



Report of Independent Auditor and  
Consolidated Financial Statements

## Women's Funding Network

Years Ended December 31, 2010 and 2009

**MOSS ADAMS** LLP

Certified Public Accountants | Business Consultants

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**REPORT OF INDEPENDENT AUDITOR**

To the Board of Directors  
Women's Funding Network

We have audited the accompanying consolidated statement of financial position of Women's Funding Network and Women's Funding Network Foundation (the "Network") as of December 31, 2010, and the related consolidated statement of activities, functional expenses and cash flows for the year then ended. These consolidated financial statements are the responsibility of the management of the Network. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. The consolidated financial statements of the Network as of December 31, 2009, were audited by other auditors whose report dated April 5, 2010, expressed an unqualified opinion on those statements.

We conducted our audit 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 consolidated financial statements are free of material misstatement. An audit includes consideration of internal controls over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Network's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the 2010 consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Network as of December 31, 2010, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.



San Francisco, California  
March 24, 2011

## **FINANCIAL STATEMENTS**

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**WOMEN'S FUNDING NETWORK**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**December 31, 2010 and 2009**

	<u>2010</u>	<u>2009</u>
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 728,524	\$ 305,279
Investments (Note 3)	2,506,223	2,618,280
Grants and promises to give receivable (Note 4)	1,635,424	1,668,897
Other receivables	70,648	46,747
Prepaid expenses	<u>74,939</u>	<u>76,798</u>
 Total Current Assets	 5,015,758	 4,716,001
 Grants & pledges receivable (Note 4)	 1,473,045	 1,115,564
Deposits	24,423	24,423
Property and equipment (Note 6)	<u>72,151</u>	<u>85,918</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 6,585,377</u></b>	<b><u>\$ 5,941,906</u></b>
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 138,808	\$ 118,907
Fiscal sponsorships and passthroughs	276,000	-
Capital leases payable, current maturities (Note 7)	5,690	4,674
Accrued vacation liability	75,156	67,770
Deferred membership and social enterprise fees	<u>75,604</u>	<u>10,800</u>
 Total Current Liabilities	 571,258	 202,151
 Deferred rent	 64,673	 51,377
Capital leases payable (Note 7)	<u>7,727</u>	<u>13,335</u>
<b>TOTAL LIABILITIES</b>	<b><u>643,658</u></b>	<b><u>266,863</u></b>
<b>NET ASSETS</b>		
Unrestricted		
Available for operations	108,057	74,954
Designated by the board of directors (Note 8)	<u>762,870</u>	<u>512,870</u>
 Total unrestricted	 870,927	 587,824
Temporarily restricted net assets (Note 9)	<u>5,070,792</u>	<u>5,087,219</u>
<b>TOTAL NET ASSETS</b>	<b><u>5,941,719</u></b>	<b><u>5,675,043</u></b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 6,585,377</u></b>	<b><u>\$ 5,941,906</u></b>

