

**THE WOMEN'S FUND FOR HEALTH  
EDUCATION AND RESEARCH  
AND THE WOMEN'S FUND  
FOR HER FOUNDATION**

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COMBINED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

GAINERDONNELLY&DESROCHES

THE WOMEN'S FUND FOR HEALTH EDUCATION AND RESEARCH  
AND THE WOMEN'S FUND FOR HER FOUNDATION

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
The Women's Fund for Health Education and Research  
and The Women's Fund for HER Foundation  
Houston, Texas

We have audited the accompanying combined statements of financial position of The Women's Fund for Health Education and Research and The Women's Fund for HER Foundation (collectively, the Organization) as of December 31, 2008 and 2007, and the related combined statements of activities and cash flows for the years then ended. These combined financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these combined financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the combined 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 combined financial statements referred to above present fairly, in all material respects, the financial position of The Women's Fund for Health Education and Research and The Women's Fund for HER Foundation as of December 31, 2008 and 2007, and result of its activities and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

*Gainer Donnelly & Desroches LLP*

August 20, 2009

THE WOMEN'S FUND FOR HEALTH EDUCATION AND RESEARCH  
AND THE WOMEN'S FUND FOR HER FOUNDATION  
COMBINED STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2008 AND 2007

|                                            | 2008              |                     |                     | 2007              |                     |                     |
|--------------------------------------------|-------------------|---------------------|---------------------|-------------------|---------------------|---------------------|
|                                            | Fund              | Foundation          | Total               | Fund              | Foundation          | Total               |
| ASSETS:                                    |                   |                     |                     |                   |                     |                     |
| Cash and Cash Equivalents                  | \$ 104,996        | \$ 46,335           | \$ 151,331          | \$ 197,127        | \$ 112,317          | \$ 309,444          |
| Accounts Receivable                        | -                 | -                   | -                   | 11,210            | -                   | 11,210              |
| Due from Affiliate                         | 30,537            | -                   | 30,537              | 73,295            | 11,175              | 84,470              |
| Investments                                | -                 | 1,011,952           | 1,011,952           | -                 | 1,316,930           | 1,316,930           |
| Receivable from Charitable Remainder Trust | 95,709            | -                   | 95,709              | 149,118           | -                   | 149,118             |
| Other Assets                               | 10,475            | -                   | 10,475              | 10,195            | -                   | 10,195              |
| <b>TOTAL ASSETS</b>                        | <b>\$ 241,717</b> | <b>\$ 1,058,287</b> | <b>\$ 1,300,004</b> | <b>\$ 440,945</b> | <b>\$ 1,440,422</b> | <b>\$ 1,881,367</b> |
| LIABILITIES:                               |                   |                     |                     |                   |                     |                     |
| Due to Affiliate                           | \$ -              | \$ 30,537           | \$ 30,537           | \$ 11,175         | \$ 73,295           | \$ 84,470           |
| Accounts Payable                           | 440               | -                   | 440                 | 9,953             | -                   | 9,953               |
| Deferred Support                           | 472               | -                   | 472                 | 472               | -                   | 472                 |
| <b>Total Liabilities</b>                   | <b>912</b>        | <b>30,537</b>       | <b>31,449</b>       | <b>21,600</b>     | <b>73,295</b>       | <b>94,895</b>       |
| COMMITMENTS AND CONTINGENCIES              |                   |                     |                     |                   |                     |                     |
| NET ASSETS:                                |                   |                     |                     |                   |                     |                     |
| Unrestricted                               | 135,096           | 72,868              | 207,964             | 187,785           | 291,489             | 479,274             |
| Temporarily Restricted                     | 10,000            | -                   | 10,000              | 82,442            | 133,756             | 216,198             |
| Permanently Restricted                     | 95,709            | 954,882             | 1,050,591           | 149,118           | 941,882             | 1,091,000           |
| <b>Total Net Assets</b>                    | <b>240,805</b>    | <b>1,027,750</b>    | <b>1,268,555</b>    | <b>419,345</b>    | <b>1,367,127</b>    | <b>1,786,472</b>    |
| <b>TOTAL LIABILITIES AND NET ASSETS</b>    | <b>\$ 241,717</b> | <b>\$ 1,058,287</b> | <b>\$ 1,300,004</b> | <b>\$ 440,945</b> | <b>\$ 1,440,422</b> | <b>\$ 1,881,367</b> |

The accompanying notes are an integral part of these combined financial statements.

