



Report of Independent Auditors and
Consolidated Financial Statements

**Women's Funding Network
and Affiliate**

December 31, 2012 and 2011

MOSS-ADAMS_{LLP}

Certified Public Accountants | Business Consultants

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REPORT OF INDEPENDENT AUDITORS

To the Board of Directors
Women's Funding Network and Affiliate

Report on Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Women's Funding Network and Women's Funding Network Foundation (the "Network"), which comprise the consolidated statements of financial position as of December 31, 2012 and 2011, and the related consolidated 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated 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 audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 2012 and 2011, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



San Francisco, California
May 17, 2013

CONSOLIDATED FINANCIAL STATEMENTS

WOMEN'S FUNDING NETWORK AND AFFILIATE
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,817,341	\$ 933,496
Investments	747,563	1,534,234
Promises to give and grants receivable	105,200	1,764,171
Other receivables	5,645	4,097
Prepaid expenses	126,798	106,438
Total current assets	2,802,547	4,342,436
Promises to give and grants receivable, net	36,343	26,343
Deposits	24,423	24,423
Property and equipment, net	17,605	38,291
Total assets	<u>\$ 2,880,918</u>	<u>\$ 4,431,493</u>
LIABILITIES		
Current liabilities:		
Accounts payable and accrued expenses	\$ 43,595	\$ 60,618
Agency transactions	250,000	350,000
Capital leases payable, current maturities	1,364	7,130
Accrued vacation liability	27,771	27,239
Deferred membership and social enterprise fees	2,700	43,000
Total current liabilities	325,430	487,987
Deferred rent	67,502	70,048
Capital leases payable	-	676
Total liabilities	392,932	558,711
Net assets:		
Unrestricted	585,515	542,766
Temporarily restricted net assets	1,902,471	3,330,016
Total net assets	2,487,986	3,872,782
Total liabilities and net assets	<u>\$ 2,880,918</u>	<u>\$ 4,431,493</u>

See accompanying notes.

**WOMEN'S FUNDING NETWORK AND AFFILIATE
CONSOLIDATED STATEMENTS OF ACTIVITIES
Years Ended December 31, 2012 and 2011**

	2012			2011		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
SUPPORT, REVENUE, GAINS, AND LOSSES						
Foundation and corporate grants	\$ 6,500	\$ 647,000	\$ 653,500	\$ 153,120	\$ 750,337	\$ 903,457
Contributions	423,602	7,450	431,052	409,276	130,231	539,507
In-kind donations	49,786	-	49,786	75,029	-	75,029
Membership dues	191,640	-	191,640	153,140	-	153,140
Event fees and sponsorships	245,731	-	245,731	327,632	-	327,632
Fee for service income	30,174	-	30,174	95,707	-	95,707
Investment income (loss)	(66,296)	-	(66,296)	(8,086)	7,358	(728)
Unrealized gain (loss) from investments	180,137	-	180,137	(17,063)	-	(17,063)
Prior year promises to give redirected or written off	61,506	(61,506)	-	497,453	(497,453)	-
Net assets released from restrictions	2,020,489	(2,020,489)	-	2,131,249	(2,131,249)	-
Total support, revenue, gains, and losses	<u>3,143,269</u>	<u>(1,427,545)</u>	<u>1,715,724</u>	<u>3,817,457</u>	<u>(1,740,776)</u>	<u>2,076,681</u>
EXPENSES						
Program services:						
Conference	601,687	-	601,687	380,744	-	380,744
Member services	293,493	-	293,493	577,296	-	577,296
Research and Policy	17,952	-	17,952	537,258	-	537,258
Education and Convening	492,908	-	492,908	991,217	-	991,217
Grantmaking	809,230	-	809,230	124,848	-	124,848
Social enterprise	9,617	-	9,617	43,680	-	43,680
Supporting services:						
Transition	2,829	-	2,829	219,668	-	219,668
Management and general	526,687	-	526,687	684,922	-	684,922
Development	346,117	-	346,117	585,985	-	585,985
Total expenses	<u>3,100,520</u>	<u>-</u>	<u>3,100,520</u>	<u>4,145,618</u>	<u>-</u>	<u>4,145,618</u>
Change in net assets	42,749	(1,427,545)	(1,384,796)	(328,161)	(1,740,776)	(2,068,937)
Net assets at beginning of year	542,766	3,330,016	3,872,782	870,927	5,070,792	5,941,719
Net assets at end of year	<u>\$ 585,515</u>	<u>\$ 1,902,471</u>	<u>\$ 2,487,986</u>	<u>\$ 542,766</u>	<u>\$ 3,330,016</u>	<u>\$ 3,872,782</u>

See accompanying notes.

