

WOMEN'S FUNDING NETWORK

**CONSOLIDATED FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT**

YEARS ENDED DECEMBER 31, 2009 AND 2008

**GHAFFARI ZARAGOZA LLP
CERTIFIED PUBLIC ACCOUNTANTS**

TABLE OF CONTENTS

	<u>Page No.</u>
Independent Auditor's Report	1
Statements of Financial Position	2
Statements of Activities.....	3
Statements of Cash Flows	4
Statement of Functional Expenses - 2009	5
Statement of Functional Expenses - 2008	6
Notes to Financial Statements.....	7



INDEPENDENT AUDITOR'S REPORT

Board of Directors
Women's Funding Network
San Francisco, California

We have audited the accompanying statements of financial position of Women's Funding Network and Women's Funding Network Foundation, (the Network), as of December 31, 2009 and 2008, and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Network as of December 31, 2009 and 2008, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Ghaffari Zaragoza LLP

April 5, 2010
Oakland, California

Women's Funding Network

Consolidated Statements of Financial Position At December 31, 2009 and 2008

	2009	2008
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 305,279	\$ 1,437,284
Investments (Note 3)	2,618,280	1,468,296
Grants & pledges receivable (Note 4)	1,668,897	1,200,443
Other receivables	46,748	20,161
Prepaid expenses	76,798	43,386
Total Current Assets	4,716,002	4,169,570
Grants & pledges receivable (Note 4)	1,115,564	906,697
Loans receivable (Note 5)	-	2,162,177
Deposits	24,423	23,626
Property and equipment (Note 6)	85,918	91,625
TOTAL ASSETS	\$ 5,941,907	\$ 7,353,695
LIABILITIES		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 118,908	\$ 150,261
Capital leases payable, current maturities (Note 7)	4,674	3,909
Accrued vacation liability	67,770	82,963
Deferred membership fees	10,800	775
Total Current Liabilities	202,152	237,908
Deferred Rent (Note 12)	51,377	-
Capital leases payable (Note 7)	13,335	17,934
TOTAL LIABILITIES	266,864	255,842
NET ASSETS		
Unrestricted		
Available for operations	74,954	39,945
Designated by the board of directors (Note 8)	512,870	2,143,081
Total unrestricted	587,824	2,183,026
Temporarily restricted net assets (Note 9)	5,087,219	4,914,827
TOTAL NET ASSETS	5,675,043	7,097,853
TOTAL LIABILITIES AND NET ASSETS	\$ 5,941,907	\$ 7,353,695

