

**THE FOUNDATION OF ACCOUNTING AND
FINANCIAL WOMEN'S ALLIANCE**

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

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
The Foundation of Accounting and Financial Women's Alliance
Lexington, Kentucky

We have audited the accompanying financial statements of The Foundation of Accounting and Financial Women's Alliance (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 Foundation of Accounting and 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.

A stylized, handwritten-style logo for RFH.

RFH, PLLC
Lexington, Kentucky
October 31, 2019

THE FOUNDATION OF ACCOUNTING AND FINANCIAL WOMEN'S ALLIANCE
STATEMENTS OF FINANCIAL POSITION
June 30,

ASSETS	2019	2018
Current assets		
Cash and cash equivalents	\$ 16,170	\$ 23,782
Investments	107,277	92,863
Prepaid expenses	8,134	303
Due from AFWA	<u>1,186</u>	<u>10,893</u>
Total current assets	<u>132,767</u>	<u>127,841</u>
Total assets	<u>\$ 132,767</u>	<u>\$ 127,841</u>
 LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued expenses	<u>\$ 596</u>	<u>\$ 629</u>
Total current liabilities	<u>596</u>	<u>629</u>
Total liabilities	<u>596</u>	<u>629</u>
Net assets		
Without donor restrictions	124,837	121,358
With donor restrictions	<u>7,334</u>	<u>5,854</u>
Total net assets	<u>132,171</u>	<u>127,212</u>
Total liabilities and net assets	<u>\$ 132,767</u>	<u>\$ 127,841</u>

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

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

NET ASSETS WITHOUT DONOR RESTRICTIONS	2019	2018
Revenues		
Contributions	\$ 14,169	\$ 31,651
Special events	42,153	31,879
In-kind contributions	16,553	15,354
Investment income	<u>1,447</u>	<u>1,429</u>
Total unrestricted revenue, gains, and other support	74,322	80,313
Net assets released from restrictions	<u>29,019</u>	<u>19,135</u>
Total unrestricted revenues, gains, and other support	<u>103,341</u>	<u>99,448</u>
Expenses		
Program services:		
Scholarships	50,802	39,362
In-kind donated goods	<u>16,843</u>	<u>15,552</u>
Total program service expenses	<u>67,645</u>	<u>54,914</u>
Supporting services:		
Fundraising	15,079	10,295
Management and general	8,326	5,755
Leadership	5,909	3,963
Communications	<u>2,903</u>	<u>3,505</u>
Total supporting service expenses	<u>32,217</u>	<u>23,518</u>
Total expenses and losses	<u>99,862</u>	<u>78,432</u>
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	3,479	21,016
NET ASSETS WITH DONOR RESTRICTIONS		
Scholarship contributions	30,499	3,905
Disaster relief contributions	-	100.00
Net assets released from restriction	<u>(29,019)</u>	<u>(19,135)</u>
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS	<u>1,480</u>	<u>(15,130)</u>
CHANGE IN TOTAL NET ASSETS	4,959	5,886
Net assets at the beginning of the year	<u>127,212</u>	<u>121,326</u>
NET ASSETS AT THE END OF THE YEAR	<u>\$ 132,171</u>	<u>\$ 127,212</u>

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

THE FOUNDATION OF ACCOUNTING AND 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	\$ 4,959	\$ 5,886
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Unrealized (gain) loss on investments	(17)	(195)
Decrease (increase) in operating assets:		
Scholarships receivable	-	15,135
Prepaid expenses	(7,831)	(205)
Due from AFWA	9,707	(6,405)
Increase (decrease) in operating liabilities:		
Accounts payable	<u>(33)</u>	<u>(207)</u>
Net cash provided by (used in) operating activities	<u>6,785</u>	<u>14,009</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividends and capital gain distributions reinvested	(1,430)	(1,234)
Net deposits to investments	<u>(12,967)</u>	<u>(6,699)</u>
Net cash provided by (used in) investing activities	<u>(14,397)</u>	<u>(7,933)</u>
NET INCREASE (DECREASE) IN CASH	(7,612)	6,076
Cash at the beginning of the year	<u>23,782</u>	<u>17,706</u>
CASH AT THE END OF THE YEAR	<u><u>\$ 16,170</u></u>	<u><u>\$ 23,782</u></u>

