

**WASHINGTON WOMEN'S  
EMPLOYMENT & EDUCATION**

**FINANCIAL STATEMENTS**

For the years ended June 30, 2011 and 2010

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## INDEPENDENT AUDITOR'S REPORT

October 6, 2011

To the Board of Directors  
Washington Women's Employment & Education  
Tacoma, Washington

We have audited the accompanying statements of financial position of the Washington Women's Employment & Education as of June 30, 2011 and 2010 and the related statements of activities and changes in net assets and functional expenses for the year ended June 30, 2011, and the related statements of 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. The prior year summarized comparative information in the statements of activities and functional expenses have been derived from the organization's 2010 financial statements, and in our report dated September 29, 2010, we expressed an unqualified opinion on those financial statements.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. 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 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 financial statements referred to above present fairly, in all material respects, the financial position of the Washington Women's Employment & Education as of June 30, 2011 and 2010, and the changes in its net assets for the year ended June 30, 2011, and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 6, 2011, on our consideration of Washington Women's Employment & Education's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, and should be read in conjunction with this report in considering the results of our audit.



**WASHINGTON WOMEN'S EMPLOYMENT & EDUCATION**

STATEMENTS OF FINANCIAL POSITION

June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 204,001	\$ 191,958
Grants and other receivables	214,588	272,635
Prepaid expenses	29,072	15,627
Equipment, net	33,620	60,091
Investments	<u>793,472</u>	<u>646,796</u>
<b>TOTAL ASSETS</b>	<u>\$ 1,274,753</u>	<u>\$ 1,187,107</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities:</b>		
Accounts payable	\$ 14,964	\$ 12,677
Accrued retirement payable	8,930	7,984
Accrued vacation payable	24,991	26,203
Other liabilities	<u>40,047</u>	<u>31,482</u>
<b>TOTAL LIABILITIES</b>	<u>88,932</u>	<u>78,346</u>
<b>Net Assets:</b>		
<b>Unrestricted</b>		
Undesignated	582,821	750,761
Board-designated operating reserve	380,000	250,000
Board-designated endowment	50,000	---
<b>Temporarily Restricted</b>	73,000	8,000
<b>Permanently Restricted</b>	<u>100,000</u>	<u>100,000</u>
<b>TOTAL NET ASSETS</b>	<u>1,185,821</u>	<u>1,108,761</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 1,274,753</u>	<u>\$ 1,187,107</u>

See accompanying notes.



WASHINGTON WOMEN'S EMPLOYMENT & EDUCATION

STATEMENT OF FUNCTIONAL EXPENSES  
For The Year Ended June 30, 2011  
with comparative totals for 2010