See Notes to Financial Statements

Women's Funding Network

Consolidated Statements of Activities
Years Ended December 31, 2009 and 2008

	Year Ended December 31, 2009			Year Ended December 31, 2008		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE						
Foundation and corporate grants	\$ 5,184	\$ 1,386,440	\$ 1,391,624	\$ 24,909	\$ 2,628,206	\$ 2,653,115
Contributions	285,910	2,168,870	2,454,780	340,893	657,404	998,297
In-kind donations (Note 10)	79,478	-	79,478	54,339	-	54,339
Membership dues	245,340	-	245,340	235,335	-	235,335
Conference fees and sponsorships	214,469	15,000	229,469	187,096	85,000	272,096
Fee for service income	198,691	-	198,691	-	-	-
Investment income (Note 3)	26,932	702	27,634	89,887	105,469	195,356
Other income	5,470	-	5,470	2,501	-	2,501
Net assets released from restrictions: Purpose accomplished	3,075,152	(3,075,152)	-	4,458,263	(4,458,263)	-
TOTAL SUPPORT AND REVENUE	4,136,626	495,860	4,632,486	5,393,223	(982,184)	4,411,039
EXPENSES						
Program services:						
Communications	107,806	-	107,806	284,301	-	284,301
Conference	294,413	-	294,413	471,444	-	471,444
Leadership	592,512	-	592,512	243,856	-	243,856
Membership	140,006	-	140,006	109,750	-	109,750
Poverty initiatives	468,010	-	468,010	851,573	-	851,573
Research and Evaluation	172,907	-	172,907	522,508	-	522,508
Sustainability	357,075	-	357,075	753,782	-	753,782
Social Enterprise	272,902	-	272,902	-	-	-
Women Moving Millions	441,416	-	441,416	881,609	-	881,609
Supporting services:						
Management & general	595,580	-	595,580	657,696	-	657,696
Development	619,021	-	619,021	566,380	-	566,380
TOTAL EXPENSES	4,061,648	-	4,061,648	5,342,899	-	5,342,899
Change in operating net assets	74,978	495,860	570,838	50,324	(982,184)	(931,860)
Unrealized gain (loss) from investments	271,854	-	271,854	(551,271)	-	(551,271)
Prior year pledges redirected and written-off	(6,530)	(96,795)	(103,325)	-	(750,150)	(750,150)
Net assets released - Investment in Good Deed LLP (Note 5)	-	-	-	222,126	(222,126)	-
Change in net assets before extraordinary item	340,302	399,065	739,367	(278,821)	(1,954,460)	(2,233,281)
Loan Forgiveness (Note 5)	(1,935,504)	(226,673)	(2,162,177)	-	-	-
Change in net assets after extraordinary item	(1,595,202)	172,392	(1,422,810)	(278,821)	(1,954,460)	(2,233,281)
Net assets at beginning of year	2,183,026	4,914,827	7,097,853	2,461,847	6,869,287	9,331,134
NET ASSETS AT END OF YEAR	\$ 587,824	\$ 5,087,219	\$ 5,675,043	\$ 2,183,026	\$ 4,914,827	\$ 7,097,853

See Notes to Financial Statements

Women's Funding Network

Consolidated Statements of Cash Flows
Years Ended December 31, 2009 and 2008

	2009	2008
Cash flows from operating activities:		
Change in net assets	(1,422,810)	\$ (2,233,281)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	30,690	28,087
Loss from fixed assets disposal	7,483	10,818
(Increase) decrease in allowance for uncollectible pledges	38,795	(13,185)
(Increase) decrease in discount on pledges receivable	416,648	(65,212)
Stock donation	-	250,440
Net (gain) loss from investments	(271,854)	620,556
Deferred rent	51,377	2,380
(Increase) decrease in operating assets:		
Receivables	(1,159,351)	515,343
Prepaid expenses	(33,412)	22,440
Deposits	(797)	-
Increase (decrease) in operating liabilities:		
Accounts payable & accrued liabilities	(46,546)	46,331
Deferred membership fees	10,025	(3,201)
Net cash used by operating activities	(2,379,752)	(818,484)
Cash flows from investing activities:		
Disbursement of loan to Good Deed LLP	-	(373,837)
Proceeds from sale of investments	-	800,441
Write-off of loan receivable	2,162,177	-
Purchase of investments	(878,130)	(618,949)
Purchase of equipment & software	(32,466)	(28,368)
Net cash provided (used) by investing activities	1,251,581	(220,713)
Cash flows from financing activities:		
Principal payments on capital leases	(3,834)	(2,990)
Net cash used by financing activities	(3,834)	(2,990)
Net decrease in cash and cash equivalents	(1,132,005)	(1,042,187)
Cash and cash equivalents at beginning of the year	1,437,284	2,479,471
Cash and cash equivalents at end of the year	\$ 305,279	\$ 1,437,284
Non-cash financing activities:		
Acquired equipment through a capital lease arrangement	\$ -	\$ 24,833
Paid interest	\$ 4,172	\$ 4,095

