

NATIONAL WOMEN'S HEALTH NETWORK

FINANCIAL STATEMENTS

DECEMBER 31, 2011

KRONZEK, FISHER & LOPEZ, PLLC
Certified Public Accountants

NATIONAL WOMEN'S HEALTH NETWORK

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
National Women's Health Network
Washington, DC

We have audited the accompanying statement of financial position of National Women's Health Network (a nonprofit organization) as of December 31, 2011, and related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of National Women's Health Network's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted this 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 financial statements are free from 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 our audit provides 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 National Women's Health Network as of December 31, 2011 and the changes in its net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.


KRONZEK, FISHER & LOPEZ, PLLC
Certified Public Accountants

Washington, DC
May 9, 2012

NATIONAL WOMEN'S HEALTH NETWORK

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2011

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 424,306
Investments	3,843
Receivables	217,000
Prepaid expenses	3,792
	<u>648,941</u>

PROPERTY AND EQUIPMENT

Furniture, fixtures, equipment, website & leasehold improvements	87,464
Less: accumulated depreciation	58,530
	<u>28,934</u>

OTHER ASSETS

Deposits	<u>5,305</u>
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TOTAL ASSETS

	<u>\$ 683,180</u>
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable and accrued expenses	<u>\$ 33,892</u>
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NET ASSETS

Unrestricted		194,472
Temporarily restricted - Intern Fund	51,781	
- Other	403,035	454,816
		<u>649,288</u>

TOTAL LIABILITIES AND NET ASSETS

	<u>\$ 683,180</u>
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See accompanying notes to financial statements.

NATIONAL WOMEN'S HEALTH NETWORK
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2011

	Unrestricted	Temporarily Restricted	Total
REVENUE			
Memberships			
Renewals	\$ 104,233	\$ -	\$ 104,233
Special Appeals	42,076	-	42,076
Donations	240,925	39,860	280,785
Direct Mail/New Members	4,345	-	4,345
Total Membership	391,579	39,860	431,439
Grants	226,885	362,000	588,885
On-line In Kind	69,615	-	69,615
Combined Federal Campaign	4,135	-	4,135
Board fundraising	23,268	-	23,268
Special event - revenue	44,045		
- expenses	<u>10,345</u>		
Royalties	3,048	-	3,048
Investment income	1,513	121	1,634
Other income	1,420	-	1,420
	755,163	401,981	1,157,144
Net assets released from:			
Satisfaction of program restrictions	192,022	(192,022)	-
Total revenue	947,185	209,959	1,157,144
EXPENSES			
Program Services			
Member Services	331,070	-	331,070
Health Policy Activities	417,116	-	417,116
Women's Health Voice	143,756	-	143,756
Developing Leaders	36,093	-	36,093
Total program expenses	928,035	-	928,035
Support Services			
Board	34,792	-	34,792
Administrative	56,128	-	56,128
Fundraising	23,336	-	23,336
Total support services	114,256	-	114,256
Total expenses	1,042,291	-	1,042,291
CHANGE IN NET ASSETS	(95,106)	209,959	114,853
Beginning net assets	289,578	244,857	534,435
Ending net assets	<u>\$ 194,472</u>	<u>\$ 454,816</u>	<u>\$ 649,288</u>

See accompanying notes to financial statements.

NATIONAL WOMEN'S HEALTH NETWORK
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2011