WOMEN'S FUNDING NETWORK AND AFFILIATE
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years Ended December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Cash flows from operating activities:		
Change in net assets	\$ (1,384,796)	\$ (2,068,937)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Change in allowance for uncollectible pledges to give	-	(317,901)
Change in discount on pledges and grants receivable	-	(461,438)
Depreciation and amortization	20,686	33,338
Loss from fixed assets disposal	-	1,421
Net loss (gain) from investments	(180,137)	17,063
Deferred rent	(2,546)	5,375
Contribution of investments	(101,809)	-
(Increase) decrease in operating assets:		
Other receivables	(1,548)	66,551
Promises to give and grants receivable	1,648,971	2,447,294
Prepaid expenses	(20,360)	(31,499)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	(17,022)	(78,190)
Accrued vacation liability	532	(47,917)
Deferred membership and social enterprise	(40,300)	(32,604)
Agency transactions	(100,000)	-
Net cash used by operating activities	<u>(178,329)</u>	<u>(467,444)</u>
Cash flows from investing activities:		
Proceeds from sale of investments	1,091,583	1,012,825
Purchase of investments	(22,967)	(57,899)
Purchase of equipment and software	-	(898)
Net cash provided by investing activities	<u>1,068,616</u>	<u>954,028</u>
Cash flows from financing activities:		
Fiscal sponsorships	-	(276,000)
Principal payments on capital leases	(6,442)	(5,612)
Net cash used by financing activities	<u>(6,442)</u>	<u>(281,612)</u>
Net increase in cash and cash equivalents	883,845	204,972
Cash and cash equivalents, beginning of the year	933,496	728,524
Cash and cash equivalents, end of the year	<u>\$ 1,817,341</u>	<u>\$ 933,496</u>
Noncash activities:		
Donated securities	<u>\$ 101,809</u>	<u>\$ -</u>
Paid interest	<u>\$ 1,316</u>	<u>\$ 2,644</u>

See accompanying notes.

**WOMEN'S FUNDING NETWORK AND AFFILIATE
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
Year Ended December 31, 2012**

	Program Services						Supporting Services					Total
	Conference	Member Services	Research and Policy	Education and Convening	Grant-making	Social Enterprise	Total Program Services	Transition	Management and General	Development	Total Supporting Services	
Staff	\$ 135,906	\$ 124,673	\$ 11,892	\$ 230,622	\$ 10,265	\$ 494	\$ 513,852	\$ -	\$ 191,878	\$ 141,077	\$ 332,955	\$ 846,807
Outreach and professional development	1,663	1,706	6	2,719	9	3	6,106	-	2,987	2,507	5,494	11,600
Consultant fees and honoraria	122,033	25,185	1,803	62,848	258	8,008	220,135	1,913	81,065	84,729	167,707	387,842
Convening facilities and AV	88,264	5,402	-	14,447	22	-	108,135	-	725	2,141	2,866	111,001
Food	91,361	2,587	31	3,067	-	-	97,046	-	4,594	1,430	6,024	103,070
Travel	69,888	19,700	476	20,414	-	-	110,478	916	20,205	16,970	38,091	148,569
Materials development / printing	11,305	687	30	572	12	-	12,606	-	9,657	1,851	11,508	24,114
Grants and sponsorships	-	200	-	42,117	796,000	-	838,317	-	-	-	-	838,317
Evaluation	-	30,891	-	52,983	-	-	83,874	-	-	-	-	83,874
Mailing	2,530	710	80	943	13	-	4,276	-	1,256	1,339	2,595	6,871
Telephone	3,728	12,477	291	2,922	117	697	20,232	-	6,464	4,003	10,467	30,699
Office supplies	3,057	4,433	76	6,498	53	6	14,123	-	37,336	10,720	48,056	62,179
Office space	58,952	53,183	2,718	44,178	2,113	352	161,496	-	63,576	64,426	128,002	289,498
Equipment rental and repair	6,084	4,839	236	3,838	163	16	15,176	-	20,408	5,133	25,541	40,717
Depreciation, amortization and disposal	3,666	4,217	215	3,164	139	35	11,436	-	4,397	4,852	9,249	20,685
Licenses and permits	10	663	4	38	2	-	717	-	641	2,915	3,556	4,273
Bank fees and interest	4	11	-	8	-	-	23	-	9,655	15	9,670	9,693
Insurance	3,236	1,929	94	1,530	64	6	6,859	-	5,188	2,009	7,197	14,056
Bad debt	-	-	-	-	-	-	-	-	66,655	-	66,655	66,655
Total expenses	\$ 601,687	\$ 293,493	\$ 17,952	\$ 492,908	\$ 809,230	\$ 9,617	\$ 2,224,887	\$ 2,829	\$ 526,687	\$ 346,117	\$ 875,633	\$ 3,100,520