See Notes to Financial Statements

Women's Funding Network

Consolidated Statement of Functional Expenses
Year Ended December 31, 2009

	Program Services										Supporting Services			Total
	Communications	Conference	Leadership	Member Services	Poverty Initiatives	Research and Evaluation	Sustainability	Social Enterprise	Women Moving Millions	Total Program	Management and General	Development	Total Supporting Services	
Staff	\$ 49,430	\$ 55,750	\$ 192,885	\$ 93,370	\$ 178,734	\$ 86,208	\$ 136,976	\$ 74,762	\$ 172,705	\$ 1,040,820	\$ 272,513	\$ 336,036	\$ 608,549	\$ 1,649,369
Outreach & Prof. Development	1,208	73	484	599	364	79	1,557	5,107	32,362	41,833	955	24,598	25,553	67,386
Consultant Fees & Honorariums	21,461	48,025	119,242	3,907	73,312	53,645	103,660	171,278	117,336	711,866	136,236	126,008	262,244	974,110
Convenings Facilities & AV	-	60,509	53,617	-	8,019	-	-	-	3,870	126,015	4,448	800	5,248	131,263
Food	836	21,870	11,370	1,292	38,021	376	16,172	392	22,436	112,765	17,003	9,965	26,968	139,733
Travel	10,446	47,375	59,309	526	26,012	6,666	22,749	5,445	42,931	221,459	37,377	16,928	54,305	275,764
Materials Development / Printing	6,890	23,642	5,606	6,425	2,347	6,007	22,551	538	6,367	80,373	28,323	18,175	46,498	126,871
Grants & Sponsorships	1,500	8,650	100,000	-	61,709	-	15,000	-	-	186,859	-	3,750	3,750	190,609
Evaluation	-	-	-	-	41,667	-	-	-	-	41,667	-	-	-	41,667
Mailing	455	1,284	2,311	1,179	715	358	1,336	168	2,186	9,992	2,510	2,573	5,083	15,075
Telephone	1,609	5,556	6,255	3,563	5,187	2,316	7,110	4,598	5,642	41,836	7,572	6,597	14,169	56,005
Office Supplies	445	4,305	1,373	905	1,231	422	1,058	319	6,098	16,156	3,084	2,527	5,611	21,767
Office Space	10,688	9,638	31,693	22,257	24,513	13,571	23,414	8,247	23,590	167,611	44,440	56,527	100,967	268,578
Equipment Rental & Repair	768	697	2,269	1,614	1,612	988	1,638	571	1,768	11,925	12,120	4,056	16,176	28,101
Depreciation	1,319	1,673	4,042	2,810	2,745	1,333	2,339	918	2,325	19,504	4,676	6,509	11,185	30,689
Licenses & Permits	5	3	11	10	6	9	14	4	333	395	1,312	31	1,343	1,738
Bank Fees & Interest	180	187	464	337	394	217	349	130	391	2,649	10,611	967	11,578	14,227
Insurance	404	413	1,122	807	897	497	835	303	903	6,181	5,573	2,163	7,736	13,917
Bad Debt	-	-	-	-	-	-	-	-	-	-	20	-	20	20
Misc Expense	162	4,763	459	405	525	215	317	122	173	7,141	6,807	811	7,618	14,759
Total Expenses	\$ 107,806	\$ 294,413	\$ 592,512	\$ 140,006	\$ 468,010	\$ 172,907	\$ 357,075	\$ 272,902	\$ 441,416	\$ 2,847,047	\$ 595,580	\$ 619,021	\$ 1,214,601	\$ 4,061,648