	Member Services	Health Policy Activities	Women's Health Voice	Developing Leaders	Total Program	Board	Admin.	Fdrsg.	Total Expenses
Salaries	\$ 118,220	\$ 205,596	\$ 43,224	\$ 14,987	\$ 382,027	\$ 8,443	\$ 36,780	\$ 7,222	\$ 434,472
Payroll taxes & benefits	27,809	46,030	9,567	3,840	87,246	1,971	4,632	1,441	95,290
Consultants	32,359	8,643	2,729	-	43,731	-	-	2,166	45,897
Legal & accounting	-	784	-	-	784	-	37,997	-	38,781
Intern stipends	-	-	-	10,090	10,090	-	-	-	10,090
Advertising	572	-	69,615	-	70,187	-	520	-	70,707
Bank & credit charges	5,329	-	-	-	5,329	-	2,457	-	7,786
Board travel, mtgs, elections	-	-	-	-	-	15,763	-	-	15,763
Conferences & meetings	50	3,632	359	114	4,155	10	656	-	4,821
Postage & delivery	16,443	-	-	-	16,443	109	6,586	772	23,910
Equipment rental & maintenance	-	-	-	-	-	-	13,713	-	13,713
Insurance	-	-	-	-	-	2,435	2,728	-	5,163
Mailhouse & storage	14,909	-	-	-	14,909	-	-	2,276	17,185
Database	21,313	-	-	-	21,313	-	-	2,375	23,688
Internet & web site	-	-	588	-	588	-	2,639	-	3,227
Printing	42,984	1,335	-	-	44,319	-	3,823	3,608	51,750
Rent	-	-	-	-	-	-	72,283	-	72,283
Subscriptions, dues & regist.	1,000	852	-	-	1,852	-	1,775	487	4,114
Supplies	109	47	-	31	187	3	6,550	-	6,740
Telephone & utilities	-	5,866	-	-	5,866	1,978	7,501	-	15,345
Travel	250	7,070	-	146	7,466	1,261	473	-	9,200
MD Women's Coalition expenses	-	9,541	-	-	9,541	-	-	-	9,541
RWV materials	-	3,344	-	-	3,344	-	-	-	3,344
RWV grant disbursements	-	25,000	-	-	25,000	-	-	-	25,000
URE Project	-	18,039	-	-	18,039	-	-	-	18,039
State registration fees	4,415	-	-	-	4,415	-	-	-	4,415
Depreciation	-	-	-	-	-	-	9,712	-	9,712
Staff development & misc. exp.	119	480	95	891	1,585	-	730	-	2,315
Total Direct expenses	285,881	336,259	126,177	30,099	778,416	31,973	211,555	20,347	1,042,291
Indirect costs	45,189	80,857	17,579	5,994	149,619	2,819	(155,427)	2,989	
Total expenses	\$ 331,070	\$ 417,116	\$ 143,756	\$ 36,093	\$ 928,035	\$ 34,792	\$ 56,128	\$ 23,336	\$ 1,042,291

See accompanying notes to financial statements.

NATIONAL WOMEN'S HEALTH NETWORK
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2011

Cash flows from operating activities:	
Cash received from grants & contributions	\$ 851,073
Cash received from membership dues	150,654
Cash received from other activities	38,168
Interest income	1,204
Cash paid to employees and vendors	<u>(950,771)</u>
Net cash provided by operating activities	90,328
Cash flows from investing activities:	
Acquisition of property and equipment	<u>(19,294)</u>
Net cash used by investing activities	<u>(19,294)</u>
Net increase in cash and cash equivalents	71,034
Cash and cash equivalents - January 1, 2011	<u>353,272</u>
Cash and cash equivalents - December 31, 2011	<u><u>\$ 424,306</u></u>
Reconciliation of increase in net assets to net cash provided by operating activities:	
Increase in net assets	\$ 114,853
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation	9,712
Net unrealized gain on investments	(430)
Changes in assets and liabilities:	
Increase in receivables	(46,000)
Increase in prepaid expenses	(3,792)
Increase in accounts payable & accrued expenses	<u>15,985</u>
Net cash provided by operating activities	<u><u>\$ 90,328</u></u>

See accompanying notes to financial statements.

NATIONAL WOMEN'S HEALTH NETWORK

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2011

NOTE 1 - ORGANIZATION

National Women's Health Network was organized in 1976 in the District of Columbia. The Network was organized for the purpose of gathering, developing and disseminating information on issues concerning women and health. The Network is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and is publicly supported under the IRC Section 170(b)(1)(A)(vi).