THE WOMEN'S FUND FOR HEALTH EDUCATION AND RESEARCH  
AND THE WOMEN'S FUND FOR HER FOUNDATION  
COMBINED STATEMENTS OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2008

|                                       | Fund              |                           |                           | Foundation       |                           |                           |                     |
|---------------------------------------|-------------------|---------------------------|---------------------------|------------------|---------------------------|---------------------------|---------------------|
|                                       | Unrestricted      | Temporarily<br>Restricted | Permanently<br>Restricted | Unrestricted     | Temporarily<br>Restricted | Permanently<br>Restricted | Total               |
| REVENUES:                             |                   |                           |                           |                  |                           |                           |                     |
| Contributions                         | \$ 48,047         | \$ 35,000                 | \$ -                      | \$ -             | \$ -                      | \$ 10,000                 | \$ 93,047           |
| Memberships                           | 14,125            | -                         | -                         | -                | -                         | 3,000                     | 17,125              |
| Seminars                              | 3,955             | -                         | -                         | -                | -                         | -                         | 3,955               |
| Fund-Raising                          | 193,537           | -                         | -                         | -                | -                         | -                         | 193,537             |
| Dividends and Interest                | 3,918             | -                         | -                         | 5,890            | 30,434                    | -                         | 40,242              |
| Unrealized Gains on Investments       | -                 | -                         | (53,409)                  | (57,981)         | (286,854)                 | -                         | (398,244)           |
| Realized Gains on Investments         | -                 | -                         | -                         | -                | -                         | -                         | -                   |
| In-Kind Donations                     | 2,780             | 2,670                     | -                         | -                | -                         | -                         | 5,450               |
| Net Assets Released from Restrictions | 116,166           | (116,166)                 | -                         | 28,347           | (28,347)                  | -                         | -                   |
| Total Revenues                        | <u>382,528</u>    | <u>(78,496)</u>           | <u>(53,409)</u>           | <u>(23,744)</u>  | <u>(284,767)</u>          | <u>13,000</u>             | <u>(44,888)</u>     |
| EXPENSES:                             |                   |                           |                           |                  |                           |                           |                     |
| Program Services:                     |                   |                           |                           |                  |                           |                           |                     |
| Gifts and Grants                      | 59,788            | -                         | -                         | -                | -                         | -                         | 59,788              |
| Educational Seminars and Materials    | 295,644           | -                         | -                         | -                | -                         | -                         | 295,644             |
| Supporting Services:                  |                   |                           |                           |                  |                           |                           |                     |
| Management and General                | 66,511            | -                         | -                         | 9,629            | -                         | -                         | 76,140              |
| Fund-Raising                          | 41,457            | -                         | -                         | -                | -                         | -                         | 41,457              |
| Total Expenses                        | <u>463,400</u>    | <u>-</u>                  | <u>-</u>                  | <u>9,629</u>     | <u>-</u>                  | <u>-</u>                  | <u>473,029</u>      |
| CHANGES IN NET ASSETS                 | (80,872)          | (78,496)                  | (53,409)                  | (33,373)         | (284,767)                 | 13,000                    | (517,917)           |
| NET ASSETS, BEGINNING OF YEAR         | 187,785           | 82,442                    | 149,118                   | 291,489          | 133,756                   | 941,882                   | 1,786,472           |
| RECLASSIFICATION OF NET ASSETS        | -                 | -                         | -                         | (151,011)        | 151,011                   | -                         | -                   |
| TRANSFERS OF INTEREST TO THE FUND     | <u>28,183</u>     | <u>6,054</u>              | <u>-</u>                  | <u>(34,237)</u>  | <u>-</u>                  | <u>-</u>                  | <u>-</u>            |
| NET ASSETS, END OF YEAR               | <u>\$ 135,096</u> | <u>\$ 10,000</u>          | <u>\$ 95,709</u>          | <u>\$ 72,868</u> | <u>\$ -</u>               | <u>\$ 954,882</u>         | <u>\$ 1,268,555</u> |

The accompanying notes are an integral part of these combined financial statements.