See Notes to Financial Statements

Women's Funding Network

Consolidated Statement of Functional Expenses Year Ended December 31, 2008

	Program Services								Supporting Services				Total
	Communications	Conference	Leadership	Member Services	Poverty Initiatives	Research and Evaluation	Sustainability	Women Moving Millions	Total Program	Management and General	Development	Total Supporting Services	
Staff	\$ 49,443	\$ 83,437	\$ 62,958	\$ 75,638	\$ 266,905	\$ 99,632	\$ 262,832	\$ 224,601	\$ 1,125,446	\$ 285,087	\$ 300,488	\$ 585,575	\$ 1,711,021
Outreach & Prof. Development	837	2,379	2,063	4,143	6,016	2,005	28,620	10,475	56,538	10,421	35,085	45,506	102,044
Consultant Fees & Honorariums	207,184	128,921	95,110	7,890	210,992	357,639	311,175	176,638	1,495,549	236,394	119,514	355,908	1,851,457
Convenings Facilities & AV	5,248	14,395	972	-	19,469	1,121	11,948	1,146	54,299	1,110	-	1,110	55,409
Food	1,963	70,522	12,115	1,581	45,904	8,508	38,252	16,741	195,586	10,099	3,075	13,174	208,760
Travel	6,615	88,390	46,282	4,138	61,323	26,658	29,228	31,274	293,908	59,369	37,007	96,376	390,284
Materials Development / Printing	2,145	48,525	6,633	967	7,948	291	4,042	5,822	76,373	2,496	12,881	15,377	91,750
Grants & Sponsorships	-	-	-	-	11,650	-	10,390	360,000	382,040	-	-	-	382,040
Evaluation	-	-	-	-	180,556	8,500	5,000	16,512	210,568	-	-	-	210,568
Mailing	1,931	7,797	2,442	868	6,530	1,283	1,306	6,650	28,807	3,665	2,334	5,999	34,806
Telephone	1,185	7,734	946	1,784	5,086	1,745	5,465	5,347	29,292	4,097	4,630	8,727	38,019
Office Supplies	829	9,341	2,835	1,152	3,510	1,557	3,432	3,693	26,349	4,455	5,254	9,709	36,058
Office Space	5,217	7,604	6,483	9,027	20,319	10,263	21,988	17,865	98,766	23,593	28,322	51,915	150,681
Equipment Rental & Repair	103	116	215	291	972	116	14,154	748	16,715	533	753	1,286	18,001
Depreciation	1,133	1,466	1,150	1,668	3,268	2,280	4,467	3,063	18,495	4,166	5,425	9,591	28,086
Licenses & Permits	3	102	7	5	23	194	36	18	388	2,073	34	2,107	2,495
Bank Fees & Interest	243	397	174	223	341	354	589	350	2,671	6,694	813	7,507	10,178
Insurance	222	318	234	375	761	362	858	666	3,796	3,851	1,076	4,927	8,723
Bad Debt	-	-	-	-	-	-	-	-	-	(478)	9,689	9,211	9,211
Misc Expense	-	-	3,237	-	-	-	-	-	3,237	71	-	71	3,308
Total Expenses	\$ 284,301	\$ 471,444	\$ 243,856	\$ 109,750	\$ 851,573	\$ 522,508	\$ 753,782	\$ 881,609	\$ 4,118,823	\$ 657,696	\$ 566,380	\$ 1,224,076	\$ 5,342,899

See Notes to Financial Statements

Women's Funding Network

Notes to the Consolidated Financial Statements
Years Ended December 31, 2009 and 2008

Note 1 - Organization

The Women's Funding Network (WFN) is a worldwide membership of over 155 women's and girls' funds. WFN's members support the solutions of women and girls through local, national and international grants. WFN advances this movement by supporting these funds through innovative programs and capacity-building expertise. Together WFN's members are creating a safer and more secure world by investing in women and girls.

The Board of Directors of WFN also serves as the board of directors of Women's Funding Network Foundation (WFNF). WFNF was formed in April 2006 as a supporting organization that supports a class of public charities, including WFN and its member funds that are committed to improving the status of women and girls locally, nationally and globally.

The consolidated financial statements include the accounts of WFN and WFNF, referred to as "the Network." All material intercompany balances and transactions have been eliminated from the consolidated financial statements.

The Network is located in San Francisco, California. The Network supports its activities primarily through grants and contributions. The Network's program activities are as follows:

Communications – The WFN's communications initiatives raise the visibility of the strategy of investing in women and girls in order to improve the lives of whole communities. Through strategic speaking engagements with key audiences, network representatives share women's funds' expertise in investing in women and girls with broad new audiences and foster new partnerships between women's funds and leaders in the key sectors (government, corporate, foundations) looking to embrace a proven method for solving complex, interconnected challenges to security. The Network also educates new audiences about the importance of women's funds' work through research partnerships, online engagement, multimedia, and placed media coverage.

Conference – The WFN Annual Conference provides an opportunity for members to share knowledge, ignite new ideas and accelerate progress. The conference also encompasses: capacity building workshops for staff and board, peer driven learning opportunities, networking venues, visionary and agenda setting plenary sessions, and the annual Changing the Face of Philanthropy Award Banquet.