	Program Services						Supporting Services			Totals	
	REACH Plus™	Program Services	Housing Program	Community Jobs Program	Community Education	Volunteers	Total	General and Administrative	Fundraising	2011	2010
Salaries	\$ 289,519	\$ 51,816	\$ 130,993	\$ 75,314	\$ 83,273	\$ 10,450	\$ 641,365	\$ 77,684	\$ 86,411	\$ 805,460	\$ 780,830
Payroll taxes	26,396	4,732	12,288	6,999	7,618	965	58,998	7,474	8,057	74,529	70,318
Fringe benefits	48,104	5,599	15,895	17,909	8,172	1,511	97,190	22,031	10,558	129,779	109,396
<b>TOTAL SALARIES AND RELATED EXPENSES</b>	<b>364,019</b>	<b>62,147</b>	<b>159,176</b>	<b>100,222</b>	<b>99,063</b>	<b>12,926</b>	<b>797,553</b>	<b>107,189</b>	<b>105,026</b>	<b>1,009,768</b>	<b>940,544</b>
Supplies	21,330	1,055	2,874	5,496	647	573	31,975	3,283	2,009	37,267	37,294
Printing and publications	2,021	---	190	217	41	---	2,469	40	2,684	5,193	6,148
Occupancy	133,126	3,447	12,925	15,214	2,685	5,107	172,504	5,418	4,924	182,846	185,158
Telephone	14,715	---	1,480	3,541	1,900	850	22,486	3,421	2,792	28,699	28,727
Travel	5,804	1,216	1,006	227	1,383	142	9,778	2,052	2,422	14,252	14,065
Rental and maintenance of equipment	4,978	---	527	888	29	59	6,481	4,726	2,681	13,888	11,132
Network	293	---	21	68	20	2	404	285	94	783	4,282
Depreciation	18,235	---	703	2,286	---	703	21,927	2,961	3,489	28,377	24,528
Postage	340	69	642	1,152	---	158	2,361	901	1,353	4,615	5,859
Advertising and outreach	19,055	---	---	32	---	---	19,087	27	10,471	29,585	13,665
Insurance	5,295	---	691	606	---	---	6,592	2,720	---	9,312	8,659
Professional fees	---	---	---	---	---	---	---	25,769	4,150	29,919	25,100
Contract services	16,858	188	103	167	---	8	17,324	6,189	323	23,836	24,367
Staff training	---	---	---	---	---	---	---	2,676	---	2,676	2,382
Membership and dues	1,478	---	125	125	199	---	1,927	2,857	760	5,544	4,877
Assistance to individuals	13,401	---	149,739	22,427	---	---	185,567	---	---	185,567	195,000
Community jobs payroll	---	---	---	249,733	---	---	249,733	---	---	249,733	255,528
Other	1,230	---	201	---	164	193	1,788	2,569	3,597	7,954	7,187
<b>TOTAL EXPENSES</b>	<b>\$ 622,178</b>	<b>\$ 68,122</b>	<b>\$ 330,403</b>	<b>\$ 402,401</b>	<b>\$ 106,131</b>	<b>\$ 20,721</b>	<b>\$ 1,549,956</b>	<b>\$ 173,083</b>	<b>\$ 146,775</b>	<b>\$ 1,869,814</b>	<b>\$ 1,794,502</b>

See accompanying notes.

**WASHINGTON WOMEN'S EMPLOYMENT & EDUCATION**

STATEMENTS OF CASH FLOWS  
For the years ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 77,060	\$ 225,418
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	28,377	24,528
Realized and unrealized gain on investments	(23,239)	(25,223)
Donated investments	(2,907)	(3,078)
Change in operating accounts:		
Decrease (increase) in grants and other receivables	58,047	(55,260)
Increase in prepaid expenses	(13,445)	(1,107)
Increase in accounts payable, accrued and other liabilities	10,586	9,209
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>134,479</u>	<u>174,487</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of investments	(708,208)	(299,624)
Proceeds from sale of investments	587,678	104,324
Purchases of equipment	(1,906)	(32,046)
<b>NET CASH USED BY INVESTING ACTIVITIES</b>	<u>(122,436)</u>	<u>(227,346)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	<u>---</u>	<u>---</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	12,043	(52,859)
<b>CASH AND CASH EQUIVALENTS, Beginning of year</b>	<u>191,958</u>	<u>244,817</u>
<b>CASH AND CASH EQUIVALENTS, End of year</b>	<u>\$ 204,001</u>	<u>\$ 191,958</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash paid for interest	<u>\$ ---</u>	<u>\$ ---</u>

**DISCLOSURE OF ACCOUNTING POLICY AND NONCASH TRANSACTIONS**

For purposes of these statements, cash and cash equivalents are considered to include only cash on hand and cash in operating accounts.

See accompanying notes.

## WASHINGTON WOMEN'S EMPLOYMENT & EDUCATION

### NOTES TO THE FINANCIAL STATEMENTS For the years ended June 30, 2011 and 2010

#### NOTE 1. Organization and Significant Accounting Policies

##### Organization:

Washington Women's Employment & Education (WWEE) is a private, nonprofit 501(c)(3) agency, with offices in Pierce and King Counties to serve the South Puget Sound region. The agency was formed in 1982 by Pierce County women concerned with the plight of low-income welfare-assisted single parents. The primary purpose of the agency was and is to provide assistance in breaking down the barriers which stand in the way of achievement of long-term employment and to upgrade the skill level of participants making them competitive for jobs at a wage/benefits level sufficient to meet the needs of a family.

