

WASHINGTON WOMEN'S FOUNDATION

FINANCIAL STATEMENTS
With Independent Auditor's Report

YEARS ENDED DECEMBER 31, 2014 AND 2013



WASHINGTON
WOMEN'S
FOUNDATION

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FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2014 AND 2013

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INDEPENDENT AUDITOR'S REPORT

May 26, 2015

Board of Directors
Washington Women's Foundation
Seattle, Washington

We have audited the accompanying financial statements of Washington Women's Foundation (a nonprofit corporation), which comprise the statements of financial position as of December 31, 2014 and 2013, and the related statements of activities, functional expenses, 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 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 in the first paragraph of this letter present fairly, in all material respects, the financial position of Washington Women's Foundation as of December 31, 2014 and 2013, 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.

Jacobson Jarvis & Co, PLLC

Jacobson Jarvis & Co, PLLC

WASHINGTON WOMEN'S FOUNDATION

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
<u>ASSETS</u>		
Current Assets		
Cash and cash equivalents	\$ 1,186,221	\$ 1,254,157
Prepaid expenses	2,319	2,000
	<u>1,188,540</u>	<u>1,256,157</u>
Copyright, net of amortization	3,946	7,854
Reserve Investments	284,469	302,155
Endowment Investments	<u>3,573,658</u>	<u>3,498,585</u>
	<u>\$ 5,050,613</u>	<u>\$ 5,064,751</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities		
Current portion of grants payable to others	\$ 289,999	\$ 245,000
Accounts payable	4,546	4,738
Accrued expenses	20,598	23,918
Deferred revenue	<u>14,000</u>	<u>3,500</u>
	<u>329,143</u>	<u>277,156</u>
Grants Payable to Others - long term	<u>33,333</u>	<u>91,666</u>
	<u>362,476</u>	<u>368,822</u>
Net Assets		
Unrestricted	223,689	335,103
Board designated reserve fund	280,000	250,000
Board designated quasi-endowment	<u>517,597</u>	<u>505,256</u>
	<u>1,021,286</u>	<u>1,090,359</u>
Temporarily restricted	1,106,953	1,076,190
Permanently restricted - endowment	<u>2,559,898</u>	<u>2,529,380</u>
	<u>4,688,137</u>	<u>4,695,929</u>
	<u>\$ 5,050,613</u>	<u>\$ 5,064,751</u>

WASHINGTON WOMEN'S FOUNDATION

STATEMENTS OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2014 AND 2013

	2014				2013			
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Operating Activities								
Public support and revenue								
Grant contributions	\$ -	\$ 947,467	\$ -	\$ 947,467	\$ -	\$ 938,214	\$ -	\$ 938,214
Contributions	319,522	23,457	-	342,979	319,748	16,982	-	336,730
Endowment earnings transferred from non-operating	104,427			104,427	99,127			99,127
Event sponsorships	42,750			42,750	45,250			45,250
Investment interest	3,209			3,209	3,404			3,404
Other revenue	4,831			4,831	8,315			8,315
Net assets released from time restrictions	29,482	(29,482)		-	26,051	(26,051)		-
Net assets released from purpose restrictions	923,096	(923,096)		-	942,150	(942,150)		-
Total Public Support, Revenue, and Other Support	1,427,317	18,346	-	1,445,663	1,444,045	(13,005)	-	1,431,040
Expenses								
Program services	1,319,092			1,319,092	1,287,987			1,287,987
Management and general	148,025			148,025	124,454			124,454
Fundraising	42,983			42,983	44,736			44,736
Total Expenses	1,510,100			1,510,100	1,457,177			1,457,177
Change in Net Assets from Operating Activities	(82,783)	18,346	-	(64,437)	(13,132)	(13,005)	-	(26,137)
Non-operating Activities								
Endowment contributions			30,518	30,518			70,916	70,916
Interest and dividends, net of investment fees of \$56,388 and \$52,656, respectively	3,030	12,647		15,677	1,453	7,596		9,049
Transfers to operations - released from time restrictions	(15,076)	(89,351)		(104,427)	(12,833)	(86,294)		(99,127)
Investment gains - realized and unrealized	25,756	89,121		114,877	104,371	357,560		461,931
Change in Net Assets from Non-operating Activities	13,710	12,417	30,518	56,645	92,991	278,862	70,916	442,769
Total Change in Net Assets	(69,073)	30,763	30,518	(7,792)	79,859	265,857	70,916	416,632
Net Assets - beginning of year	1,090,359	1,076,190	2,529,380	4,695,929	1,010,500	810,333	2,458,464	4,279,297
Net Assets - end of year	<u>\$ 1,021,286</u>	<u>\$ 1,106,953</u>	<u>\$ 2,559,898</u>	<u>\$ 4,688,137</u>	<u>\$ 1,090,359</u>	<u>\$ 1,076,190</u>	<u>\$ 2,529,380</u>	<u>\$ 4,695,929</u>