THE WOMEN'S FUND FOR HEALTH EDUCATION AND RESEARCH  
AND THE WOMEN'S FUND FOR HER FOUNDATION  
COMBINED STATEMENTS OF ACTIVITIES - CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 2007

|                                       | Fund              |                           |                           | Foundation        |                           |                           |                     |
|---------------------------------------|-------------------|---------------------------|---------------------------|-------------------|---------------------------|---------------------------|---------------------|
|                                       | Unrestricted      | Temporarily<br>Restricted | Permanently<br>Restricted | Unrestricted      | Temporarily<br>Restricted | Permanently<br>Restricted | Total               |
| REVENUES:                             |                   |                           |                           |                   |                           |                           |                     |
| Contributions                         | \$ 35,657         | \$ 78,961                 | \$ -                      | \$ -              | \$ -                      | \$ 20,000                 | \$ 134,618          |
| Memberships                           | 19,380            | -                         | -                         | -                 | -                         | 6,175                     | 25,555              |
| Seminars                              | 4,440             | -                         | -                         | -                 | -                         | -                         | 4,440               |
| Fund-Raising                          | 229,134           | -                         | -                         | -                 | -                         | -                         | 229,134             |
| Dividends and Interest                | 12,780            | -                         | -                         | 7,335             | 34,750                    | -                         | 54,865              |
| Unrealized Gains on Investments       | -                 | -                         | 3,262                     | 7,941             | 37,591                    | -                         | 48,794              |
| Realized Gains on Investments         | -                 | -                         | -                         | 795               | 3,765                     | -                         | 4,560               |
| Other                                 | 679               | -                         | -                         | -                 | -                         | -                         | 679                 |
| Net Assets Released from Restrictions | 48,788            | (48,788)                  | -                         | 32,076            | (32,076)                  | -                         | -                   |
| Total Revenues                        | <u>350,858</u>    | <u>30,173</u>             | <u>3,262</u>              | <u>48,147</u>     | <u>44,030</u>             | <u>26,175</u>             | <u>502,645</u>      |
| EXPENSES:                             |                   |                           |                           |                   |                           |                           |                     |
| Program Services:                     |                   |                           |                           |                   |                           |                           |                     |
| Gifts and Grants                      | 53,956            | -                         | -                         | -                 | -                         | -                         | 53,956              |
| Educational Seminars and Materials    | 223,226           | -                         | -                         | -                 | -                         | -                         | 223,226             |
| Supporting Services:                  |                   |                           |                           |                   |                           |                           |                     |
| Management and General                | 21,493            | -                         | -                         | -                 | -                         | -                         | 21,493              |
| Fund-Raising                          | 91,987            | -                         | -                         | -                 | -                         | -                         | 91,987              |
| Total Expenses                        | <u>390,662</u>    | <u>-</u>                  | <u>-</u>                  | <u>-</u>          | <u>-</u>                  | <u>-</u>                  | <u>390,662</u>      |
| CHANGES IN NET ASSETS                 | (39,804)          | 30,173                    | 3,262                     | 48,147            | 44,030                    | 26,175                    | 111,983             |
| NET ASSETS, BEGINNING OF YEAR         | 194,887           | 45,560                    | 145,856                   | 282,753           | 89,726                    | 915,707                   | 1,674,489           |
| TRANSFERS OF INTEREST TO THE FUND     | <u>32,702</u>     | <u>6,709</u>              | <u>-</u>                  | <u>(39,411)</u>   | <u>-</u>                  | <u>-</u>                  | <u>-</u>            |
| NET ASSETS, END OF YEAR               | <u>\$ 187,785</u> | <u>\$ 82,442</u>          | <u>\$ 149,118</u>         | <u>\$ 291,489</u> | <u>\$ 133,756</u>         | <u>\$ 941,882</u>         | <u>\$ 1,786,472</u> |

The accompanying notes are an integral part of these combined financial statements.