*See accompanying notes.*

**WOMEN'S FUNDING NETWORK**  
**CONSOLIDATED STATEMENTS OF ACTIVITIES**  
**Years Ended December 31, 2010 and 2009**

	2010			2009		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>SUPPORT AND REVENUE</b>						
Foundation and corporate grants	\$ 21,750	\$ 3,620,866	\$ 3,642,616	\$ 5,184	\$ 1,386,440	\$ 1,391,624
Contributions	216,598	313,386	529,984	285,910	2,168,870	2,454,780
In-kind donations (Note 10)	93,544	-	93,544	79,478	-	79,478
Membership dues	261,109	-	261,109	245,340	-	245,340
Event fees and sponsorships	182,825	-	182,825	214,469	15,000	229,469
Fee for service income	267,703	-	267,703	198,691	-	198,691
Investment income (Note 3)	33,802	2,127	35,929	26,932	702	27,634
Unrealized gain from investments (Note 3)	154,531	-	154,531	271,854	-	271,854
Other income	-	-	-	5,470	-	5,470
Prior year promises to give redirected or written-off	(2,568)	(374,099)	(376,667)	(6,530)	(96,795)	(103,325)
Net assets released from restrictions	3,578,707	(3,578,707)	-	3,075,152	(3,075,152)	-
<b>TOTAL SUPPORT AND REVENUE</b>	<b>4,808,001</b>	<b>(16,427)</b>	<b>4,791,574</b>	<b>4,401,950</b>	<b>399,065</b>	<b>4,801,015</b>
<b>EXPENSES</b>						
Program services:						
Conference	310,642	-	310,642	294,413	-	294,413
Member services	421,644	-	421,644	371,294	-	371,294
Civic engagement	968,540	-	968,540	666,679	-	666,679
Philanthropic engagement	456,264	-	456,264	513,682	-	513,682
Leadership	434,925	-	434,925	256,593	-	256,593
Grantmaking	252,213	-	252,213	211,891	-	211,891
Impact evaluation	269,010	-	269,010	172,905	-	172,905
Social enterprise	263,224	-	263,224	272,901	-	272,901
Supporting services:						
Management & general	580,149	-	580,149	682,270	-	682,270
Development	568,287	-	568,287	619,020	-	619,020
<b>TOTAL EXPENSES</b>	<b>4,524,898</b>	<b>-</b>	<b>4,524,898</b>	<b>4,061,648</b>	<b>-</b>	<b>4,061,648</b>
Change in net assets before extraordinary item	283,103	(16,427)	266,676	340,302	399,065	739,367
Loan forgiveness (Note 5)	-	-	-	(1,935,504)	(226,673)	(2,162,177)
Change in net assets after extraordinary item	283,103	(16,427)	266,676	(1,595,202)	172,392	(1,422,810)
Net assets at beginning of year	587,824	5,087,219	5,675,043	2,183,026	4,914,827	7,097,853
<b>NET ASSETS AT END OF YEAR</b>	<b>\$ 870,927</b>	<b>\$ 5,070,792</b>	<b>\$ 5,941,719</b>	<b>\$ 587,824</b>	<b>\$ 5,087,219</b>	<b>\$ 5,675,043</b>

*See accompanying notes.*

**WOMEN'S FUNDING NETWORK**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**Years Ended December 31, 2010 and 2009**

	<u>2010</u>	<u>2009</u>
Cash flows from operating activities:		
Change in net assets	\$ 266,676	\$ (1,422,810)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Write-off of loan receivable	-	2,162,177
Depreciation	34,911	30,690
Loss from fixed assets disposal	-	7,483
Net gain from investments	(154,531)	(271,854)
Deferred rent	13,296	51,377
(Increase) decrease in operating assets:		
Other receivables	(23,901)	(26,586)
Grants and promises to give receivable	(324,008)	(677,322)
Prepaid expenses	1,859	(33,412)
Deposits	-	(797)
Increase (decrease) in operating liabilities:		
Accounts payable & accrued expenses	19,901	(31,353)
Accrued vacation liability	7,386	(15,193)
Deferred membership and social enterprise	64,803	10,025
	<u>(93,608)</u>	<u>(217,575)</u>
Net cash used by operating activities		
Cash flows from investing activities:		
Proceeds from sale of investments	1,384,573	-
Purchase of investments	(1,117,984)	(878,130)
Purchase of equipment & software	(21,144)	(32,466)
	<u>245,445</u>	<u>(910,596)</u>
Net cash provided (used) by investing activities		
Cash flows from financing activities:		
Fiscal sponsorships & passthroughs	276,000	-
Principal payments on capital leases	(4,592)	(3,834)
	<u>271,408</u>	<u>(3,834)</u>
Net cash provided (used) by financing activities		
Net increase (decrease) in cash and cash equivalents	423,245	(1,132,005)
Cash and cash equivalents at beginning of the year	<u>305,279</u>	<u>1,437,284</u>
Cash and cash equivalents at end of the year	<u>\$ 728,524</u>	<u>\$ 305,279</u>
Non-cash financing activities:		
Paid interest	<u>\$ 3,467</u>	<u>\$ 4,172</u>

*See accompanying notes.*

**WOMEN'S FUNDING NETWORK**  
**CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES**  
**Year Ended December 31, 2010**