WASHINGTON WOMEN'S FOUNDATION

STATEMENTS OF FUNCTIONAL EXPENSES

YEARS ENDED DECEMBER 31, 2014 AND 2013

	2014				2013			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Salaries	\$ 226,735	\$ 72,742	\$ 26,587	\$ 326,064	\$ 219,629	\$ 63,170	\$ 28,559	\$ 311,358
Payroll taxes	18,672	5,965	2,176	26,813	18,047	5,160	2,331	25,538
Employee benefits	24,652	5,775	2,261	32,688	26,125	5,603	3,211	34,939
Total Salaries and Related Expenses	270,059	84,482	31,024	385,565	263,801	73,933	34,101	371,835
Grants to others	910,500	-	-	910,500	914,150	-	-	914,150
Office operation expenses	100,184	24,035	8,286	132,505	88,815	20,874	10,160	119,849
Professional services	35,502	38,737	3,383	77,622	17,313	29,647	475	47,435
Amortization	2,847	771	290	3,908	3,908	-	-	3,908
Total Expenses	<u>\$ 1,319,092</u>	<u>\$ 148,025</u>	<u>\$ 42,983</u>	<u>\$ 1,510,100</u>	<u>\$ 1,287,987</u>	<u>\$ 124,454</u>	<u>\$ 44,736</u>	<u>\$ 1,457,177</u>

WASHINGTON WOMEN'S FOUNDATION

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
Cash Flows from Operating Activities		
Change in net assets	\$ (7,792)	\$ 416,632
Adjustments to reconcile change in net assets to net cash used by operating activities		
Amortization	3,908	3,908
Gain on marketable securities	(114,877)	(461,931)
Reinvested earnings, net	(15,677)	(9,049)
Public support restricted to endowment	(30,518)	(70,916)
Decrease (increase) in		
Promises to give	-	3,107
Prepaid expenses	(319)	1,850
(Decrease) increase in		
Grants payable to others	(13,334)	22,999
Accounts payable	(192)	1,858
Accrued expenses	(3,320)	5,395
Deferred revenue	<u>10,500</u>	<u>3,500</u>
Net Cash Used by Operating Activities	<u>(171,621)</u>	<u>(82,647)</u>
Cash Flows from Investing Activities		
Costs of copyright protections	-	(3,700)
Purchases of marketable securities	(105,500)	(120,917)
Sales of marketable securities	<u>178,667</u>	<u>98,565</u>
Net Cash Provided (Used) by Investing Activities	<u>73,167</u>	<u>(26,052)</u>
Cash Flows Provided by Financing Activities		
Cash received from endowment contributions	<u>30,518</u>	<u>70,916</u>
Change in Cash and Cash Equivalents	(67,936)	(37,783)
Cash and Cash Equivalents - beginning of year	<u>1,254,157</u>	<u>1,291,940</u>
Cash and Cash Equivalents - end of year	<u>\$ 1,186,221</u>	<u>\$ 1,254,157</u>

WASHINGTON WOMEN'S FOUNDATION

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2014 AND 2013

NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Washington Women's Foundation (the Foundation) is a nonprofit corporation whose vision is to change the course of women's philanthropy through the power of collective giving. The Foundation's mission is to educate, inspire and increase the number of women committed to philanthropy in order to strengthen community and demonstrate the impact that can result from informed, focused grant-making. The Washington Women's Foundation was founded in 1995 as a donor education and grant-making nonprofit. Today the Washington Women's Foundation has a membership of about 500 women and has provided \$14,200,000 in grants to the community since its inception nineteen years ago.

In 2014, the Washington Women's Foundation awarded \$500,000 in pooled grant funds to five nonprofits evaluated through a rigorous review process and selected by membership vote. In addition, \$356,500 in individual grants were recommended by its members and distributed to 303 nonprofits. The Foundation hosted 55 educational events attended by hundreds of members and their guests. A professional staff of six employees supported by a member-elected board, nine board and operating committees and more than 200 volunteers conduct the work of the Foundation, organizing the pooled grant selection process, offering educational programs to members and conducting outreach to the nonprofit and philanthropic community.

Basis of presentation

In accordance with financial accounting standards, the organization reports 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. The net assets of the Foundation are classified as follows:

Unrestricted net assets are available without restriction for support of the Foundation's operations.

