

WASHINGTON WOMEN'S FOUNDATION

FINANCIAL STATEMENTS  
With Independent Auditor's Report

YEARS ENDED DECEMBER 31, 2017 AND 2016



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WASHINGTON WOMEN'S FOUNDATION

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2017 AND 2016

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INDEPENDENT AUDITOR'S REPORT

May 22, 2018

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, 2017 and 2016, 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, 2017 and 2016, 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, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
<u>ASSETS</u>		
Current Assets		
Cash and cash equivalents	\$ 1,430,037	\$ 1,460,208
Prepaid expenses	2,196	1,250
	<u>1,432,233</u>	<u>1,461,458</u>
Endowment Investments	4,474,437	3,588,311
Property and Equipment, net	<u>52,327</u>	<u>22,720</u>
	<u>\$ 5,958,997</u>	<u>\$ 5,072,489</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities		
Current portion of grants payable to others	\$ 275,333	\$ 155,666
Accounts payable	8,458	26,963
Accrued expenses	23,032	25,867
Deferred revenue	-	11,000
	<u>306,823</u>	<u>219,496</u>
Grants Payable to Others - long term	-	70,333
	<u>306,823</u>	<u>289,829</u>
Net Assets		
Unrestricted	392,207	419,979
Board designated quasi-endowment	<u>1,183,175</u>	<u>604,979</u>
	1,575,382	1,024,958
Temporarily restricted	1,418,414	1,125,529
Permanently restricted - endowment	<u>2,658,378</u>	<u>2,632,173</u>
	<u>5,652,174</u>	<u>4,782,660</u>
Total Liabilities and Net Assets	<u>\$ 5,958,997</u>	<u>\$ 5,072,489</u>

WASHINGTON WOMEN'S FOUNDATION

STATEMENTS OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017				2016			
	<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>
<b>Operating Activities</b>								
Public support, revenue and other support								
Grant contributions	\$ -	\$ 913,017		\$ 913,017	\$ -	\$ 975,053		\$ 975,053
Contributions	790,109	77,600		867,709	366,929	33,500		400,429
Endowment earnings transferred from non-operating	140,586			140,586	120,264			120,264
Event sponsorships	28,750			28,750	45,500			45,500
Investment interest	8,117			8,117	7,057			7,057
Other revenue	19,901			19,901	4,594			4,594
Net assets released from time restrictions	35,500	(35,500)		-	32,500	(32,500)		-
Net assets released from purpose restrictions	940,101	(940,101)		-	918,374	(918,374)		-
<b>Total Public Support, Revenue, and Other Support</b>	<b>1,963,064</b>	<b>15,016</b>		<b>1,978,080</b>	<b>1,495,218</b>	<b>57,679</b>		<b>1,552,897</b>
<b>Expenses</b>								
Program services	1,274,453			1,274,453	1,268,456			1,268,456
Management and general	207,185			207,185	175,179			175,179
Fundraising	23,636			23,636	32,673			32,673
<b>Total Expenses</b>	<b>1,505,274</b>			<b>1,505,274</b>	<b>1,476,308</b>			<b>1,476,308</b>
<b>Change in Net Assets from Operating Activities</b>	<b>457,790</b>	<b>15,016</b>		<b>472,806</b>	<b>18,910</b>	<b>57,679</b>		<b>76,589</b>
<b>Non-operating Activities</b>								
Endowment contributions			\$ 26,205	26,205			\$ 25,350	25,350
Interest and dividends, net of investment fees of \$14,303 and \$56,565, respectively	19,720	60,151		79,871	382	2,985		3,367
Transfers to operations - released from time restrictions	(23,779)	(116,807)		(140,586)	(19,991)	(100,273)		(120,264)
Investment gains - realized and unrealized	96,693	334,525		431,218	34,938	175,973		210,911
<b>Change in Net Assets from Non-operating Activities</b>	<b>92,634</b>	<b>277,869</b>	<b>26,205</b>	<b>396,708</b>	<b>15,329</b>	<b>78,685</b>	<b>25,350</b>	<b>119,364</b>
<b>Total Change in Net Assets</b>	<b>550,424</b>	<b>292,885</b>	<b>26,205</b>	<b>869,514</b>	<b>34,239</b>	<b>136,364</b>	<b>25,350</b>	<b>195,953</b>
Net Assets - beginning of year	1,024,958	1,125,529	2,632,173	4,782,660	990,719	989,165	2,606,823	4,586,707
Net Assets - end of year	<u>\$ 1,575,382</u>	<u>\$ 1,418,414</u>	<u>\$ 2,658,378</u>	<u>\$ 5,652,174</u>	<u>\$ 1,024,958</u>	<u>\$ 1,125,529</u>	<u>\$ 2,632,173</u>	<u>\$ 4,782,660</u>