	Program Services									Supporting Services			
	Conference	Member Services	Civic Engagement	Philanthropic Engagement	Leadership	Grant-making	Impact Evaluation	Social Enterprise	Total Program	Management and General	Development	Total Supporting Services	Total
Staff	\$ 58,120	\$ 232,947	\$ 253,203	\$ 224,567	\$ 154,113	\$ 145,447	\$ 58,115	\$ 23,792	\$ 1,150,304	\$ 275,865	\$ 339,532	\$ 615,397	\$ 1,765,701
Outreach & Prof. Development	1,059	6,106	3,200	3,571	5,356	2,463	764	175	22,694	4,546	7,575	12,121	34,815
Consultant Fees & Honoraria	99,257	53,713	432,143	99,371	112,545	17,768	191,271	235,199	1,241,267	145,389	71,036	216,425	1,457,692
Convenings Facilities & AV	13,668	5,841	26,351	1,950	16,550	1,491	-	-	65,851	2,140	-	2,140	67,991
Food	32,534	9,609	40,880	7,516	39,943	13,808	393	249	144,932	13,899	3,887	17,786	162,718
Travel	50,369	37,665	86,241	58,831	53,146	19,577	174	544	306,547	30,058	41,964	72,022	378,569
Materials Development / Printing	18,342	1,950	8,324	3,161	1,975	720	63	21	34,556	8,236	12,022	20,258	54,814
Grants & Sponsorships	-	15,666	58,024	815	11,890	23,141	6,086	-	115,622	535	4,494	5,029	120,651
Evaluation	-	-	375	1,200	788	-	3,225	-	5,588	-	-	-	5,588
Mailing	2,722	744	6,305	962	1,047	699	57	23	12,559	1,875	2,684	4,559	17,118
Telephone	6,101	6,252	10,352	5,777	4,054	2,665	1,160	380	36,741	8,128	9,636	17,764	54,505
Office Supplies	6,733	1,672	2,476	1,854	1,599	1,528	205	63	16,130	2,739	3,026	5,765	21,895
Office Space	13,093	39,038	32,096	34,840	24,765	17,941	5,343	2,082	169,198	48,131	57,196	105,327	274,525
Equipment Rental & Repair	6,359	3,080	2,897	2,732	2,874	1,461	1,170	161	20,734	15,627	4,579	20,206	40,940
Depreciation	1,621	4,886	3,997	4,304	2,976	2,540	700	280	21,304	6,010	7,597	13,607	34,911
Licenses & Permits	-	400	-	2,975	-	-	-	150	3,525	1,372	-	1,372	4,897
Bank Fees & Interest	168	494	408	440	312	222	68	27	2,139	12,654	716	13,370	15,509
Insurance	496	1,581	1,268	1,398	992	742	216	78	6,771	2,871	2,343	5,214	11,985
Bad Debt	-	-	-	-	-	-	-	-	-	74	-	74	74
<b>Total Expenses</b>	<b>\$ 310,642</b>	<b>\$ 421,644</b>	<b>\$ 968,540</b>	<b>\$ 456,264</b>	<b>\$ 434,925</b>	<b>\$ 252,213</b>	<b>\$ 269,010</b>	<b>\$ 263,224</b>	<b>\$ 3,376,462</b>	<b>\$ 580,149</b>	<b>\$ 568,287</b>	<b>\$ 1,148,436</b>	<b>\$ 4,524,898</b>

See accompanying notes.



**WOMEN'S FUNDING NETWORK**  
**CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES**  
**Year Ended December 31, 2009**