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting Standard – The organization follows Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 105-10, *FASB Codification*. The FASB Codification is the single source of authoritative U.S. generally accepted accounting principles (GAAP). Accordingly, references to GAAP have been updated for the appropriate Codification reference

Basis of accounting - The financial statements of the Network have been prepared on the accrual basis of accounting.

Revenue recognition - Grants and contributions are recognized when the grant or contribution has been awarded. Restricted revenue is classified in the temporarily restricted fund until provisions of the restriction are satisfied. Unrestricted grants & contributions are recognized in the unrestricted fund when awarded. The organization has no permanently restricted grants. Memberships are effectively contributions and there is no liability for future service associated with received membership dues, thus all dues are recognized as revenue as received.

Cash and Cash Equivalents – The organization considers cash equivalents to be highly liquid investments with original maturities at time of purchase of 180 days or less.

Property and equipment - Property and equipment are recorded at cost. Depreciation is determined by the straight-line method based on an estimated useful life of three to five years.

Investments- The Network reports under ASC 320 Investments Debt & Equity Securities. Under ASC 320 investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values and all investments in debt securities are reported at their values in the statement of financial position. Unrealized gains and losses are included in the change in net assets.

Fair Value of Financial Instruments - The financial instruments of the organization are reported on the statement of financial position at market or fair values, or at carrying amounts that approximate fair values because of the short maturity of the instruments. See Note 7 for a description of financial instruments carried at fair value.

Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Allocation of joint costs - The organization allocates joint costs of programs that contain both education and fundraising purposes. In 2011, the Network incurred joint costs of \$38,906 for

NATIONAL WOMEN'S HEALTH NETWORK
 NOTES TO THE FINANCIAL STATEMENTS (CONT)

DECEMBER 31, 2011

informational materials and activities that included fundraising appeals. Of these costs \$8,822 were allocated to fundraising and \$30,084 were allocated to member services. The allocation was based on the target of their mailings as well as their percentage content of the text deemed to be education oriented or fundraising oriented and the related call to action in the mailings.

NOTE 3 - RETIREMENT PLANS

The Network contributes 3% of all eligible employees salaries to a 403(b) plan. The Network's pension expense for 2011 was \$8,910.

NOTE 4 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets – Intern Fund are available for the following purpose:

Eunice Corfman Internship Fund	\$ 51,781 *
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* Interest earned from this money is to be used for the Internship Program.

The Network has the following other Temporarily Restricted Net Assets.

Program Coordinator	\$ 101,007
Timing restriction	150,000
RJ Fellow	33,023
Developing Leaders	14,000
Maryland Women's Coalition	75,000
Matching Challenge Grant	<u>30,005</u>
Total	\$403,035

Net assets were released from donor restrictions by incurring expenses satisfying the purpose of time restrictions specified by donors as follows:

Purpose restriction accomplished:

Raising Women's Voices	\$ 30,000
Developing Leaders	14,000
Program Coordinator	65,003
RJ Fellow	16,977
Reproductive Health	31,000
Implants	8,000
Maryland Women's Coalition	9,855
Up the River	<u>17,187</u>
Total	\$192,022

NATIONAL WOMEN'S HEALTH NETWORK
NOTES TO THE FINANCIAL STATEMENTS (CONT)

DECEMBER 31, 2011

NOTE 5 - COMMITMENTS AND CONTINGENCIES

In August 2008, the Network signed a lease for office space at 1413 K Street, NW 4th Floor, Washington DC 20005. The lease term began in February 2009 and will end March 31, 2019. Annual increases in the base rent will be 2.5%. The future minimum lease payments are as follows –

<u>For the year ending</u>	
December 31, 2012	68,417
December 31, 2013	70,129
December 31, 2014	71,878
December 31, 2015	73,674
December 31, 2016	75,518
December 31, 2017	77,410
December 31, 2018	79,339
December 31, 2019	20,207

In addition, the Network rents a copier under a 60-month lease which expires in August 2014. The lease results in commitments of \$6,468 in 2012, \$6,468 in 2013 and \$4,312 in 2014.