WASHINGTON WOMEN'S FOUNDATION

STATEMENTS OF FUNCTIONAL EXPENSES

YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017				2016			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Salaries	\$ 201,090	\$ 128,645	\$ 19,129	\$ 348,864	\$ 240,053	\$ 101,571	\$ 25,014	\$ 366,638
Payroll taxes	16,429	10,599	1,474	28,502	20,489	7,945	1,994	30,428
Employee benefits	22,909	10,986	1,001	34,896	20,326	5,235	1,523	27,084
Total Salaries and Related Expenses	240,428	150,230	21,604	412,262	280,868	114,751	28,531	424,150
Grants to others	913,000	-	-	913,000	881,499	-	-	881,499
Office operation expenses	93,279	25,993	1,232	120,504	86,723	26,942	2,760	116,425
Professional services	27,746	30,962	800	59,508	19,366	33,486	1,382	54,234
Total Expenses	<u>\$ 1,274,453</u>	<u>\$ 207,185</u>	<u>\$ 23,636</u>	<u>\$ 1,505,274</u>	<u>\$ 1,268,456</u>	<u>\$ 175,179</u>	<u>\$ 32,673</u>	<u>\$ 1,476,308</u>

WASHINGTON WOMEN'S FOUNDATION

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ 869,514	\$ 195,953
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Gain on marketable securities	(431,218)	(210,911)
Reinvested earnings, net	(79,871)	(3,367)
Public support restricted to endowment	(26,205)	(25,350)
Change in:		
Prepaid expenses	(946)	3,470
Grants payable to others	49,334	(38,167)
Accounts payable	(18,505)	17,964
Accrued expenses	(2,835)	3,214
Deferred revenue	<u>(11,000)</u>	<u>(7,000)</u>
Net Cash Provided (Used) by Operating Activities	<u>348,268</u>	<u>(64,194)</u>
<b>Cash Flows from Investing Activities</b>		
Purchases of property and equipment	(29,607)	(22,720)
Purchases of marketable securities	(3,987,452)	(8,650)
Sales of marketable securities	<u>3,612,415</u>	<u>102,653</u>
Net Cash (Used) Provided by Investing Activities	<u>(404,644)</u>	<u>71,283</u>
<b>Cash Flows Provided by Financing Activities</b>		
Cash received from endowment contributions	<u>26,205</u>	<u>25,350</u>
Change in Cash and Cash Equivalents	(30,171)	32,439
Cash and Cash Equivalents - beginning of year	<u>1,460,208</u>	<u>1,427,769</u>
Cash and Cash Equivalents - end of year	<u>\$ 1,430,037</u>	<u>\$ 1,460,208</u>



WASHINGTON WOMEN'S FOUNDATION

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2017 AND 2016

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. Washington Women's Foundations is a strong and inclusive collective of informed women who together influence community transformation through individual and collective discovery, high-impact grant making and by listening to and respecting all voices in our community. Today Washington Women's Foundation has a membership of about 460 women and has provided over \$17,000,000 in grants to the community since its inception twenty-one years ago.

In 2017, 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, \$374,000 in individual grants were recommended by its members and distributed to 315 nonprofits. The Foundation hosted 61 educational events attended by hundreds of members and their guests. A professional staff of five 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 Foundation 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>2017</u>	<u>2016</u>
Pooled grants	\$ 514,703	\$ 511,703
Individual grants	144,750	169,501
Partner grants	24,334	29,667
Diversity, equity and inclusion initiatives	32,500	-
Accumulated endowment earnings	629,027	351,158
Donations for future periods	73,100	63,500
	<u>\$ 1,418,414</u>	<u>\$ 1,125,529</u>

WASHINGTON WOMEN'S FOUNDATION

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2017 AND 2016

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 .901% to 1.25% and have maturities of 12 to 24 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.

# WASHINGTON WOMEN'S FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2017 AND 2016

### NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Investments

Investments are stated at fair value. The Colleen S. Willoughby Endowment Fund and the Washington Women's Foundation Quasi-Endowment Fund were both held at Seattle Foundation as Designated Funds until February 2017, when the funds were transferred to and are now being held at Vanguard Institutional Advisory Services (Vanguard).

#### 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, 2017 or 2016.

#### 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. Capitalized assets as of December 31, 2017 and 2016 included fully-depreciated website and database software with original cost of \$37,738. In 2017 and 2016, costs of \$29,607 and \$22,720, respectively, for website development and software upgrades were capitalized. No depreciation expense was recorded as neither project will be completed until 2018.