THE WOMEN'S FUND FOR HEALTH EDUCATION AND RESEARCH  
AND THE WOMEN'S FUND FOR HER FOUNDATION  
COMBINED STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

|                                                     | <u>2008</u>       | <u>2007</u>       |
|-----------------------------------------------------|-------------------|-------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>        |                   |                   |
| Change in Net Assets                                | \$ (517,917)      | \$ 111,983        |
| Adjustment to Reconcile Change in Net Assets to Net |                   |                   |
| Cash Used in Operating Activities:                  |                   |                   |
| Depreciation                                        | -                 | 3,455             |
| Permanently Restricted Contributions                | (13,000)          | (26,175)          |
| Unrealized Gains on Investments                     | 344,835           | (45,532)          |
| Realized Gains on Investments                       | -                 | (4,560)           |
| Change In:                                          |                   |                   |
| Accounts Receivable                                 | 11,210            | (1,010)           |
| Receivable from Charitable Remainder Trust          | 53,409            | (3,262)           |
| Other Assets                                        | (280)             | 100               |
| Deferred Support                                    | -                 | 452               |
| Accounts Payable                                    | (9,513)           | (3,155)           |
| Grant Payable                                       | -                 | (50,000)          |
|                                                     | <u>386,661</u>    | <u>(129,687)</u>  |
| Total Adjustments                                   |                   |                   |
| Net Cash Used in Operating Activities               | <u>(131,256)</u>  | <u>(17,704)</u>   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>        |                   |                   |
| Purchase of Investments                             | (39,857)          | (69,998)          |
| Proceeds from Sales of Investments                  | -                 | 29,999            |
|                                                     | <u>(39,857)</u>   | <u>(39,999)</u>   |
| Net Cash Used in Investing Activities               |                   |                   |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>        |                   |                   |
| Permanently Restricted Contributions                | <u>13,000</u>     | <u>26,175</u>     |
| NET DECREASE IN CASH AND CASH EQUIVALENTS           | (158,113)         | (31,528)          |
| CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR        | <u>309,444</u>    | <u>340,972</u>    |
| CASH AND CASH EQUIVALENTS, END OF YEAR              | <u>\$ 151,331</u> | <u>\$ 309,444</u> |

The accompanying notes are an integral part of these combined financial statements.

THE WOMEN'S FUND FOR HEALTH EDUCATION AND RESEARCH  
AND THE WOMEN'S FUND FOR HER FOUNDATION  
NOTES TO COMBINED FINANCIAL STATEMENTS

NOTE 1 – DESCRIPTION OF ORGANIZATION

The Women's Fund for Health Education and Research (the Fund) was organized and incorporated in 1979 as a non-hospital based organization. The Fund concentrates on providing financial support to institutions and individuals concerned with expanding the body of knowledge pertaining to health problems of women. The Fund's goals are (1) to provide funding for research into the causes and cures of a host of medical problems which are unique to the female population and (2) to disseminate preventive, health based information to women throughout the state of Texas in order that they may take better control of their own health needs. The Fund's major sources of revenues to support these activities are contributions received from individuals, foundations and businesses, fund-raisers, and membership fees.

In 1998, The Women's Fund for HER Foundation (the Foundation) was organized and incorporated in the state of Texas. The purpose of the Foundation is to provide financial assistance and benefits to the Fund. The Foundation is to be administered solely for the benefit of the Fund. The Foundation is primarily supported through donor contributions.

The combined financial statements of the Fund and Foundation (collectively, the Organization) have been prepared in accordance with accounting principles generally accepted in the United States of America. Significant inter-company accounts between the combined entities have not been eliminated, but have been offset in the asset and liability sections.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Organization's combined financial statements have been prepared on the accrual basis of accounting. The Organization's resources are reported in separate classes of net assets based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

- Unrestricted Net Assets - Net assets that are not subject to donor-imposed stipulations. Unrestricted net assets may be designated for specific purpose by action of the Board of Directors.
- Temporarily Restricted Net Assets - Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or passage of time.
- Permanently Restricted Net Assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all of, or part of, the income earned on the related investments for specific purposes. Such assets primarily include the Organization's permanent endowment funds.