**WOMEN'S FUNDING NETWORK AND AFFILIATE
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
Year Ended December 31, 2011**

	Program Services						Supporting Services					
	Conference	Member Services	Research and Policy	Education and Convening	Grant-making	Social Enterprise	Total Program Services	Transition	Management and General	Development	Total Supporting Services	Total
Staff	\$ 47,924	\$ 207,368	\$ 131,843	\$ 307,683	\$ 16,855	\$ 6,102	\$ 717,775	\$ 54,953	\$ 321,759	\$ 322,813	\$ 699,525	\$ 1,417,300
Outreach and professional development	47	8,726	1,346	5,954	87	-	16,160	1,482	6,363	5,192	13,037	29,197
Consultant fees and honoraria	75,792	190,328	54,510	201,579	2,716	34,431	559,356	103,075	169,175	112,329	384,579	943,935
Convening facilities and AV	43,373	11,468	18,570	14,469	506	-	88,386	17	9,848	169	10,034	98,420
Food	93,626	11,617	26,282	36,773	90	26	168,414	4,353	20,606	4,982	29,941	198,355
Travel	58,879	23,853	31,436	49,794	1,342	1,521	166,825	42,660	28,299	23,392	94,351	261,176
Materials development / printing	21,138	3,689	1,915	3,292	46	37	30,117	1,205	10,015	7,113	18,333	48,450
Grants and sponsorships	10,002	3,337	106	10,934	99,999	595	124,973	43	77	3,053	3,173	128,146
Evaluation	-	37,684	15,000	-	-	-	52,684	-	-	-	-	52,684
Mailing	3,182	2,376	2,599	2,441	177	25	10,800	92	1,624	1,554	3,270	14,070
Telephone	1,974	8,904	5,022	7,611	267	250	24,028	1,059	7,099	9,539	17,697	41,725
Office supplies	5,580	1,680	742	2,316	85	23	10,426	600	3,062	2,283	5,945	16,371
Office space	14,935	53,047	28,940	50,298	2,226	569	150,015	8,098	56,894	71,141	136,133	286,148
Equipment rental and repair	1,216	4,262	2,337	4,092	179	47	12,133	663	16,550	5,701	22,914	35,047
Depreciation, amortization and disposal	2,351	6,736	3,450	5,895	166	24	18,622	1,084	6,739	8,314	16,137	34,759
Licenses and permits	8	139	26	140	4	-	317	25	1,434	5,630	7,089	7,406
Bank fees and interest	143	488	272	479	20	6	1,408	73	16,413	657	17,143	18,551
Insurance	574	1,594	862	1,614	83	24	4,751	186	5,411	2,123	7,720	12,471
Bad debt	-	-	212,000	285,853	-	-	497,853	-	3,554	-	3,554	501,407
Total expenses	\$ 380,744	\$ 577,296	\$ 537,258	\$ 991,217	\$ 124,848	\$ 43,680	\$ 2,655,043	\$ 219,668	\$ 684,922	\$ 585,985	\$ 1,490,575	\$ 4,145,618

WOMEN'S FUNDING NETWORK AND AFFILIATE NOTES TO CONDOLIDATED FINANCIAL STATEMENTS

NOTE 1 – ORGANIZATION

Women's Funding Network (WFN) is one of the largest philanthropic affinity groups of women in philanthropy. Collectively, the 155-member women's funds award over 7,000 grants annually to women-led, community-based organizations.

WFN provides services, tools, and support to member women's funds that improve and strengthen their fund-raising and grant-making to benefit women, girls, and entire communities. In partnership with member women's funds, WFN creates space and infrastructure for shared learning, grants measurement and evaluation, and leadership development for community organizations and individual women and girls around the world.