Temporarily restricted net assets are restricted by the donor to be used for certain purposes or future periods. Temporarily restricted net assets are available as follows:

	<u>2014</u>	<u>2013</u>
Pooled grants	\$ 498,325	\$ 483,196
Individual grants	137,500	123,000
Partner grants	6,906	12,164
Accumulated endowment earnings	418,265	405,848
Donations for future periods	45,957	51,982
	<u>\$ 1,106,953</u>	<u>\$ 1,076,190</u>

WASHINGTON WOMEN'S FOUNDATION

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2014 AND 2013

NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Permanently restricted net assets are endowment gifts given with the intent that the funds be perpetual in nature, and the income may be used for current operations or specific purposes. The Foundation has one permanently restricted fund, the Colleen S. Willoughby Endowment.

Cash and cash equivalents

Cash and cash equivalents represent checking, savings, certificates of deposit, and money market funds held at various regional financial institutions. The Foundation maintains its cash and cash equivalents in bank accounts that may exceed federally insured limits at times during the year. The Foundation has not experienced any losses in these accounts, and management does not believe it is exposed to any significant credit risk.

The Foundation has certificates of deposit, which bear interest ranging from .50% - .80% and have maturities of 18 months, with penalties for early withdrawal. Any penalties for early withdrawal would not have a material effect on the financial statements.

Fair value measurements

In accordance with financial accounting standards, a three-tiered hierarchy of input levels is used for measuring fair value. Financial accounting standards defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Valuation techniques utilized to determine fair value are consistently applied. The three tiers of inputs used for fair value measurements are as follows:

Level 1: Fair values are based on quoted prices in active markets for identical assets and liabilities.

Level 2: Fair values are based on observable inputs and can be corroborated by observable market data for substantially the full term of the assets.

Level 3: Fair values are based on unobservable data and may require significant management judgment or estimation.

Assets and liabilities carried at fair value on a nonrecurring basis using level 2 inputs generally include donated goods, facilities and services. Long-term promises to give are valued on a nonrecurring basis using the net present value of future cash flows discounted at a risk-free rate of return which is a level 3 input.

Investments

Investments are stated at fair value. The Colleen S. Willoughby Endowment Fund and the Washington Women's Foundation Quasi-Endowment Fund are both held at The Seattle Foundation as Designated Funds.

WASHINGTON WOMEN'S FOUNDATION

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2014 AND 2013

NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Promises to give

In accordance with financial accounting standards, unconditional promises to give are recognized as support in the period received. Conditional promises to give are recognized when the conditions on which they depend are substantially met. The Foundation had no conditional promises to give at December 31, 2014 or 2013.

Copyright

In 2013 and 2012, the Foundation capitalized legal costs totaling \$11,762 to obtain copyright protection for its Grants Notebook. The full amount of these costs is being amortized on a straight line basis over three years, beginning in 2013. Amortization expense for 2014 and 2013 was \$3,908 and there was accumulated amortization of \$7,816 as of December 31, 2014.

Property and equipment

Property and equipment are stated at cost or, if donated, at fair value at the date of donation. Property and equipment purchases that exceed \$5,000 are capitalized as assets. Depreciation is provided using the straight-line method over the estimated useful lives of the assets of three years. The sole capitalized assets as of December 31, 2014 and 2013 were the fully-depreciated website and database software with original cost of \$37,738.

Grants payable to others

Grants authorized by the Board of Directors, but unpaid at December 31, 2014, are reported as liabilities and are payable in less than five years.

Operating and non-operating activity

Operating activities include the regular business functions of the Foundation of grant-making, program management, education, member relations, contributions, fundraising, cash management, short-term investing, staff salaries, and office expenses. Non-operating activities include the permanently restricted Colleen S. Willoughby Endowment, the unrestricted Board Designated WWF Quasi-Endowment, and the unrestricted WWF Board Emergency Reserve, all held at The Seattle Foundation, including related contributions, unrealized gains and losses, fees, and interest and dividends.

Restricted and unrestricted support

Support that is restricted by the donor is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When restrictions expire (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 as net assets released from restrictions.

WASHINGTON WOMEN'S FOUNDATION

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2014 AND 2013

NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional allocation of expenses

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

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Federal income taxes

The Internal Revenue Service has recognized the Foundation as exempt from federal income taxes under provision of Section 501(a) of the Internal Revenue Code as an entity described in Section 501(c)(3) and not as a private foundation.