Cash and Cash Equivalents

For purposes of the combined statement of cash flows, the Organization considers all highly liquid assets purchased with initial maturities of three months or less to be cash equivalents.



THE WOMEN'S FUND FOR HEALTH EDUCATION AND RESEARCH  
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NOTES TO COMBINED FINANCIAL STATEMENTS

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Furniture and Equipment

Furniture and equipment purchased by the Organization are recorded at cost. Donated furniture and equipment are recorded as contributions at their estimated fair values at the date of donation. Depreciation is recorded using the straight-line method over five years. As of December 31, 2008, furniture and equipment are fully depreciated.

Investment and Investment Income

Investments in equity securities with readily determinable fair values and all investments in debt securities reported at fair value with gains and losses included in the combined statements of activities and changes in net assets. The fair values of investments are based upon quoted market prices. Investment income, including unrealized gains and losses, is included as a change to unrestricted net assets unless otherwise specified by donor restrictions.

Contributions

The Organization records unconditional contributions, including promises to give, as revenue when received. Conditional contributions are recognized as revenue when the conditions on which they depend have been substantially met. Contributions are recorded net of estimated uncollectible amounts.

Support that is restricted by the donor is reported as an increase in temporarily restricted or permanently restricted net assets in the reporting period in which the support is recognized. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the combined statement of activities as net assets released from restrictions.

Functional Allocation of Expenses

The costs of providing various programs and supporting services have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Deferred Support

Membership dues received by the Organization that relate to a subsequent year are deferred and recorded as revenue in the year of membership.

Income Taxes

The Fund and the Foundation are exempt from Federal income tax under Section 501(c)(3) and 509(a)(3), respectively, of the Internal Revenue Code. Therefore, no provisions have been made for Federal income tax in these combined financial statements. Both the Fund and the Foundation have been classified by the Internal Revenue Service as other than private foundations.

THE WOMEN'S FUND FOR HEALTH EDUCATION AND RESEARCH  
AND THE WOMEN'S FUND FOR HER FOUNDATION  
NOTES TO COMBINED FINANCIAL STATEMENTS

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Fair Value Considerations

The Organization adopted Financial Accounting Standards Board (FASB) Statement of Financial Accounting Standards (SFAS) No. 157, "Fair Value Measurements" effective January 1, 2008. SFAS No. 157 provides a revised definition of fair value, establishes a framework for measuring fair value and expands financial statement disclosure requirements for fair value information. Under SFAS No. 157, 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. The Statement also establishes a fair value hierarchy that distinguishes between inputs based on market data from independent sources (observable inputs) and a reporting entity's internal assumptions based upon the best information available when external market data is limited or unavailable (unobservable inputs). Pursuant to FASB Staff Position FAS 157-2, the Organization has delayed the effective date of SFAS No. 157 for nonfinancial assets and nonfinancial liabilities that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually), until fiscal years beginning after November 15, 2008.

Also, effective January 1, 2008, the Organization adopted SFAS No. 159, "The Fair Value Option for Financial Assets and Liabilities" which allows entities to choose, at specified election dates, to measure eligible financial assets and financial liabilities at fair value that are not otherwise required to be measured at fair value. If an organization elects the fair value option for an eligible item, changes in that item's fair value in subsequent reporting periods must be recognized in current earnings. As allowed by the standard, the Organization did not elect the fair value option for the measurement of any eligible assets or liabilities. Therefore, the January 1, 2008 adoption did not have an impact on the Organization.

The Organization's remaining financial instruments (primarily cash and cash equivalents, accounts receivable and payables) are carried in the accompanying financial statements at amounts which reasonably approximate fair value.

Use of Estimates

The preparation of the 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. Estimates that have the most impact on financial position and results of operations primarily relate to the collectibility of accounts receivable and allocation of expenses among functional areas. Management believes these estimates and assumptions provide a reasonable basis for the fair presentation of the financial statements.