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 to support 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 brings together women leaders in philanthropy for professional development and networking. The conference structure includes skill-building workshops for staff and board, peer-driven learning opportunities, thought leaders and content experts to inform on emerging issues and best practices in the field of philanthropy, and relevant social issues.

Member services – WFN offers a wide range of technical assistance and capacity-building services, programs, and events that benefit independent public women's foundations, private women's foundations, women's funds within community foundations or larger organizations, and funds based outside of the United States.

Research and policy – WFN research and policy strategies include monitoring public policy relevant to the status of women and girls, commissioning and conducting research to inform the field; and collaborating with key organizations and institutions as an expert resource in gender equality and analysis in philanthropy.

Education and convening – WFN convenes and coordinates member funds working across shared issues and strategies so that the Network is engaged in knowledge building and learning important for effective local grantmaking for greater impact.

Grantmaking – WFN receives funds from donors some or all of which may be for the purpose of re-granting to other entities based on the donor's intent. Funds designated for re-granting are classified as agency transactions on the statement of financial position and are re-granted according to the terms of the agreements.

Social enterprise – WFN licenses proprietary software it has developed to third-party entities the revenue for which is recognized incrementally as earned.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Method of accounting – The consolidated 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 statements 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 fair market value. Donated securities that have not been sold at year-end are also reported as investments.

Promises to give and grants receivable – Promises to give and grants 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.

WOMEN'S FUNDING NETWORK AND AFFILIATE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Fixed assets and depreciation – Fixed assets are stated at cost at the date of acquisition when purchased and fair 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.

Agency transactions – The Network receives funds from donors for the purpose of re-granting to other entities based on the donors' wishes and classifies these as agency transactions on the statements of financial position. The funds are distributed according to the terms of the agreements.

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). 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, 2012 or 2011. With few exceptions, the Network is no longer subject to United States federal or state/local income tax examinations by tax authorities for fiscal years before 2008.

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 had no permanently restricted net assets as of December 31, 2012 or 2011.

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 mutual funds invested in various 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 earned by members agreeing to renew their annual memberships over the membership period.

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 statements of activities as net assets released from restrictions. However, conference sponsorships that are received in the same year the conference is held are reported as unrestricted support and increase unrestricted net assets.

**WOMEN'S FUNDING NETWORK AND AFFILIATE
NOTES TO CONDOLATED FINANCIAL STATEMENTS**

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.

Contributed services – The Network records contributed services, at fair value, if the services either create or enhance a nonfinancial asset or 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 consolidated 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 promises to give and grants receivable, valuation of investments, and functional allocation of expenses.

Reclassification – Certain 2011 amounts have been reclassified to conform to the 2012 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 statements 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 statements of financial position but arose after the consolidated statements of financial position date and before the consolidated financial statements were available to be issued.

The Network has evaluated subsequent events through May 17, 2013, which is the date the consolidated financial statements were available to be issued.

NOTE 3 – INVESTMENTS

Investments are carried at fair value based on quoted prices in active markets (all Level 1 measurements) and consisted of mutual funds.

The components of total investment return by net assets classification for 2012 are reflected below:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Interest	\$ 512	\$ -	\$ 512
Dividends	12,380	-	12,380
Capital gain distributions	10,586	-	10,586
Realized losses	<u>(89,774)</u>	<u>-</u>	<u>(89,774)</u>
Total investment loss	(66,296)	-	(66,296)
Unrealized gains	<u>180,137</u>	<u>-</u>	<u>180,137</u>
Total investment return	<u>\$ 113,841</u>	<u>\$ -</u>	<u>\$ 113,841</u>

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

The components of total investment return by net assets classification for 2011 are reflected below:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Interest	\$ 584	\$ -	\$ 584
Dividends	18,013	7,358	25,371
Capital gain distributions	32,532	-	32,532
Realized losses	<u>(59,215)</u>	<u>-</u>	<u>(59,215)</u>
Total investment income (loss)	(8,086)	7,358	(728)
Unrealized losses	<u>(17,063)</u>	<u>-</u>	<u>(17,063)</u>
Total investment return	<u>\$ (25,149)</u>	<u>\$ 7,358</u>	<u>\$ (17,791)</u>

NOTE 4 - PROMISES TO GIVE AND GRANTS RECEIVABLE

Unconditional promises to give and grants 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:

	<u>2012</u>	<u>2011</u>
In one year or less	\$ 105,200	\$ 1,764,171
Between one year and five years	<u>40,000</u>	<u>30,000</u>
	145,200	1,794,171
Less:		
Allowance for uncollectible promises to give	(1,500)	(1,500)
Unamortized discount	<u>(2,157)</u>	<u>(2,157)</u>
	<u>\$ 141,543</u>	<u>\$ 1,790,514</u>

Discount rate was 3% for the years ended December 31, 2012 and 2011. 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.