	Program Services									Supporting Services			
	Conference	Member Services	Civic Engagement	Philanthropic Engagement	Leadership	Grantmaking	Impact Evaluation	Social Enterprise	Total Program	Management and General	Development	Total Supporting Services	Total
Staff	\$ 55,750	\$ 190,119	\$ 241,231	\$ 205,007	\$ 92,570	\$ 51,507	\$ 86,207	\$ 74,762	\$ 997,153	\$ 316,178	\$ 336,035	\$ 652,213	\$ 1,649,366
Outreach & Prof. Development	74	682	2,044	32,413	303	104	79	5,107	40,806	1,984	24,598	26,582	67,388
Consultant Fees & Honoraria	48,025	69,077	124,155	138,554	46,829	42,370	53,644	171,278	693,932	154,172	126,008	280,180	974,112
Convenings Facilities & AV	60,509	-	8,607	4,041	52,857	-	-	-	126,014	4,448	800	5,248	131,262
Food	21,870	16,915	41,250	23,535	7,618	486	376	392	112,442	17,327	9,965	27,292	139,734
Travel	47,375	16,937	57,239	50,347	30,743	6,499	6,666	5,444	221,250	37,585	16,928	54,513	275,763
Materials Development / Printing	23,642	7,356	25,390	8,858	972	789	6,007	538	73,552	35,146	18,175	53,321	126,873
Grants & Sponsorships	8,650	15,000	61,710	-	-	100,000	-	-	185,360	1,500	3,750	5,250	190,610
Evaluation	-	-	41,667	-	-	-	-	-	41,667	-	-	-	41,667
Mailing	1,284	2,185	1,504	2,854	890	302	358	168	9,545	2,957	2,573	5,530	15,075
Telephone	5,556	8,950	8,094	6,171	3,931	940	2,316	4,598	40,556	8,854	6,597	15,451	56,007
Office Supplies	4,305	1,529	1,854	6,313	737	243	422	319	15,722	3,519	2,527	6,046	21,768
Office Space	9,638	33,784	41,543	28,368	15,598	6,603	13,571	8,247	157,352	54,697	56,527	111,224	268,576
Equipment Rental & Repair	696	2,438	2,795	2,120	1,114	466	988	571	11,188	12,856	4,057	16,913	28,101
Depreciation	1,676	4,003	4,634	3,001	1,467	1,154	1,333	918	18,186	5,995	6,509	12,504	30,690
Licenses & Permits	3	16	15	335	9	-	9	4	391	1,317	31	1,348	1,739
Bank Fees & Interest	187	521	626	465	214	116	217	130	2,476	10,784	966	11,750	14,226
Insurance	413	1,235	1,479	1,077	524	262	497	303	5,790	5,963	2,163	8,126	13,916
Bad Debt	-	-	-	-	-	-	-	-	-	20	-	20	20
Misc Expense	4,760	547	842	223	217	50	215	122	6,976	6,968	811	7,779	14,755
<b>Total Expenses</b>	<b>\$ 294,413</b>	<b>\$ 371,294</b>	<b>\$ 666,679</b>	<b>\$ 513,682</b>	<b>\$ 256,593</b>	<b>\$ 211,891</b>	<b>\$ 172,905</b>	<b>\$ 272,901</b>	<b>\$ 2,760,358</b>	<b>\$ 682,270</b>	<b>\$ 619,020</b>	<b>\$ 1,301,290</b>	<b>\$ 4,061,648</b>

See accompanying notes.

**NOTE 1 – ORGANIZATION**

As a global network of over 160 member funds, Women's Funding Network (“WFN”) accelerates women's leadership and invests in solving critical social issues - from poverty to global security - by bringing together the financial power, influence and voices of women's funds.

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:

**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.

**Member services** – WFN offers a wide range of products, capacity-building 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.

**Civic engagement** – WFN’s civic engagement strategies drive a shared policy platform throughout the Network, member funds, and their grantees. The Women’s Economic Security Campaign (“WESC”) harnesses the power and resources of women’s funds across the country to increase opportunity for low-income women and their families. A Future. Not a Past. (“AFNAP”) is focused on ending sex trafficking of children in the United States.

**Philanthropic engagement** – WFN’s philanthropic engagement activities engage diverse groups of donors in social change philanthropy through proven cultivation strategies. 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 \$197 million by December 2010. 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. In addition, WFN incubated two new initiatives in 2010: the Black Women Donors Action Group and Reproductive Health Messaging.

**Leadership** – The WFN’s leadership programs bring together women of all backgrounds who share similar interests and wish to increase their social justice impact. 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. Specific activities in 2010 include: a cohort focused on creating sustainable business models for women’s funds, U.S. regional convenings, and a new coaching protocol.

**WOMEN'S FUNDING NETWORK**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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**Grantmaking** – 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 by focusing 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. WFN's grantmaking activities accelerate the impact of member funds to transform lives, communities and systems that support women's and girls' equality and participation

**Impact evaluation** – WFN strives to provide up-to-date and comprehensive research and information necessary to support the women's funding movement. WFN provides access to its innovative planning and evaluation tool, Making the Case™. 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.

**Social enterprise** – Making the Case™ and Smart Growth™ 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.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**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.