NOTE 3 – FAIR VALUE MEASUREMENTS

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The fair value three tier hierarchy requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of inputs that may be used to measure fair value are as follows:

THE WOMEN'S FUND FOR HEALTH EDUCATION AND RESEARCH  
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NOTES TO COMBINED FINANCIAL STATEMENTS

NOTE 3 – FAIR VALUE MEASUREMENTS – CONTINUED

- Level 1: Quoted market prices in active markets for identical assets or liabilities.
- Level 2: Inputs other than Level 1 inputs that are either directly or indirectly observable such as quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; inputs other than quoted prices that are observable; or other inputs not directly observable, but derived principally from, or corroborated by, observable market data.
- Level 3: Unobservable inputs that are supported by little or no market activity.

The Organization utilizes the market approach to measure fair value for its financial assets and liabilities. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities.

The value of assets and liabilities measured at fair value on a recurring basis is as follows:

|                    | Quoted Market Prices<br>in Active Markets<br>(Level 1) | Other<br>Observable Inputs<br>(Level 2) | Unobservable<br>Inputs<br>(Level 3) |
|--------------------|--------------------------------------------------------|-----------------------------------------|-------------------------------------|
| December 31, 2008: |                                                        |                                         |                                     |
| Bond Mutual Fund   | \$ 473,289                                             | \$ -                                    | \$ -                                |
| Equity Securities  | <u>538,663</u>                                         | <u>-</u>                                | <u>-</u>                            |
| Total              | \$ <u>1,011,952</u>                                    | \$ <u>-</u>                             | \$ <u>-</u>                         |
| December 31, 2007: |                                                        |                                         |                                     |
| Bond Mutual Fund   | \$ 466,383                                             | \$ -                                    | \$ -                                |
| Equity Securities  | <u>850,547</u>                                         | <u>-</u>                                | <u>-</u>                            |
| Total              | \$ <u>1,316,930</u>                                    | \$ <u>-</u>                             | \$ <u>-</u>                         |

The following summarizes the investment return in the statement of activities:

|                                         | <u>2008</u>         | <u>2007</u>       |
|-----------------------------------------|---------------------|-------------------|
| Interest Income                         | \$ 40,242           | \$ 54,865         |
| Net Realized and Unrealized Gain (Loss) | <u>(398,244)</u>    | <u>53,354</u>     |
| Investment Return, Net                  | \$ <u>(358,002)</u> | \$ <u>108,219</u> |

Investments are exposed to various risks such as interest rate risk, market and credit risks. Because of these risks, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported in the statements of financial position and the statement of activities.

THE WOMEN'S FUND FOR HEALTH EDUCATION AND RESEARCH  
AND THE WOMEN'S FUND FOR HER FOUNDATION  
NOTES TO COMBINED FINANCIAL STATEMENTS

NOTE 4 – RECEIVABLE FROM CHARITABLE TRUST

During 1981, a donor established a charitable remainder trust (the Trust) that named the Organization as the nonprofit beneficiary. This donation was given to build up the Organization's endowments and is, therefore, permanently restricted. Under the terms of the split-interest agreement, the donor receives a stated percentage of the fair market value of the trust, determined annually. Upon the demise of the donor, the trust terminates and all remaining assets are to be distributed to the Organization for use in the foundation's permanently restricted endowment. The present value of the future benefit expected to be received by the Organization when the trust assets are distributed was estimated to be \$95,709 and \$149,118 at December 31, 2008 and 2007, respectively.

NOTE 5 – ENDOWMENT FUNDS

During 2008, the Organization adopted FASB Staff Position No. 117-1 (FAS 117-1), which provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006.

Additionally, it provides expanded disclosures about an organization's donor-restricted endowment funds and board-designated endowment funds. The Organization has donor-restricted endowment funds which are maintained in accordance with explicit donor stipulations. The Organization is subject to the Texas Uniform Prudent Management of Institutional Funds Act (TUPMIFA) which has been enacted by the state of Texas. The Board of Directors of the Organization has interpreted TUPMIFA 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 the 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) accumulation to the permanent endowment made in accordance with the direction of the applicable donor gift at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified as 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 prescribed by TUPMIFA.