NOTE B - ENDOWMENTS HELD BY THE SEATTLE FOUNDATION

The Washington Women's Foundation's Colleen S. Willoughby Endowment (the Endowment) was established at The Seattle Foundation through a nonprofit endowment agreement (Nonprofit Endowment Agreement) under the name Washington Women's Foundation Designated Endowment Fund in 2005. In 2010, the Washington Women's Foundation Quasi-Endowment (the Quasi-Endowment) was established as a Designated Fund at The Seattle Foundation. The purpose of both funds is to ensure the long-term viability and sustainability of the Washington Women's Foundation.

The Seattle Foundation was established in 1946 and since its formation has managed funds for many nonprofit organizations in the Puget Sound Area. All Washington Women's Foundation Funds are invested by The Seattle Foundation in its Consolidated Fund. As required by financial accounting standards, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. As required by the Uniform Prudent Management of Institutional Funds Act, (UPMIFA), the portion of each donor-restricted endowment fund that is not classified as permanently restricted net assets is classified as temporarily restricted net assets until appropriated for expenditure by the Foundation.

Interpretation of Relevant Law

The Board of Directors of Washington Women's Foundation has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary.

WASHINGTON WOMEN'S FOUNDATION

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2014 AND 2013

NOTE B - ENDOWMENTS HELD BY THE SEATTLE FOUNDATION (Continued)

As a result of the interpretations, the Foundation classifies as permanently restricted net assets the original value of all gifts donated to the permanent endowment. Investment returns on permanently restricted endowments are classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation.

Spending Policy

The Washington Women's Foundation's Endowment Funds are subject to the spending policy of The Seattle Foundation. The Seattle Foundation has a general policy of appropriating for distribution each year 4.5 percent of the Endowment's fair value over the 12 quarters through the calendar year-end preceding the fiscal year in which the distribution is planned. The Washington Women's Foundation has requested that it receive annual disbursements of all available funds under The Seattle Foundation spending policy. During the years ended December 31, 2014 and 2013, The Seattle Foundation distributed \$104,427 and \$99,127, respectively, from the Endowment Funds.

Return Objectives and Risk Parameters

Because the Washington Women's Foundation Endowment Funds are under permanent management at The Seattle Foundation, they have control over the return objectives, risk parameters, investment policy or spending policy for the Endowment Funds. The Seattle Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding while seeking to maintain the purchasing power of endowment assets.

Under this policy, endowment assets are invested in a manner that is intended to produce results that, over time, will provide a real rate of return equal to the spending rate while assuming a reasonable level of investment risk. The Seattle Foundation expects its endowment funds, over time, to provide an average real rate of return of approximately 4.5 percent annually. Currently, the expected nominal rate of return is approximately 8 percent. Actual returns in any given year may vary from these amounts. This is consistent with the Washington Women's Foundation's objective to maintain the purchasing power of the Endowment Funds' assets held in perpetuity.

Strategies Employed for Achieving Objectives

The Seattle Foundation, as noted above, invests the Endowment Funds in its Consolidated Fund in which funds from all donors are commingled in a diversified asset allocation. To satisfy its long-term rate of return objectives, The Seattle Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

The Seattle Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

WASHINGTON WOMEN'S FOUNDATION

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2014 AND 2013

NOTE B - ENDOWMENTS HELD BY THE SEATTLE FOUNDATION (Continued)

Endowment Net Assets by Fund Type as of December 31, 2014:

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	Permanently <u>Restricted</u>	<u>Total</u>
Colleen S. Willoughby Endowment	\$ -	\$ 418,265	\$ 2,559,898	\$ 2,978,163
WWF Quasi Endowment	<u>595,495</u>	<u>-</u>	<u>-</u>	<u>595,495</u>
Total Endowments	<u>\$ 595,495</u>	<u>\$ 418,265</u>	<u>\$ 2,559,898</u>	<u>\$ 3,573,658</u>

Changes in Endowment Net Assets For the Year Ended December 31, 2014:

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	Permanently <u>Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 563,357	\$ 405,848	\$ 2,529,380	\$ 3,498,585
Board Transfer	27,417	-	-	27,417
Contributions	<u>-</u>	<u>-</u>	<u>30,518</u>	<u>30,518</u>
Investment return:				
Investment income	11,015	55,540	-	66,555
Investment fees	(8,515)	(42,893)	-	(51,408)
Net gains	<u>17,297</u>	<u>89,121</u>	<u>-</u>	<u>106,418</u>
Total investment return	19,797	101,768	-	121,565
Appropriation of endowment assets for expenditure*	<u>(15,076)</u>	<u>(89,351)</u>	<u>-</u>	<u>(104,427)</u>
Endowment net assets, end of year	<u>\$ 595,495</u>	<u>\$ 418,265</u>	<u>\$ 2,559,898</u>	<u>\$ 3,573,658</u>