The Network also rents a mail machine under a 51-month lease which expires in December of 2013. The lease results in commitments of \$2,412 in 2012 and \$2,412 in 2013.

NOTE 6 – IN-KIND CONTRIBUTIONS

The Network receives in-kind donations of on-line advertising based on the number of times the ads are clicked on websites. The in-kind contributions and expense are included in the financial statements as income and advertising expense.

NOTE 7 – FAIR VALUE MEASUREMENTS

The organization follows FASB ASC 820-10 for financial assets (and liabilities) measured on a recurring basis, as amended. FASB ASC 820-10 clarifies fair value, establishes a framework for measuring fair value in generally accepted accounting principles (GAAP), and expands disclosures about fair value measurements. FASB ASC 820-10 emphasizes that fair value is a market based measurement, not an entity-specific measurement, and therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability. As a basis for considering market participant assumptions in fair value measurements, FASB ASC 820-10 established a fair value hierarchy based upon the transparency of the inputs to the valuation of an asset or liability. These inputs may be observable, whereby the market participant assumptions are developed based on market data obtained from independent sources, and unobservable, whereby assumptions about market participant assumptions are developed by the reporting entity based on the best information available in the circumstances. The three levels of the fair value hierarchy under FASB ASC 820-10 are described as follows:

NATIONAL WOMEN'S HEALTH NETWORK

NOTES TO THE FINANCIAL STATEMENTS (CONT)

DECEMBER 31, 2011

Level 1 – inputs based on quoted prices (unadjusted) in active markets for identical assets or liabilities accessible at the measurement date.

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset and liability, either directly or indirectly, through corroboration with observable market data (market corroborated inputs).

Level 3 – unobservable inputs for the asset or liability including inputs that reflect the reporting entity's own assumptions in determining the fair value measurements.

The following table summarizes the Organization's assets and liabilities measured at fair value on a recurring basis as of December 31, 2011:

Assets Measured at Fair Value

<u>Description</u>	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical (Level 1)</u>
Mutual Funds	\$ 3,843	\$ 3,843

The Organization used the following methods and significant assumptions to estimate fair value for assets and liabilities recorded at fair value.

Mutual Funds are measured using quoted market prices for identical assets in active markets.

NOTE 8 – INCOME TAXES

The organization is exempt from income taxes under Internal Revenue Code 501 (c) (3) and applicable DC statutes. No provision for income taxes is required at December 31, 2011, as the Organization had no net unrelated business income.

The organization follows FASB ASC 740 Income Taxes, the authoritative guidance relating to accounting for uncertainty in income taxes. These provisions provide consistent guidance for the accounting for uncertainty in income taxes recognized in an entity's financial statements and prescribe a threshold of "more likely than not" for recognition and derecognition of tax positions taken or expected to be taken in a tax return. The Organization performed an evaluation of uncertain tax positions for the year ended December 31, 2011, and determined that there were no matters that would require recognition in the financial statements or which may have any affect on its tax-exempt status. As of December 31, 2011, the statute of limitations for tax years 2008 through 2010 remains open with federal and DC authorities.

NATIONAL WOMEN'S HEALTH NETWORK
NOTES TO THE FINANCIAL STATEMENTS (CONT)

DECEMBER 31, 2011

NOTE 9 - CONCENTRATION OF CREDIT RISK

The organization maintains cash balances in excess of \$250,000 in accounts, which are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2011, the organization's cash balance in excess of FDIC insurance totaled \$14,377.

NOTE 10 - PROGRAM NOTE

The category Health Policy Activities includes Raising Women's Voices for the Health Care We Need, a national project working to make sure women's voices are heard in the health reform debate and women's concerns are addressed by policymakers developing national and state health reform plans. Raising Women's Voices is a collaborative project created by the National Women's Health Network, the Merger Watch Project of Community Catalyst and the Avery Institute for Social Change.

NOTE 11- SUBSEQUENT EVENTS

The organization's management has evaluated subsequent events through May 9, 2012, the date the financial statements were available to be issued. There were no subsequent events identified through May 9, 2012 that require disclosure in these financial statements.