In accordance with TUPMIFA, the organization considers the following factors in making determination to appropriate accumulated donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the organization and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the organization
- (7) The investment policies and objectives of the organization

To satisfy the long term objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation and current yield. The fund consists of contributions to the Organization designated by the donors of the fund (the corpus) plus appreciation and income. The corpus is permanently restricted. The Organization holds that the funds exist in perpetuity and that the corpus must be protected. Specifically, the objectives in the investment management for the fund are the long-term growth of capital to grow the corpus while avoiding excessive risk.

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NOTE 5 – ENDOWMENT FUNDS – CONTINUED

The Foundation's board approves the earnings for the year to be transfers to the Fund for its operations for the following year.

Endowment funds by net asset classification are as follows:

|                                                    | <u>2008</u>           | <u>2007</u>             |
|----------------------------------------------------|-----------------------|-------------------------|
| Temporarily Restricted Net Assets – Foundation     | \$ -                  | \$ 133,756              |
| Aggregate Deficiency of Donor Restricted Endowment |                       |                         |
| Net Asset Balance - Foundation                     | (151,011)             | -                       |
| Permanently Restricted Net Assets – Fund           | 95,709                | 149,118                 |
| Permanently Restricted Net Assets - Foundation     | <u>954,882</u>        | <u>941,882</u>          |
| <br>Total Endowment Net Assets                     | <br>\$ <u>899,580</u> | <br>\$ <u>1,224,756</u> |

Changes in endowment net assets are as follows:

|                                             | <u>Unrestricted</u>     | <u>Temporarily<br/>Restricted</u> | <u>Permanently<br/>Restricted</u> | <u>Total</u>          |
|---------------------------------------------|-------------------------|-----------------------------------|-----------------------------------|-----------------------|
| Endowment Net Assets, January 1, 2007       | \$ 86,069               | \$ 3,657                          | \$ 1,061,563                      | \$ 1,151,289          |
| Reclassification Based on Change in Law     | (86,069)                | 86,069                            | -                                 | -                     |
| Contributions                               | -                       | -                                 | 26,175                            | 26,175                |
| Investment return:                          |                         |                                   |                                   |                       |
| Investment Income                           | -                       | 34,750                            | -                                 | 34,750                |
| Net Appreciation of Investments             | -                       | 41,356                            | 3,262                             | 44,618                |
| Amounts Appropriated for Expenditures       | <u>-</u>                | <u>(32,076)</u>                   | <u>-</u>                          | <u>(32,076)</u>       |
| <br>Endowment Net Assets, December 31, 2007 | <br>-                   | <br>133,756                       | <br>1,091,000                     | <br>1,224,756         |
| <br>Contributions                           | <br>-                   | <br>-                             | <br>13,000                        | <br>13,000            |
| Investment return:                          |                         |                                   |                                   |                       |
| Investment Income                           | -                       | 30,434                            | -                                 | 30,434                |
| Net Depreciation of Investments             | -                       | (286,854)                         | (53,409)                          | (340,263)             |
| Amounts Appropriated for Expenditures       | -                       | (28,347)                          | -                                 | (28,347)              |
| Reclassification of Net Assets              | <u>(151,011)</u>        | <u>151,011</u>                    | <u>-</u>                          | <u>-</u>              |
| <br>Endowment Net Assets, December 31, 2008 | <br>\$ <u>(151,011)</u> | <br>\$ <u>-</u>                   | <br>\$ <u>1,050,591</u>           | <br>\$ <u>899,580</u> |

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NOTE 6 – RECLASSIFICATION OF NET ASSETS

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor requires the Organization to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature that are reported in unrestricted net assets were \$151,011 as of December 31, 2008. These deficiencies resulted from unfavorable market fluctuations that occurred shortly after the investment of new permanently restricted contributions and continued appropriation for certain programs that was deemed prudent by the Board of Trustees. The deficiencies are as follows:

|                      | <u>2008</u>         | <u>2007</u> |
|----------------------|---------------------|-------------|
| Lifetime Memberships | \$ (33,995)         | \$ -        |
| Scholarship Funds    | (11,040)            | -           |
| McGovern Endowment   | (14,772)            | -           |
| Meyer Endowment      | (2,820)             | -           |
| Foundation Endowment | <u>(88,384)</u>     | <u>-</u>    |
|                      | \$ <u>(151,011)</u> | \$ <u>-</u> |