NOTE 5 - PROPERTY AND EQUIPMENT

	<u>2012</u>	<u>2011</u>
Furniture and equipment	\$ 13,620	\$ 13,620
Equipment acquired under capital leases	24,833	24,833
Leasehold improvements	26,495	26,495
Software and related implementation	<u>94,163</u>	<u>94,163</u>
	159,111	159,111
Less: accumulated depreciation	<u>(141,506)</u>	<u>(120,820)</u>
	<u>\$ 17,605</u>	<u>\$ 38,291</u>

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

NOTE 6 – OBLIGATIONS UNDER CAPITAL LEASE ARRANGEMENTS

The Network acquired certain equipment under a noncancelable 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, 2012, are as follows:

<u>Year Ending December 31,</u>	
2013	\$ <u>1,609</u>
Total future commitment	1,609
Current maturity	(1,364)
Amount representing sales tax	(122)
Amount representing interest	<u>(123)</u>
Long term capital lease payable	<u>\$ -</u>

Amortization expense related to this capital lease is recorded under depreciation expense. Total payments under this arrangement were \$9,058 and \$9,242 during the years ended December 31, 2012 and 2011, respectively.

NOTE 7 – TEMPORARILY RESTRICTED NET ASSETS

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

	<u>2012</u>	<u>2011</u>
Conference	\$ 288,536	\$ 333,753
Member services	133,533	548,229
Research and policy	134,716	310,810
Education and convening	868,844	895,180
Grantmaking	247,903	150,452
Social enterprise	25,956	-
Future periods activities	<u>206,640</u>	<u>1,095,249</u>
Total temporarily restricted net assets	1,906,128	3,333,673
Unamortized discount	(2,157)	(2,157)
Allowance for uncollectible promises to give	<u>(1,500)</u>	<u>(1,500)</u>
Temporarily restricted net assets, net of discount and allowance	<u>\$ 1,902,471</u>	<u>\$ 3,330,016</u>

NOTE 8 – DONATED SERVICES

Donated services received and included in in-kind contributions on the statements of activities for the year ended December 31, 2012, consisted of:

	<u>Management and General</u>	<u>Fundraising</u>	<u>Programs</u>	<u>Total 2012</u>
Legal fees	\$ 2,828	\$ -	\$ 6,958	\$ 9,786
Travel	-	-	40,000	40,000
Other professional fees	-	-	-	-
Total	<u>\$ 2,828</u>	<u>\$ -</u>	<u>\$ 46,958</u>	<u>\$ 49,786</u>

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

Donated services received and included in in-kind contributions on the statements of activities for the year ended December 31, 2011, consisted of:

	<u>Mangagement and General</u>	<u>Fundraising</u>	<u>Programs</u>	<u>Total 2011</u>
Legal fees	\$ 5,779	\$ 3,648	\$ 7,602	\$ 17,029
Travel	-	-	50,000	50,000
Other professional fees	-	-	8,000	8,000
Total	<u>\$ 5,779</u>	<u>\$ 3,648</u>	<u>\$ 65,602</u>	<u>\$ 75,029</u>

NOTE 9 - 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 \$53,178 and \$95,095 for the years ended December 31, 2012 and 2011, respectively.

NOTE 10 - COMMITMENTS UNDER OPERATING LEASE AGREEMENTS

During the year ended December 31, 2009, the Network entered into a seven-year noncancellable 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:

<u>Year Ending December 31,</u>		
2013		\$ 273,935
2014		281,856
2015		289,777
2016		<u>122,115</u>
Total		<u>\$ 967,683</u>

The Network records its rent expense 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 is recorded as deferred rent on the statements of financial position. Total rent payments under this arrangement for the years ended December 31, 2012 and 2011, was \$266,014 and \$258,093, respectively.

NOTE 11 - RELATED PARTY TRANSACTION

The Network made payments of grants to member nonprofit organizations whose employees are board members of the Network of \$7,000 and \$0 for the years ended December 31, 2012 and 2011, respectively.