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

THE FOUNDATION OF ACCOUNTING AND FINANCIAL WOMEN'S ALLIANCE
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 and 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES

Nature of Organization

The Foundation of Accounting and Financial Women's Alliance ("the Foundation") is a nonprofit organization, incorporated in the District of Columbia. The Foundation exists to provide scholarships, promote and advance education, career development and leadership in finance and accounting.

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 5).
- The financial statements include a new disclosure that encompasses statements of functional expenses for the years ended June 30, 2019 and 2018.

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	\$ 121,358	\$ -
Temporarily restricted net assets	5,854	-
Net assets without donor restrictions	-	121,358
Net assets with donor restrictions	<u>-</u>	<u>5,854</u>
Total net assets	<u>\$ 127,212</u>	<u>\$ 127,212</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-profits organizations.

Cash

Cash consists of amounts held in bank deposit accounts. Bank balances at June 30, 2019 and 2018, were fully covered by federal depository insurance.

Investments

Investments consist of mutual funds and cash equivalents held in investment accounts and are recorded at fair market value. Unrealized gains and losses are included in investment income as increases/decreases in unrestricted net assets on the statement of activities.

THE FOUNDATION OF ACCOUNTING AND FINANCIAL WOMEN'S ALLIANCE
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 and 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The Foundation is recognized as a tax-exempt organization under IRC Section 501(c)(3) 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, 2019 and 2018, as the Foundation had no net unrelated business income. Contributions to the Foundation are deductible as provided in IRC Section 170(b)(1)(A)(vi).

The Foundation files IRS Form 990 annually. The return for the years ended June 30, 2016 through 2019 remain open to potential examination by the IRS. Management is not aware of any significant uncertain tax positions that may not be allowed. Therefore, no adjustment to these financial statements have been included for uncertain tax positions.

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 Foundation's operations. The net assets at June 30, 2019 and 2018, were \$124,837 and \$121,358, 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 Foundation 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. Net assets with donor restrictions at June 30, 2019 and 2018, were \$7,334 and \$5,854, respectively.

Revenue Recognition

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. The Foundation reports contributions and sponsorships 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 statements of activities as net assets released from restrictions. As permitted, restricted contributions whose restrictions are met in the same fiscal year are treated as unrestricted, including donations restricted for scholarships that the Foundation grants in the same fiscal year.

Revenue from all other sources is recognized when earned.

In-kind Contributions

Donated goods are included as in-kind contributions on the accompanying statement of activities at their estimated fair value at the date of receipt, which was \$16,553 and \$15,354 for the years ended June 30, 2019 and 2018, respectively. These contributions consist primarily of silent auction and raffle items, and other programmatic resources.

THE FOUNDATION OF ACCOUNTING AND FINANCIAL WOMEN'S ALLIANCE
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 and 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expense

The costs of providing the 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 certain reported amounts and disclosures of contingent assets and liabilities as of 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 Foundation 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 Foundation.

2. MANAGEMENT FEES

The Foundation has contracted for management services, headquarters office space, and equipment usage. For the years ended June 30, 2019 and 2018, management fees were \$14,520 and \$9,876, which are included in management and general expenses on the accompanying Statement of Activities.

3. RELATED PARTIES

The Accounting and Financial Women's Alliance ("AFWA") is a related organization exempt from income taxes under Section 501(c)(6) of the Internal Revenue code (IRC). The AFWA 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 include only the activities of the Foundation.