**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.

**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.

**Grants and promises to give receivable** – Grants and promises to give receivable represents unconditional commitments from foundations, corporations and individuals that are recorded at their net realizable value less an allowance for uncollectible amounts based on historical averages.

**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 the 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 a cost or fair value of \$1,000 or more and depreciates them, generally, over three to seven years.

**Income tax status** – WFN and WFNF are considered public charities and are exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code. WFN and WFNF are also exempt from State income tax. WFN is exempt from state tax under Minnesota Taxation Code Section 317A and WFNF under State of California Revenue and Taxation Code Section 23701(d), 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 consolidated financial statements. The Network has no unrecognized tax benefits or uncertain tax positions as of December 31, 2010 or 2009.

**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.

**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.

**Permanently restricted** – Net assets subject to donor-imposed stipulations that specify the assets donated be invested to provide a permanent source of income. The Network has no permanently restricted net assets as of December 31, 2010 or 2009.

**Fair value of assets and liabilities** – Fair Value is defined 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. The fair value hierarchy requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of input that may be used to measure fair value:

- Level 1      Quoted prices in active markets for identical assets or liabilities.
  
- Level 2      Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in active markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
  
- Level 3      Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

All of the Network's investments in the accompanying consolidated statements of financial position are measured at fair value on a recurring basis and are classified as Level 1 pursuant to the valuation hierarchy. Level 1 securities include exchange traded equities and therefore are valued based on quoted market prices in an active market.

**Membership dues** – Membership dues are recognized as income when members agree to renew their annual memberships.

**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 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.

**WOMEN'S FUNDING NETWORK**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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**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.

**Allocation of expenses** – Common expenses are allocated between program and supporting activities based on monthly time studies prepared by employees.

**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 consolidated financial statements are valuation of grants and promises to give receivable, valuation of investments, and functional allocation of expenses.

**Reclassification** – Certain 2009 amounts have been reclassified to conform to the 2010 consolidated financial statement presentation. Net assets and changes in net assets are unchanged due to these reclassifications.

**Subsequent events** – Subsequent events are events or transactions that occur after the consolidated statement of financial position date but before the consolidated financial statements are issued. The Network recognizes in the consolidated financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the consolidated statement of financial position, including the estimates inherent in the process of preparing the consolidated financial statements. The Network's consolidated financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the consolidated statement of financial position but arose after the consolidated statement of financial position date and before the consolidated financial statements are available to be issued.

The Network has evaluated subsequent events through March 24, 2011, which is the date the consolidated financial statements are available to be issued.

**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:

	<u>2010</u>	<u>2009</u>
Mutual funds – securities	\$ 2,506,223	\$ 1,769,088
Money funds	-	849,192
	<u>\$ 2,506,223</u>	<u>\$ 2,618,280</u>

**WOMEN'S FUNDING NETWORK**  
**NOTES TO CONDOLIDATED FINANCIAL STATEMENTS**

The components of total investment return by net assets classification for 2010 are reflected below:

	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Total</b>
Interest	\$ 30	\$ 2,127	\$ 2,157
Dividends	22,805	-	22,805
Capital gain distributions	11,957	-	11,957
Realized losses	(990)	-	(990)
Total investment income	33,802	2,127	35,929
Unrealized gains	154,531	-	154,531
Total investment return	<u>\$ 188,333</u>	<u>\$ 2,127</u>	<u>\$ 190,460</u>

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

	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Total</b>
Interest	\$ 2,654	\$ 702	\$ 3,356
Dividends	23,783	-	23,783
Capital gain distributions	4,493	-	4,493
Realized losses	(3,998)	-	(3,998)
Total investment income	26,932	702	27,634
Unrealized gain	271,854	-	271,854
Total investment return	<u>\$ 298,786</u>	<u>\$ 702</u>	<u>\$ 299,488</u>

**NOTE 4 - GRANTS AND PROMISES TO GIVE RECEIVABLE**

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

	<b>Current</b>	<b>Non-current</b>
In one year or less	\$ 1,635,424	\$ -
Between one year and five years	-	1,606,041
After five years	-	650,000
	1,635,424	2,256,041
Less:		
Allowance for uncollectible promises to give	-	(319,401)
Unamortized discount	-	(463,595)
	<u>\$ 1,635,424</u>	<u>\$ 1,473,045</u>

Discount rate was 3% for the year ended December 31, 2010 and ranged between 3% - 7.69% for the year ended December 31, 2009, respectively. Credit risk for grants and promises to give receivable is concentrated because substantially all of the balances are receivable from a few individuals and foundations.