WWEE conducts a powerfully effective program designed to assist participants break the cycle of poverty.

The WWEE program is made possible by donations from many corporations, foundations, service organizations, churches, program alumnae, board members and other concerned individuals throughout the community. The program receives funds from various municipal governments, including Renton, Auburn, Kent, SeaTac, Tacoma and Pierce County; the Department of Social and Health Services; and the Tacoma Pierce County Employment and Training Consortium.

Since its inception, over 16,000 individuals have participated in the WWEE program. WWEE is pleased to report that despite the current economy approximately 68% of program participants were employed; enrolled in higher education; or involved in work experience internships within one year after enrollment in WWEE's job readiness class. The long-range goal is achieved when a participant is permanently employed at a level required to support a family without the need for public assistance.

The community as a whole benefits when WWEE participants leave the welfare rolls and become contributors to tax funds rather than consumers of public assistance. Program-wide, WWEE provided estimated tax savings of almost \$528,000 in FY 11. When multiplied by a lifetime of wage-earning years, the impact of WWEE in King and Pierce Counties is tremendous.

Businesses in the community benefit from the WWEE program when the program places skilled and highly motivated employees into the workforce. Through WWEE, most participants acquire the skills necessary to carry them through to successful living without the need for further assistance. WWEE feels that the only true solution to poverty is to empower individuals with renewed self-esteem, motivation, direction, and determination, and it is on this premise that the program is founded.

Programs and their descriptions are as follows:

##### REACH Plus™:

This program, which started in October 2003 at the Kent location, and in Tacoma on July 1, 2004, combines the key components of the REACH™ and Computer Applications and Career Development workshops into one 5-week, 175-hour integrated program. The purpose of REACH Plus™ is to upgrade the skills, work habits, attitudes, computer knowledge and overall employability of low-income individuals. The class covers topics such as resumes, cover/thank you letters, interviewing techniques, and workplace attitudes as well as instructing the participants on keyboarding, Windows and the entire Microsoft Office Suite.

All graduates of the programs receive up to two years of job search assistance, employment retention, progression, and transition services.

## WASHINGTON WOMEN'S EMPLOYMENT & EDUCATION

### NOTES TO THE FINANCIAL STATEMENTS For the years ended June 30, 2011 and 2010

#### NOTE 1. **Organization and Significant Accounting Policies** (continued)

##### Program Services:

Is comprised of our social enterprise *CareerKeys* which brings our successful computer training module to low-income working individuals for a fee. WWEE takes advantage of our training expertise by providing classes in Word, Excel, Access and PowerPoint. These classes target both businesses looking to upgrade their staff's technical skills and individuals desiring to improve their employability. All revenue generated from this service is used to help fund our core programs assisting low-income individuals achieve self-sufficiency. Other workshops are also involved in our Program Services division, these include individualized job-training provided on-site and tailored specifically to an organization's needs.

##### Housing Program:

Assists low-income families stabilize their housing and life circumstances as they work to achieve economic self-sufficiency through sustainable wage careers. The program combines case management, counseling, and employment services with transitional housing and rental assistance services, creating a holistic and integrated program which recognizes the special and individualized needs of our clients and empowers them to achieve self-sufficiency. Housing program services include: community outreach, intensive case management, barrier reduction counseling, rental subsidies, access to our employment and training programs, support services and follow-up.

##### Community Jobs Program:

Participants in Pierce County may be placed in a six-month work experience paid internship as part of the Community Jobs Program. During the internships, participants receive regular communications from WWEE staff, supportive services as needed, and if necessary, conflict resolution or other coaching designated to help participants stay in their positions.

An additional component of the Community Jobs Program, called CJ Works, is designed to improve employability for parents who are able to participate in a work activity by providing work experience to TANF recipients that directly benefit the community.