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, 2019 and 2018, there are receivables from AFWA of \$1,186 and \$10,893, respectively. These amounts are included on the accompanying statement of financial position.

THE FOUNDATION OF ACCOUNTING AND FINANCIAL WOMEN'S ALLIANCE
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 and 2018

4. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Foundation has not adopted a formal liquidity management plan. The Foundation continually reviews its financial assets and assesses if these financial assets are sufficient to meet cash needs for general expenditures. The Foundation'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 Foundation's financial assets available to meet cash needs for general expenditures within one year are as follows:

	2019	2018
Financial assets at year end	\$ 123,447	\$ 116,645
Less those unavailable for general expenditures Within one year, due to:		
Restricted by donor with time or purpose restrictions	<u>(7,334)</u>	<u>(5,854)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 116,113</u>	<u>\$ 110,791</u>

5. INVESTMENTS

Investments consist of mutual funds and cash equivalents 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>\$ 107,705</u>	<u>\$ 107,277</u>	<u>\$ (428)</u>
2018	<u>\$ 93,317</u>	<u>\$ 92,863</u>	<u>\$ 454</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 Foundation uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Foundation 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 Foundation'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	\$ 1,430	\$ 1,234
Net unrealized gains (losses) on investment	<u>17</u>	<u>195</u>
Total investment income	<u>\$ 1,447</u>	<u>\$ 1,429</u>

THE FOUNDATION OF ACCOUNTING AND FINANCIAL WOMEN'S ALLIANCE
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 and 2018

6. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were available for the following programs at June 30, 2019 and 2018:

	2019	2018
Programs restricted:		
Scholarships	\$ 7,334	\$ 5,854
Professional review courses	<u>-</u>	<u>-</u>
Total net assets with donor restrictions	<u>\$ 7,334</u>	<u>\$ 5,854</u>

7. 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				
Scholarships	\$ 48,188	\$ 2,614	18%	\$ 50,802
In kind donations expenses	<u>16,553</u>	<u>290</u>	<u>2%</u>	<u>16,843</u>
Total program services	<u>64,741</u>	<u>2,904</u>	<u>20%</u>	<u>67,645</u>
Supporting services				
Fundraising	9,271	5,808	40%	15,079
Management and general	5,422	2,904	20%	8,326
Leadership	3,731	2,178	15%	5,909
Communications	<u>2,177</u>	<u>726</u>	<u>5%</u>	<u>2,903</u>
Total supporting services	<u>20,601</u>	<u>11,616</u>	<u>80%</u>	<u>32,217</u>
Total expenses	<u>\$ 85,342</u>	<u>\$ 14,520</u>	<u>100%</u>	<u>\$ 99,862</u>

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

	Direct Costs	Management Fee	Allocation Percentage	Total
Program services				
Scholarships	\$ 37,584	\$ 1,778	18%	\$ 39,362
In kind donations expenses	<u>15,354</u>	<u>198</u>	<u>2%</u>	<u>15,552</u>
Total program services	<u>52,938</u>	<u>1,976</u>	<u>20%</u>	<u>54,914</u>
Supporting services				
Fundraising	6,345	3,950	40%	10,295
Management and general	3,780	1,975	20%	5,755
Leadership	2,482	1,481	15%	3,963
Communications	<u>3,011</u>	<u>494</u>	<u>5%</u>	<u>3,505</u>
Total supporting services	<u>15,618</u>	<u>7,900</u>	<u>80%</u>	<u>23,518</u>
Total expenses	<u>\$ 68,556</u>	<u>\$ 9,876</u>	<u>100%</u>	<u>\$ 78,432</u>

THE FOUNDATION OF ACCOUNTING AND FINANCIAL WOMEN'S ALLIANCE
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 and 2018

8. RECLASSIFICATIONS

Certain reclassifications have been made to the 2018 financials statement presentation to correspond to the current year's format. Net assets and changes in net assets are unchanged due to these reclassifications.