Leadership – The WFN's leadership programs bring together women of all backgrounds who share similar interests and wish to increase their social justice impact. The leadership initiative provides strategies to position individual women as solution-builders, influential roles as social

Women's Funding Network

Notes to the Consolidated Financial Statements
Years Ended December 31, 2009 and 2008

change agents within their funds, communities, throughout the Network and beyond. Building on the success of our existing leadership development models, this initiative strengthens the skill sets and builds the confidence of new and seasoned leaders throughout the women's funding movement, so they may become change makers at all levels of society, advocating for better health care, violence prevention, educational reform, racial and gender equity, and equal opportunities for all to thrive.

Member Services – WFN offers a wide range of products, services, programs and events that benefit independent public women's foundations, private women's foundations and women's funds within community foundations or larger organizations.

Poverty Initiatives – Over 80% of women's funds prioritize investments in programs that build economic opportunity for women and combat poverty. Their work empowers women experiencing poverty to devise solutions with lasting impact. Women's funds' work to tackle poverty focuses on four key areas: (1) building entrepreneurship, (2) asset-building and financial literacy, (3) better jobs, (4) investing in children. All four strategies are seeing proven results in creating enduring ladders out of poverty for women and families. In 2009, WFN supported the launch of The Women's Economic Security Campaign (WESC) through the combined efforts and leadership of four regionally diverse women's funds. WESC uses the power and resources of women's funds across the U.S. to increase opportunity for low-income women and their families. It strives to elevate the voices of women's funds to ensure that the problems faced by women living in poverty and their families are at the center of efforts to fix America's economy and create opportunity for all U.S. residents. Its tools include public policy, advocacy, public education and grantmaking to organizations that work to eliminate poverty by supporting women struggling to overcome economic insecurity.

Research & Evaluation – WFN strives to provide up-to-date and comprehensive research and information necessary to support the women's funding movement. In 2009, WFN partnered with the Foundation Center to better understand the increased inclusion and role of women within philanthropy. The report "Accelerating Change for Women and Girls: The Role of Women's Funds" charts the current landscape of philanthropy focused on women and girls and document the specific role played by women's funds. In addition to reports, WFN provides access to its innovative planning and evaluation tool, **Making the Case**TM. This tool is designed to assist women's funds' grantee partners in developing, articulating, and evaluating projects. The database and automated reporting capability enables funds to quickly aggregate results.

Sustainability – WFN supports the sustainability of its member organizations by providing a wide range of innovative capacity building services. These services help women's funds to develop fundraising, finance, and communications capacity, and to create robust organizational

Women's Funding Network

Notes to the Consolidated Financial Statements
Years Ended December 31, 2009 and 2008

development plans. The **Smart Growth**TM tool is A Life Stage Model for Social Change Philanthropy. This user-friendly Assessment Tool is used by member funds to conduct a comprehensive review of an organization's capacities, including its progress, assets, and development challenges.

Social Enterprise – Making the CaseTM and **Smart Growth**TM have proven to be extremely effective models with broad appeal to organizations beyond the Network. WFN is improving and offering these tools to strategic partners as a part of our social enterprise efforts. These cutting edge tools are filling a void in the marketplace.

Women Moving Millions – In 2006, WFN partnered with visionary sisters Swanee Hunt and Helen LaKelly Hunt to launch a groundbreaking new campaign entitled Women Moving Millions. Seeking to propel women's giving to women's issues to dramatic new levels, Women Moving Millions inspired gifts of \$1M or more to transform the lives and opportunities of women and communities around the world. This innovative campaign exceeded the campaign goal of \$150 million by raising \$180 million by April 2009. It also made a lasting difference to women's funds' major fundraising abilities by providing one-on-one fundraising coaching for staff and board members of women's funds.

Note 2 - Summary of Significant Accounting Policies

Significant accounting policies are described below to enhance the usefulness of the financial statements to the reader.