**WOMEN'S FUNDING NETWORK**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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**NOTE 5 – LOAN FORGIVENESS**

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.

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 was a \$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**

	<u>2010</u>	<u>2009</u>
Furniture and equipment	\$ 23,184	\$ 22,148
Equipment acquired under capital leases	24,833	24,833
Leasehold improvements	26,495	24,545
Software and related implementation	102,726	84,568
	177,238	156,094
Less: accumulated depreciation	<u>(105,087)</u>	<u>(70,176)</u>
	<u>\$ 72,151</u>	<u>\$ 85,918</u>

**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, 2010 were as follows:

2011	\$ 8,841
2012	8,841
2013	<u>737</u>
Total future commitment	18,419
Current maturity	(5,690)
Amount representing sales tax	(1,598)
Amount representing interest	<u>(3,404)</u>
Capital lease payable	<u>\$ 7,727</u>

Amortization expense related to this capital lease is recorded under depreciation expense. Total payments under this arrangement were \$8,824 and \$8,555 during the years ended December 31, 2010 and 2009, respectively.

**WOMEN'S FUNDING NETWORK**  
**NOTES TO CONDOLIDATED FINANCIAL STATEMENTS**

**NOTE 8 – UNRESTRICTED NET ASSETS - BOARD DESIGNATED**

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

	<u>2010</u>	<u>2009</u>
Reserve for future operations	\$ 500,000	\$ 250,000
Opportunity fund	262,870	262,870
	<u>\$ 762,870</u>	<u>\$ 512,870</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, 2010 or 2009.

**NOTE 9 – TEMPORARILY RESTRICTED NET ASSETS**

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

	<u>2010</u>	<u>2009</u>
Conference	\$ -	\$ 15,000
Civic engagement	699,986	896,371
Philanthropic engagement	672,903	170,557
Leadership	863,004	686,445
Grantmaking	542,990	68,330
Impact evaluation	272,759	196,369
Social enterprise	-	13,887
Future periods activities	<u>2,802,146</u>	<u>3,624,696</u>
Total temporarily restricted net assets	5,853,788	5,671,655
Unamortized discount	(470,806)	(494,436)
Allowance for uncollectible promises to give	<u>(312,190)</u>	<u>(90,000)</u>
Temporarily restricted net assets, net of discount and allowance	<u>\$ 5,070,792</u>	<u>\$ 5,087,219</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, 2010 consisted of:

	<u>Fundraising</u>	<u>Programs</u>	<u>Total 2010</u>
Legal fees	\$ -	\$ 19,642	\$ 19,642
Convening	-	50,000	50,000
Other professional fees	1,753	22,149	23,902
Total	<u>\$ 1,753</u>	<u>\$ 91,791</u>	<u>\$ 93,544</u>

Donated services received and included in "in-kind contributions" on the statement of activities for the year ended December 31, 2009 consisted of \$79,478 in legal fees, convening, and other professional fees that were recorded as Programmatic and Management and General expenses.



**WOMEN'S FUNDING NETWORK**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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**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 \$122,128 and \$123,209 for the years ended December 31, 2010 and 2009, respectively.

**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:

2011	\$	258,094
2012		266,015
2013		273,935
2014		281,856
2015 - Thereafter		<u>411,892</u>
Total	\$	<u>1,491,792</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, 2010 was \$250,172.

**NOTE 13 – RELATED PARTY TRANSACTION**

The Network made payments of consulting fees, honorarium and stipends to former board members of \$0 and \$19,869 for the years ended December 31, 2010 and 2009, respectively. The Network also made payments of grants to member nonprofit organizations whose employees are board members of the Network of \$0 and \$111,000 for the years ended December 31, 2010 and 2009, respectively.

**NOTE 14 – CONDITIONAL GRANTS**

During 2009, the Network received a grant from a private foundation for \$1,000,000. The second installment of this grant is contingent on the ability of WFN and its member funds to raise \$1,000,000 in matching funds. At December 31, 2010, this condition was not met. Accordingly the income is not reported on the accompanying financial statements.