#### Grants payable to others

Grants authorized by the Board of Directors, but unpaid at year-end, are reported as liabilities and are payable in one to 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 and the unrestricted Board Designated Washington Women's Foundation Quasi-Endowment.

#### 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, 2017 AND 2016

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 - ENDOWMENT

Washington Women's Foundation's Colleen S. Willoughby Endowment was established in 2005 and the Washington Women's Foundation Quasi-Endowment was established in 2010. The purpose of both funds is to ensure the long-term viability and sustainability of Washington Women's Foundation. For the purposes of this note, both the Endowment and Quasi-Endowment will be referred to as the Endowment.

Until February 2017, the Endowment was held at the Seattle Foundation, which was established in 1946 and since its formation has managed funds for many nonprofit organizations in the Puget Sound Area. The Endowment was invested in the Seattle Foundation Balanced Pool Fund. Since February 2017, the Endowment has been held at Vanguard and invested in a diversified group of indexed mutual funds.

**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, 2017 AND 2016

### NOTE B - ENDOWMENT (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.

The Board of Trustees of the Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as enacted by the State of Washington as allowing the spending of its endowment funds as it determines is prudent, regardless of whether the fund value is below its historic dollar value, unless a donor has provided specific spending limits under the terms of the original donation. In determining an appropriate and prudent spending rate, the Foundation considers the following factors:

1. Duration and preservation of the endowment fund;
2. The purposes of the Foundation and donor-restricted endowment funds;
3. General economic conditions;
4. The possible effect of inflation or deflation;
5. The expected total return from income and the appreciation of investments;
6. Other resources of the Foundation; and
7. The investment policies of the Foundation.

### **Spending Policy**

Prior to moving the Endowment to Vanguard in February 2017, the Endowment was subject to the spending policy of Seattle Foundation. Seattle Foundation had 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 was planned. Washington Women's Foundation received annual disbursements of all available funds under Seattle Foundation spending policy. For the year ended December 31, 2016 Seattle Foundation distributed \$120,264 from the Endowment.

The Foundation has a policy of appropriating for distribution each year a maximum of four percent of the portfolio's average fair value over the prior 12 quarters through the calendar year end preceding the fiscal year in which the distribution is planned. During the year ended December 31, 2017, \$140,586 was distributed from the Endowment.

WASHINGTON WOMEN'S FOUNDATION

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE B - ENDOWMENT (Continued)

**Return Objectives**

While the Endowment was under management at Seattle Foundation, Seattle Foundation had control over the return objectives, risk parameters, investment policy and spending policy for the Endowment. Seattle Foundation has 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.

The Foundation invests its portfolio with the objectives of preserving the long-term, real purchasing power of assets while providing a relatively predictable and growing stream of annual distributions in support of the Foundation. The Foundation expects the current spending policy to allow its endowment to grow at a rate equal to the rate of inflation, consistent with the Foundation's objectives.

**Strategies Employed for Achieving Objectives**

Seattle Foundation invested the Endowment in its Balanced Pool Fund in which funds from all donors are commingled in a diversified asset allocation. To satisfy its long-term rate of return objectives, 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). 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.

The Foundation believes that the strategic allocation of portfolio assets across broadly defined financial asset and sub-asset categories with varying degrees of risk, return, and return correlation will be the most significant determinant of long-term investment returns and portfolio asset value stability. Accordingly, portfolio assets will be managed as a diversified portfolio composed of two major components: an equity portion and a fixed income portion. The expected role of portfolio equity investments will be to maximize the long-term real growth of portfolio assets, while the role of fixed income investments will be to generate current income, provide for more stable periodic returns, and provide some protection against a prolonged decline in the market value of portfolio equity investments.

Endowment Net Assets by Fund Type as of December 31, 2017:

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	Permanently <u>Restricted</u>	<u>Total</u>
Colleen S. Willoughby Endowment	\$ -	\$ 629,027	\$ 2,658,378	\$ 3,287,405
WWF Quasi-Endowment	<u>1,183,175</u>	<u>-</u>	<u>-</u>	<u>1,183,175</u>
Total Endowments	<u>\$ 1,183,175</u>	<u>\$ 629,027</u>	<u>\$ 2,658,378</u>	<u>\$ 4,470,580</u>

WASHINGTON WOMEN'S FOUNDATION

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE B - ENDOWMENT (Continued)