- a. **Method of Accounting** – The financial statements of the Network have been prepared using the accrual method of accounting, which involves the recognition of revenues and gains when earned and expenses and losses when incurred.
- b. **Cash and Cash Equivalents** - For purposes of the statement of cash flows, the Network considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.
- c. **Investments** – Investments in marketable securities are reported at their published market value. Donated securities that have not been sold at year-end are also reported as investments.
- d. **Grants and Pledges Receivable** – Grants and pledges receivable represents unconditional commitments from foundations, corporations and individuals that are recorded at their net realizable value less an allowance for uncollectible amounts.

Women's Funding Network

Notes to the Consolidated Financial Statements
Years Ended December 31, 2009 and 2008

- e. **Fixed Assets and Depreciation** - Fixed assets are stated at cost at the date of acquisition when purchased and fair market value when received as a donation. Depreciation is provided over the estimated useful lives of the assets using straight-line method of depreciation. The Network capitalizes computers with a cost or fair value of \$750 or more and all other fixed asset acquisitions with cost or fair value of \$1,000 or more and depreciates them, generally, over three to seven years.
- f. **Income Tax Status** - WFN and WFNF are considered public charities and are exempt from Federal and State income tax under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the State of California Revenue and Taxation Code, whereby only unrelated business income is subject to federal and state income tax. Management believes that all of the Network's income is related to its exempt purpose. Accordingly, no provision for income taxes has been made in the accompanying financial statements.
- g. **Basis of Presentation** - Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Network and changes therein are classified and reported as follows:
- Unrestricted net assets** - Net assets that are not subject to donor-imposed stipulations. The board of directors of the Network has designated portions of this class of net assets for various purposes (Note 9).
- Temporarily restricted net assets** - Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Network and/or the passage of time.
- h. **Membership Dues** - Membership dues are recognized as income when members agree to renew their annual memberships.
- i. **Accounting for Restricted Support** - The Network reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. However, conference sponsorships that are received in the same year as the conference is held are reported as unrestricted support and increase unrestricted net assets.

Gifts of fixed assets are recorded as unrestricted support unless explicit donor stipulations

Women's Funding Network

Notes to the Consolidated Financial Statements Years Ended December 31, 2009 and 2008

specify how the donated asset must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Network reports expirations of donor restrictions when donated or acquired long-lived assets are placed in service.

- j. **Contributed Services** - The Network records contributed services, at fair value, if the services 1) create or enhance a non-financial asset or 2) would typically need to be purchased by the Network had they not been provided by volunteers, require special skills and are provided by individuals with those skills.
- k. **Allocation of Expenses** – Common expenses are allocated between program and supporting activities based on monthly time studies prepared by employees.
- l. **Use of Estimates** – The preparation of financial statements in accordance 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. Accordingly, actual results could differ from those estimates. Significant estimates included in the accompanying financial statements are valuation of grants and pledges receivable, valuation of investments, and functional allocation of expenses.
- m. **Measure of Operations** - In its statements of activities, the Network includes in its definition of operations all revenues and expenses that are an integral part of its programs and supporting activities. Unrealized losses from investments, investment in Good Deed LLP and redirected and written-off pledges are recognized as non-operating support, revenue, gains, and losses.
- n. **Reclassification** – Certain 2008 amounts have been reclassified to conform to the 2009 financial statement presentation. Net assets and changes in net assets are unchanged due to these reclassifications.

Note 3 – Investments

Investments securities are carried at fair value based on quoted prices in active markets (all Level 1 measurements) and consisted of the following:

Women's Funding Network

Notes to the Consolidated Financial Statements Years Ended December 31, 2009 and 2008

	<u>12/31/09</u>	<u>12/31/08</u>
Mutual funds – Securities	\$1,769,088	\$1,468,296
Money funds	<u>849,192</u>	<u>0</u>
	<u>\$2,618,280</u>	<u>\$1,468,296</u>

The components of total investment return by net assets classification for 2009 are reflected below:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Interest	\$2,654	\$702	\$3,356
Dividends	23,783	0	23,783
Capital gain distributions	4,493	0	4,493
Realized losses	<u>(3,998)</u>	<u>0</u>	<u>(3,998)</u>
Total investment income	26,293	702	27,634
Unrealized gain	<u>271,854</u>	<u>0</u>	<u>271,854</u>
Total investment return	\$298,786	\$702	\$299,488

