2019 and 2018, the Alliance owed the Foundation \$1,186 and \$10,893, respectively, which is included on the accompanying statement of financial position.

ACCOUNTING & FINANCIAL WOMEN'S ALLIANCE
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 and 2018

5. RELATED PARTIES (CONTINUED)

Local chapters

The Alliance has approximately 57 local chapters. The Alliance has no ownership or voting interest in these local chapters and does not exercise control over the chapters through other means. The Alliance provides general oversight of the local chapters. The chapters are subordinate organizations under the Alliance's group exemption ruling with the Internal Revenue Service (IRS). When a local chapter ceases operations, it remits funds to the Alliance where they are held for a period of three years as a liability. If the local chapter does not resume operations within the three-year period, the funds, that are not restricted for scholarships, are absorbed by the Alliance and recorded as a revenue. Funds, that are restricted for scholarships, are absorbed by the Foundation. Chapter reactivation funds held by the Alliance totaled \$47,671 and \$81,390 as of June 30, 2019 and 2018, respectively. The Alliance also occasionally collects dues that are payable to local chapters. The balance of chapter dues payable totaled \$8,713 and \$19,563 as of June 30, 2019 and 2018, respectively.

6. MANAGEMENT FEES

Effective, March 1, 2014, the Alliance entered into an agreement with Associations International, LLC for management services, office space, and equipment usage. Per initial terms of this agreement, monthly management fees were \$30,000, of which the Foundation agreed to pay \$600 with the Alliance paying the remaining \$29,400. The initial term of the agreement was for forty months through June 30, 2017. Effective July 1, 2015, per mutual agreement, the monthly fee was reduced to \$22,917. The Foundation's share of the new monthly fee was \$458, and the Alliance's share was \$22,459. Effective July 1, 2016, per mutual agreement, the monthly fee was reduced to \$23,146. The Foundation's share of the new monthly fee is \$605, and the Alliance's share is \$22,683. Effective August 1, 2018, per mutual agreement, the monthly fee was decreased to \$23,083. The Foundation's share of the monthly fee increased to \$1,210 effective July 1, 2018, while the Alliance's share decreased to \$21,873 effective August 1, 2018. During 2019, the agreement was extended through June 30, 2025 with reductions in the monthly fee for fiscal years 2020 and 2021.

For the years ended June 30, 2019 and 2018, the Alliance's management fee expensed totaled \$262,476 and \$262,318, respectively. Management fees are allocated amongst the programs and supporting services benefited in the accompanying statement 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, 2019 and 2018 totaled \$6,036 and \$10,372, respectively.

7. 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. As of June 30, 2019, potential cancellation fees for future events totaled approximately \$40,215.

ACCOUNTING & FINANCIAL WOMEN'S ALLIANCE
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 and 2018

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.

The management fee for the year ended June 30, 2019 is allocated as follows:

	Direct Costs	Management Fee	Allocation Percentage	Total
Program services				
Annual conference	\$ 125,737	\$ 65,619	25%	\$ 191,356
Publications and website	5,467	13,124	5%	18,591
Chapter and foundation support	-	52,495	20%	52,495
Products	-	2,625	1%	2,625
Total program services	<u>131,204</u>	<u>133,863</u>	<u>51%</u>	<u>265,067</u>
Supporting services				
Membership services	7,541	49,870	19%	57,411
Fundraising	-	20,998	8%	20,998
Leadership	10,663	28,872	11%	39,535
Management and general	<u>32,263</u>	<u>28,872</u>	<u>11%</u>	<u>61,135</u>
Total supporting services	<u>50,467</u>	<u>128,612</u>	<u>49%</u>	<u>179,079</u>
Total expenses	<u>\$ 181,671</u>	<u>\$ 262,475</u>	<u>100%</u>	<u>\$ 444,146</u>

The management fee for the year ended June 30, 2018 is allocated as follows:

	Direct Costs	Management Fee	Allocation Percentage	Total
Program services				
Annual conference	\$ 122,131	\$ 60,333	23%	\$ 182,464
Publications and website	2,835	41,971	16%	44,806
Chapter and foundation support	-	47,217	18%	47,217
Products	-	2,623	1%	2,623
Total program services	<u>124,966</u>	<u>152,144</u>	<u>58%</u>	<u>277,110</u>
Supporting services				
Membership services	6,412	41,971	16%	48,383
Fundraising	-	20,985	8%	20,985
Leadership	18,959	23,609	9%	42,568
Management and general	<u>39,033</u>	<u>23,609</u>	<u>9%</u>	<u>62,642</u>
Total supporting services	<u>64,404</u>	<u>110,174</u>	<u>42%</u>	<u>174,578</u>
Total expenses	<u>\$ 189,370</u>	<u>\$ 262,318</u>	<u>100%</u>	<u>\$ 451,688</u>

ACCOUNTING & FINANCIAL WOMEN'S ALLIANCE
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 and 2018

9. UNUSUAL ITEM

Chapter Reactivation Funds

Chapter reactivation fund revenue is derived from local chapters who close. All money left in a closed chapter's bank account is placed in an accrued liability account called Liability – Chapter Reactivation Funds. If the chapter reactivates, within three years, the funds are transferred back into that chapter's bank account. After three years of inactivity the funds are given to the Alliance, if not restricted for scholarships. For the year ending June 30, 2019 and 2018, the Alliance recognized \$37,656 and \$0, respectively, in chapter reactivation funds.