Changes in Endowment Net Assets For the Year Ended December 31, 2017:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 604,980	\$ 351,158	\$ 2,632,173	\$ 3,588,311
Board Transfer	62,000	-	-	62,000
Contributions	422,939	-	26,205	449,144
Investment return:				
Investment income	23,234	70,940	-	94,174
Investment fees	(3,514)	(10,789)	-	(14,303)
Net gains	97,315	334,525	-	431,840
Total investment return	117,035	394,676	-	511,711
Appropriation of endowment assets for expenditure	(23,779)	(116,807)	-	(140,586)
Endowment net assets, end of year	<u>\$ 1,183,175</u>	<u>\$ 629,027</u>	<u>\$ 2,658,378</u>	<u>\$ 4,470,580</u>

Endowment Net Assets by Fund Type as of December 31, 2016:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Colleen S. Willoughby Endowment	\$ -	\$ 351,158	\$ 2,632,173	\$ 2,983,331
WWF Quasi-Endowment	604,980	-	-	604,980
Total Endowments	<u>\$ 604,980</u>	<u>\$ 351,158</u>	<u>\$ 2,632,173</u>	<u>\$ 3,588,311</u>

Changes in Endowment Net Assets For the Year Ended December 31, 2016:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 588,740	\$ 272,473	\$ 2,606,823	\$ 3,468,036
Board Transfer	-	-	-	-
Contributions	-	-	25,350	25,350
Investment return:				
Investment income	10,181	49,751	-	59,932
Investment fees	(9,799)	(46,766)	-	(56,565)
Net gains	35,849	175,973	-	211,822
Total investment return	36,231	178,958	-	215,189
Appropriation of endowment assets for expenditure	(19,991)	(100,273)	-	(120,264)
Endowment net assets, end of year	<u>\$ 604,980</u>	<u>\$ 351,158</u>	<u>\$ 2,632,173</u>	<u>\$ 3,588,311</u>

WASHINGTON WOMEN'S FOUNDATION

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE C - FAIR VALUE MEASUREMENTS

Fair value of assets measured on a recurring basis (at least annually) are as follows:

	Quoted Prices (Level 1)	Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Total
As of December 31, 2017				
Domestic equity funds	\$ 1,653,668	\$ -	\$ -	\$ 1,653,668
International equity funds	1,138,468	-	-	1,138,468
Domestic fixed income funds	1,251,547	-	-	1,251,547
International fixed income funds	418,154	-	-	418,154
	<u>\$ 4,461,837</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,461,837</u>

The Foundation's investments were invested in Seattle Foundation's Balanced Pool Fund until February 2017, when all the funds were transferred to Vanguard. Until that time, the Foundation did not have a direct claim to a portion of each individual stock, bond, or other investment within the Balanced Pool Fund.

As of December 31, 2016, the percentage distribution of Seattle Foundation's Balanced Pool Fund across the three tiers was:

Level 1:	33%
Level 2:	55%
Level 3:	12%

Because Seattle Foundation's Balanced Pool Fund is comprised of many different investments with varying levels of observable inputs, the Foundation cannot directly corroborate the valuation of the entire Balanced Pool Fund. Therefore, the Foundation's investments at Seattle Foundation as a whole are said to be based on Level 3 inputs with activity as follows:

	<u>2017</u>	<u>2016</u>
Fair value - beginning of year	\$ 3,562,961	\$ 3,459,386
Purchases	-	8,650
Investment income	961	59,932
Investment fees	(959)	(56,565)
Distributions	(3,604,144)	(120,264)
Net gains	41,181	211,822
Fair value - end of year	<u>\$ -</u>	<u>\$ 3,562,961</u>



WASHINGTON WOMEN'S FOUNDATION

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE D - LEASE OBLIGATION

The Foundation leases office space under a non-cancelable operating lease that was renewed on February 1, 2018. Increase in base rent is 1.5% for each of the periods starting February 1, 2019 and February 1, 2020. The future established minimum payments under the previous lease and this lease renewal for the years ending December 31 are as follows:

2018	\$	15,413
2019		15,641
2020		15,880
2021		<u>1,325</u>
	\$	<u>48,259</u>

Rent expense related to this lease was \$15,183 and \$14,968, respectively, for the years ended December 31, 2017 and 2016, and was included in office operation expenses.

NOTE E - RETIREMENT PLAN

The Foundation offers a SEP IRA to employees who have completed one year of service. For the years ended December 31, 2017 and 2016, the Foundation contributed an amount equal to 3% of each eligible employee's gross wages, totaling \$7,040 and \$10,285, respectively, to the employees' SEP IRA accounts.

NOTE F - SUBSEQUENT EVENTS

Management has evaluated events occurring subsequent to December 31, 2017 through May 22, 2018, 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, 2017, including the estimates inherent in the processing of financial statements.