The components of total investment return by net assets classification for 2008 are reflected below:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Interest	\$90,326	\$105,469	\$195,795
Dividends	43,476	0	43,476
Capital gain distributions	25,393	0	25,393
Realized losses	<u>(69,308)</u>	<u>0</u>	<u>(69,308)</u>
Total investment income	\$89,887	\$105,469	\$195,356
Unrealized losses	<u>(551,271)</u>	<u>0</u>	<u>(551,271)</u>
Total investment return	<u>\$(461,384)</u>	<u>\$105,469</u>	<u>\$(355,915)</u>

Note 4 – Grants and Pledges Receivable

Unconditional grants and pledge receivable are discounted to the anticipated net present value of the future cash flows. Pledges are expected to be realized in the following periods:

Women's Funding Network

Notes to the Consolidated Financial Statements Years Ended December 31, 2009 and 2008

	<u>Current</u>	<u>Non-current</u>
In one year or less	\$1,668,897	\$0
Between one year and five years	0	1,000,000
After five years	<u>0</u>	<u>700,000</u>
	\$1,668,897	\$1,700,000
Less:		
Allowance for uncollectible pledges	(0)	(90,000)
Unamortized discount	<u>(0)</u>	<u>(494,436)</u>
	<u>\$1,668,897</u>	<u>\$1,115,564</u>

Discount rate ranged between 3% - 7.69% for the year ended December 31, 2009 and was 5.0% for the year ended December 31, 2008, respectively. Credit risk for grants and pledges receivable is concentrated because substantially all of the balances are receivable from a few individuals and foundations.

Note 5 – Loans Receivable

In September 2006, WFN signed an unsecured promissory note with Good Deed Foundation LLC (GDF) that allowed borrowing up to \$1,500,000 at an interest rate of 7.75%. The funds for the loan were provided through restricted grants and contributions. The outstanding balance of the loan at December 31, 2008 was \$2,162,176. During 2009, WFN and GDF agreed to terminate their relationship due to economic and market conditions affecting GDF's operations. The loan receivable from GDF was forgiven, resulting in an extraordinary loss of \$2,162,177. The effect of the write-off of the loan is \$1,935,504 reduction of unrestricted net assets which had been designated by the Board in prior years and \$226,673 reduction of temporarily restricted net assets which represented restricted funds provided for this purpose by various donors.

Note 6 - Property and Equipment

Property and equipment consisted of:

	<u>12/31/09</u>	<u>12/31/08</u>
Furniture and equipment	\$ 22,148	\$ 20,577
Equipment acquired under capital leases	24,833	24,833
Leasehold improvements	24,545	14,063
Software and related implementation	<u>84,568</u>	<u>132,203</u>
	156,094	191,676
Less: Accumulated depreciation	<u>(70,176)</u>	<u>(100,051)</u>
	<u>\$ 85,918</u>	<u>\$ 91,625</u>

Women's Funding Network

Notes to the Consolidated Financial Statements
Years Ended December 31, 2009 and 2008

Note 7 – Obligations under Capital Lease Arrangements

The Network acquired certain equipment under a non-cancelable capital lease arrangement. This lease is accounted for by an increase in fixed assets and a corresponding increase in liabilities. The minimum future commitments under this arrangement at December 31, 2009 were as follows:

Year ending December 31, 2010	\$ 7,731
Year ending December 31, 2011	7,731
Year ending December 31, 2012	7,731
Year ending December 31, 2013	<u>644</u>
Total future commitment	23,837
Current maturity	(4,674)
Amount representing interest	<u>(5,828)</u>
Capital lease payable	<u>\$ 13,335</u>

Amortization expense related to this capital lease is recorded under depreciation expense. Total payments under this arrangement were \$8,555 and \$7,087 during the years ended December 31, 2009 and 2008, respectively.