##### Community Education:

Outreach and education is provided to the community through speaking engagements to create awareness of the workforce and job related issues affecting our communities and the services available to assist individuals in overcoming these barriers.

##### Volunteers:

The Volunteer program uses community volunteers to assist WWEE's participants in a myriad of ways ranging from one-on-one mentoring of participants in their job search endeavors to managing and assisting clients with their professional wardrobe through our Career Essentials clothing closet.

## WASHINGTON WOMEN'S EMPLOYMENT & EDUCATION

### NOTES TO THE FINANCIAL STATEMENTS

For the years ended June 30, 2011 and 2010

#### **NOTE 1. Organization and Significant Accounting Policies** (continued)

##### Basis of Presentation:

The financial statements of WWEE have been prepared on the accrual basis.

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of WWEE and changes therein are classified and reported as follows:

**Unrestricted Net Assets:** Net assets that are not subject to donor-imposed stipulations.

**Temporarily Restricted Net Assets:** Net assets subject to donor-imposed stipulations that will be met either by actions of the Organization or the passage of time. At June 30, 2011 and 2010, WWEE had temporarily restricted net assets of \$73,000 and \$8,000, respectively.

**Permanently Restricted Net Assets:** Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Investment earnings are reported as unrestricted net assets unless specifically restricted by the donor.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e., the donor stipulated purpose has been fulfilled and/or the stipulated time period has lapsed) are reported as reclassifications between the applicable classes of net assets. Restricted contributions whose restrictions are met in the same reporting period are recorded as unrestricted support.

##### Investments:

Investments in debt securities and in equity securities that have readily determinable market values are accounted for and reported at fair value in the statement of financial position. See Note 2 for fair value measurements.

Dividends, interest, and other investment income are reported in the period earned as increases in unrestricted net assets unless the use of the assets is limited by donor-imposed restrictions, in which case they are reported as increases in temporarily or permanently restricted net assets. Gains and losses on investments are reported as other changes on the statements of activities as increases or decreases in unrestricted net assets unless their use is temporarily or permanently restricted by explicit donor stipulation or law.

WWEE's investment policy is to diversify investments within both equity and fixed-income securities so as to provide balance that will enhance total return while avoiding undue risk concentration in any single asset class of investment category.

Equity investments normally constitute a minimum of 12% and a maximum of 20% of the total fund. Fixed income investments normally constitute a minimum of 80% and a maximum of 88% of the total fund.

## WASHINGTON WOMEN'S EMPLOYMENT & EDUCATION

### NOTES TO THE FINANCIAL STATEMENTS For the years ended June 30, 2011 and 2010

#### **NOTE 1. Organization and Significant Accounting Policies** (continued)

##### Financial Instruments:

Cash, cash equivalents and promises to give due in less than one year: The carrying amounts reported in the statement of financial position approximate fair value because of the short maturities of those instruments.

##### Equipment and Depreciation:

Equipment consists of the furniture and equipment of the agency stated at cost, if purchased, or at fair value at the time of donation, if donated. Equipment acquisitions with a purchase price or fair market value at the time of donation, greater than \$1,000 and a useful life in excess of one year are capitalized. Depreciation is provided over the estimated useful life of the asset, between 2-7 years using the straight line method. Depreciation expense for the year ended June 30, 2011 and 2010 was \$28,377 and \$24,528, respectively.

##### Revenue Recognition:

Grants are recorded as revenue when the grant award is issued by the funding agency. Reimbursement and fee for service contracts are recorded as revenue at the time service is provided or the expenditure is incurred. Funds received in advance of performance are treated as deferred revenue and shown as a liability on the statement of financial position.

##### Receivables:

Accounts and pledges receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts or pledges receivable. Changes in the valuation allowance have not been material to the financial statements. Included in grants and other receivables at June 30, 2011 and 2010 were \$44,066 and \$59,193, respectively, of pledges receivable due beyond one year.