Endowment Net Assets by Fund Type as of December 31, 2013:

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	Permanently <u>Restricted</u>	<u>Total</u>
Colleen S. Willoughby Endowment	\$ -	\$ 405,848	\$ 2,529,380	\$ 2,935,228
WWF Quasi Endowment	<u>563,357</u>	<u>-</u>	<u>-</u>	<u>563,357</u>
Total Endowments	<u>\$ 563,357</u>	<u>\$ 405,848</u>	<u>\$ 2,529,380</u>	<u>\$ 3,498,585</u>

WASHINGTON WOMEN'S FOUNDATION

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2014 AND 2013

NOTE B - ENDOWMENTS HELD BY THE SEATTLE FOUNDATION (Continued)

Changes in Endowment Net Assets For the Year Ended December 31, 2013:

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	Permanently <u>Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 457,217	\$ 126,986	\$ 2,458,464	\$ 3,042,667
Board Transfer	50,000	-	-	50,000
Contributions	-	-	70,916	70,916
Investment return:				
Investment income	8,952	47,760	-	56,712
Investment fees	(7,587)	(40,164)	-	(47,751)
Net gains	67,608	357,560	-	425,168
Total investment return	68,973	365,156	-	434,129
Appropriation of endowment assets for expenditure*	(12,833)	(86,294)	-	(99,127)
Endowment net assets, end of year	<u>\$ 563,357</u>	<u>\$ 405,848</u>	<u>\$ 2,529,380</u>	<u>\$ 3,498,585</u>

*From time to time and under its spending policy, The Seattle Foundation releases and distributes funds to the Washington Women's Foundation for its operations.

NOTE C - FAIR VALUE MEASUREMENTS

The Washington Women's Foundation investments are invested in The Seattle Foundation's Consolidated Fund, but the Washington Women's Foundation does not have a direct claim to a portion of each individual stock, bond, or other investment within the Consolidated Fund.

As of December 31, 2014, the percentage distribution of The Seattle Foundation's Consolidated Fund across the three tiers is:

Level 1:	47%
Level 2:	23%
Level 3:	30%

Because The Seattle Foundation's Consolidated Fund is comprised of many different investments with varying levels of observable inputs, the Washington Women's Foundation cannot directly corroborate the valuation of the entire Consolidated Fund itself.

WASHINGTON WOMEN'S FOUNDATION

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2014 AND 2013

NOTE C - FAIR VALUE MEASUREMENTS (Continued)

Therefore the Washington Women's Foundation investments at The Seattle Foundation are said to be based on Level 3 inputs with activity as follows:

	<u>2014</u>	<u>2013</u>
Fair value - beginning of year	\$ 3,750,107	\$ 3,299,108
Purchases	105,500	78,584
Investment income	72,066	61,705
Investment fees	(56,388)	(52,657)
Distributions	(131,844)	(99,127)
Net gains	<u>115,618</u>	<u>462,494</u>
Fair value - end of year	<u>\$ 3,855,059</u>	<u>\$ 3,750,107</u>

NOTE D - LEASE OBLIGATION

The Foundation leases office space under a non-cancelable operating lease with a term of thirty-six months. The most recent lease renewal began on February 1, 2015. Increase in base rent is 1.5% for each of the periods starting February 1, 2016 and February 1, 2017. The future established minimum payments under this lease for the years ending December 31 are as follows:

2015	\$ 14,754
2016	14,968
2017	15,183
2018	<u>1,267</u>
	<u>\$ 46,172</u>

Rent expense related to this lease was \$14,547 and \$14,332 for the years ended December 31, 2014 and 2013, respectively, and is included in office operation expenses.

NOTE E - RETIREMENT PLAN

In 2012, the Foundation began offering a SEP IRA to employees who have completed one year of service. For the year ended December 31, 2014, the Foundation contributed an amount equal to 3% of each eligible employee's gross wages, a total of \$8,025, to the employees' SEP IRA accounts. For the year ended December 31, 2013, the Foundation contributed an amount equal to 5% of each eligible employee's gross wages, a total of \$15,568, to the employees' SEP IRA accounts.

NOTE F - SUBSEQUENT EVENTS

Management has evaluated events occurring subsequent to December 31, 2014 through May 26, 2015, which is the date the financial statements were available to be issued, and has recognized in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at December 31, 2014, including the estimates inherent in the processing of financial statements.