Note 8 – Unrestricted Net Assets - Board Designated

The Network's board of directors has designated unrestricted net assets for the following purposes:

	<u>12/31/09</u>	<u>12/31/08</u>
Reserve for future operations	\$ 250,000	\$1,880,211
Opportunity fund	<u>262,870</u>	<u>262,870</u>
	<u>\$ 512,870</u>	<u>\$2,143,081</u>

The Opportunity Fund provides funding for new projects and programs not yet included in the annual budgets of the Network. The Network did not spend any funds in such new projects and programs during the year ended December 31, 2009 or 2008.

Note 9 - Temporarily Restricted Net Assets

Temporarily restricted net assets were available to support the following purposes:

Women's Funding Network

Notes to the Consolidated Financial Statements Years Ended December 31, 2009 and 2008

	<u>12/31/09</u>	<u>12/31/08</u>
Poverty initiatives	46,294	983,540
Women Moving Millions	0	315,969
Sustainability	935,000	1,000,000
Leadership	1,590,403	426,753
Conference	15,000	10,000
Social Enterprise	13,887	64,095
Future periods activities	<u>3,071,071</u>	<u>2,244,074</u>
Total temporarily restricted net assets	5,671,655	5,044,430
Unamortized discount	(494,436)	(77,788)
Allowance for uncollectible pledges	<u>(90,000)</u>	<u>(51,815)</u>
Temporarily restricted net assets, net of discount and allowance	<u>\$5,087,219</u>	<u>\$4,914,827</u>

Note 10 – Donated Services

Donated services received and included in “in-kind contributions” on the statement of activities for the year ended December 31, 2009 consisted of:

	<u>Management & General</u>	<u>Programs</u>	<u>Total 2009</u>
Legal fees	\$7,484	\$47,518	\$55,002
Convening	0	3,500	3,500
Other professional fees	<u>6,235</u>	<u>1,040</u>	<u>7,275</u>
 Total	 <u>\$13,719</u>	 <u>\$52,058</u>	 <u>\$65,777</u>

Donated services received and included in “in-kind contributions” on the statement of activities for the year ended December 31, 2008 consisted of \$54,340 in legal fees that were recorded as Management and general expenses.

Note 11 – Retirement Plan

The Network contributed 10% of gross salaries to a 403(b) defined contribution plan for eligible employees. Total contributions to this plan were \$123,209 and \$113,431 for the years ended December 31, 2009 and 2008, respectively.

Women's Funding Network

Notes to the Consolidated Financial Statements
Years Ended December 31, 2009 and 2008

Note 12 – Commitments under Operating Lease Agreements

During the year ended December 31, 2009, the Network entered into a seven-year non-cancellable lease arrangement for its office facility. The lease specifies scheduled rent payments over the lease term and has one option to renew for an additional five years. The minimum future commitments under this arrangement are:

Year ending December 31, 2010	\$250,172
Year ending December 31, 2011	258,094
Year ending December 31, 2012	266,015
Year ending December 31, 2013	273,935
Year ending December 31, 2014 and beyond	<u>693,744</u>
	<u>\$1,741,960</u>

The Network records its rent expense under this arrangement using the average of total scheduled lease payments over the lease term (straight line method). The difference between the expense using the straight line method and the rent payments are recorded as deferred rent on the statement of financial position. Total rent payments under this arrangement for the year ended December 31, 2009 was \$102,313.

Note 13 – Related Party Transactions

The following related party transactions occurred:

	<u>12/31/09</u>	<u>12/31/08</u>
Payment of consulting fees, honorarium and stipends to board members	\$48,077	\$21,163
Payment of grants to member nonprofit organizations whose employees are board members of the Network	<u>325,625</u>	<u>120,000</u>
	<u>\$ 373,702</u>	<u>\$141,163</u>

Note 14 – Conditional Grants

During 2009, the Network received a grant from a private foundation for \$1M. The second installment of this grant is contingent on the ability of WFN and its member funds to raise \$1M in matching funds by December 31, 2010. At December 31, 2009, this condition was not met. Accordingly the income is not reported on the accompanying financial statements.