##### Donated Goods and Services:

Donated goods are recorded at fair market value at the date of receipt. Donated services are recorded only if specific professional expertise is provided or the services are for constructing a fixed asset, in accordance with generally accepted accounting principles. During 2011, WWEE received donated goods and services donations of which \$19,769 was professional audit services, and \$14,860 was for fundraising. During 2010, WWEE received donations of which \$10,675 was professional audit services, and \$12,820 was for fundraising. These amounts are included in in-kind contributions and the appropriate expense or capitalized in the accompanying financial statements. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization; while these tasks do not meet the recognition criteria to be included in the financial statements, volunteers contributed approximately 4,444 and 3,935 hours, with an estimated value of \$92,664 and \$79,676, respectively.

##### Advertising Costs:

Advertising costs are expensed as they are incurred.

## WASHINGTON WOMEN'S EMPLOYMENT & EDUCATION

### NOTES TO THE FINANCIAL STATEMENTS

For the years ended June 30, 2011 and 2010

#### **NOTE 1. Organization and Significant Accounting Policies** (continued)

##### Tax Exempt Status:

The Internal Revenue Service had determined that WWEE is exempt from Federal income taxation under Section 501(c)(3) of the Internal Revenue Code and is not a private foundation. Management is not aware of any uncertain tax positions which would have a material effect on the Organization's financial statements.

##### Use of Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

##### Concentration of Credit Risk:

WWEE maintains its cash in depository institution accounts, which, at times, may exceed federally insured amounts. Management does not anticipate any material adverse consequences as a result of this concentration.

##### Allocation of Functional Expenses:

Expenses are allocated on a functional basis between program and supporting services based upon management's studies of the costs attributable to the program or support services.

##### Allocation of Joint Costs of Informational Materials:

Costs of WWEE's quarterly newsletter were allocated 100% to fundraising.

#### **NOTE 2. Fair Value Measurements**

The Organization's investments are reported at fair value in the accompanying statements of financial position. The methods used to measure fair value may produce an amount that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The fair value measurement accounting literature establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, and Level 3 inputs have the lowest priority. The Organization uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. No Level 2 or 3 inputs were available to the Organization.

## WASHINGTON WOMEN'S EMPLOYMENT & EDUCATION

### NOTES TO THE FINANCIAL STATEMENTS

For the years ended June 30, 2011 and 2010

#### NOTE 2. Fair Value Measurements (continued)

##### Level 1 Fair Value Measurements

The fair value of mutual funds is based on quoted net asset values of the shares held by the Organization at year-end. The fair values of common stocks, corporate bonds, and U.S. Government securities are based on the closing price reported on the active market where the individual securities are traded.

#### NOTE 3. Investments and Investments Restricted for Long-Term Use

Investments held at June 30 consist of the following:

	<u>2011</u>	<u>2010</u>
Fixed income mutual funds	\$ 666,857	\$ ----
Equity mutual funds	106,976	549,915
Cash	<u>19,639</u>	<u>96,881</u>
TOTAL	<u>\$ 793,472</u>	<u>\$ 646,796</u>

#### NOTE 4. Endowment

The investment account consists of one fund, established for operations purposes. As required by generally accepted accounting principles, net assets associated with the endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors has interpreted the Washington State Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets: (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence described in UPMIFA. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected rate of total return from income and the appreciation of investments, (6) other resources of the Organization, and (7) the Organization's investment policy (for the investment policy, see Note 1.)

**WASHINGTON WOMEN'S EMPLOYMENT & EDUCATION**

NOTES TO THE FINANCIAL STATEMENTS  
For the years ended June 30, 2011 and 2010

**NOTE 4. Endowment (continued)**

A reconciliation of the endowment investment account is as follows:

	<u>Unrestricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Balance, June 30, 2009	\$ ---	\$ 93,835	\$ 93,835
Contributions	---	---	---
Distributions	---	---	---
Interest and dividends	---	2,291	2,291
Realized gain/(loss)	---	3,926	3,926
Unrealized gain	---	4,043	4,043
Investment fees	---	(1,219)	(1,219)
Balance, June 30, 2010	---	102,876	102,876
Contributions	50,000	---	50,000
Distributions	---	---	---
Interest and dividends	943	2,830	3,773
Realized gain/(loss)	---	5,017	5,017
Unrealized gain	3,012	9,034	12,046
Investment fees	(386)	(1,157)	(1,543)
Balance, June 30, 2011	<u>\$ 53,569</u>	<u>\$ 118,600</u>	<u>\$ 172,169</u>

**NOTE 5. Equipment**

Equipment consists of the following at June 30:

	<u>2011</u>	<u>2010</u>
Equipment	\$ 224,869	\$ 222,963
Less accumulated depreciation	<u>191,249</u>	<u>162,872</u>
TOTAL	<u>\$ 33,620</u>	<u>\$ 60,091</u>

**NOTE 6. Unrestricted Net Assets - Board - Designated**

Unrestricted net assets as of June 30, 2011 and 2010 have been designated by resolution of the Board of Directors for the purpose of an operating reserve in the amount of \$380,000 and \$250,000, respectively.

Unrestricted net assets as of June 30, 2011 and 2010 have been designated by resolution of the Board of Directors for the purpose of an endowment in the amount at \$50,000 and \$---, respectively.

**NOTE 7. Permanently Restricted Net Assets**

Permanently restricted net assets totaling \$100,000 as of June 30, 2011 and 2010 are restricted as an endowment and are included in investments. Distribution of earnings on the endowment are directed by the Board through a written endowment policy and are available for operating purposes.

## WASHINGTON WOMEN'S EMPLOYMENT & EDUCATION

### NOTES TO THE FINANCIAL STATEMENTS

For the years ended June 30, 2011 and 2010

#### NOTE 8. Employee Retirement Benefit Plan

WWEE sponsors a 401(k) plan, which is available to all employees after three months of employment. Participants own all amounts held in their accounts and determine the investment choices.

WWEE adopted a Matching Contribution Plan as of July 1, 2000, for all eligible employees. To qualify, an employee must complete three months of service. WWEE will contribute a discretionary percentage of the salary deferrals that employees made to WWEE's 401(k) Plan. To receive the matching contribution from the employer, employees must be actively employed during the plan year. WWEE contributed \$8,930 and \$7,984 to the Matching Contribution Plan in 2011 and 2010, respectively.

#### NOTE 9. Funding Concentration

WWEE receives substantial funding in the form of grants and contracts from governmental and local agencies. Approximately 55% and 65% of total revenues (excluding investment gains and losses) come from these sources in 2011 and 2010, respectively. Many of the grants and contracts are subject to audit and adjustments by the grantor agencies and are not guaranteed year after year. A significant change in the level or timing of funding could affect operating results adversely.

#### NOTE 10. Statement of Activities

The Statements of Activities reflect fund raising – special events, net of expenses of \$37,665 and \$38,002 for the years ended June 30, 2011 and 2010.

#### NOTE 11. Operating Leases

WWEE has entered into two operating leases for administrative office and classroom space. The Tacoma office lease runs through December 31, 2012. Tacoma lease payments are currently \$8,932 per month. The Kent office lease expires December 31, 2013. Kent lease payments are currently \$4,692 per month and are adjusted annually for changes in the CPI. Future minimum lease payments under the two leases are as follows:

Year Ending June 30:	
2012	\$ 163,488
2013	109,896
2014	<u>28,152</u>
TOTAL MINIMUM LEASE PAYMENTS	<u>\$ 301,536</u>

Total lease payments for the years ended June 30, 2011 and 2010 were \$166,995 and \$171,465, respectively.

#### NOTE 12. Related Party

The Organization entered into a lease agreement with the Alliance Center (a coalition of South King County social service agencies) for the Kent office. The Organization's Chief Executive Officer is a board member of the Alliance Center. See Note 11 for information regarding this related party operating lease.

#### NOTE 13. Subsequent Events

The Organization has evaluated subsequent events through October 6, 2011, the date which the financial statements were available to be issued.