NOTE 7 – RESTRICTED NET ASSETS

Temporarily restricted net assets at December 31, 2008 and 2007 are available for the following:

|                       | <u>2008</u>      | <u>2007</u>       |
|-----------------------|------------------|-------------------|
| Health Notes          | \$ -             | \$ 10,461         |
| Corporate HEP Program | -                | 552               |
| Lifetime Memberships  | -                | 34,115            |
| Scholarship Funds     | -                | 14,937            |
| McGovern Endowment    | -                | 14,684            |
| Meyer Endowment       | -                | 4,464             |
| Foundation Endowment  | -                | 70,042            |
| Research              | -                | 19,495            |
| Obesity Guide         | -                | 47,448            |
| Girls Guide           | <u>10,000</u>    | <u>-</u>          |
|                       | \$ <u>10,000</u> | \$ <u>216,198</u> |

Permanently restricted net assets at December 31, 2008 and 2007 consist of the following:

|                      | <u>2008</u>         | <u>2007</u>         |
|----------------------|---------------------|---------------------|
| Lifetime Memberships | \$ 245,198          | \$ 242,198          |
| Scholarship Funds    | 86,599              | 86,599              |
| McGovern Endowment   | 121,000             | 111,000             |
| Meyer Endowment      | 21,100              | 21,100              |
| Foundation Endowment | <u>576,694</u>      | <u>630,103</u>      |
|                      | \$ <u>1,050,591</u> | \$ <u>1,091,000</u> |

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NOTE 8 – NET ASSETS RELEASED FROM RESTRICTIONS

During the years ended December 31, 2008 and 2007 net assets were released from donor restrictions by satisfying donor restrictions as follows:

|                | <u>2008</u>       | <u>2007</u>      |
|----------------|-------------------|------------------|
| Health Notes   | \$ 20,461         | \$ 8,296         |
| Girls Guide    | 17,670            | 24,749           |
| Obesity        | 47,448            | -                |
| Research       | 19,495            | -                |
| Primers        | -                 | 8,106            |
| Other Programs | <u>39,439</u>     | <u>39,713</u>    |
|                | <u>\$ 144,513</u> | <u>\$ 80,864</u> |

NOTE 9 – FUND-RAISING REVENUE

Fund-raising revenue for the years ended December 31, 2008 and 2007 consist of:

|                                         | <u>2008</u>       | <u>2007</u>       |
|-----------------------------------------|-------------------|-------------------|
| Special Event Revenue                   | \$ 228,365        | \$ 244,110        |
| Less: Costs of Direct Benefit to Donors | <u>(34,828)</u>   | <u>(14,976)</u>   |
|                                         | <u>\$ 193,537</u> | <u>\$ 229,134</u> |

NOTE 10 – IN-KIND DONATIONS

A substantial number of unpaid volunteers have made significant contributions of their time to help with clerical and office work. The number of volunteer hours approximated 780 for both years. However, as this volunteer time does not meet the recognition criteria under generally accepted accounting principles the donated services are not reflected in the combined financial statements.

The Organization also received contributed services valued at \$5,450 related to the printing of the girls guide and advertisement of the new guide for the year December 31, 2008. These in-kind services have been recorded as both increases in unrestricted revenues and expenses.

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NOTE 11 – LEASE COMMITMENT

The Organization leases its office facilities under a non-cancelable operating lease expiring July 14, 2011. For the years ended December 31, 2008 and 2007, rent expense totaled \$27,662 and \$25,091, respectively. The Organization also maintains office equipment under an operating lease expiring in June 2013. Future minimum lease payments under the noncancelleable operating leases are as follows:

| Year Ending<br>December 31, |                  |
|-----------------------------|------------------|
| 2009                        | \$ 30,728        |
| 2010                        | 29,243           |
| 2011                        | 13,380           |
| 2012                        | 4,200            |
| 2013                        | <u>2,100</u>     |
|                             | \$ <u>79,651</u> |

NOTE 12 – CONCENTRATIONS OF CREDIT RISKS

The Organization is subject to concentrations of credit risk primarily with respect to its cash and investments.

The Organization maintains cash balances at several financial institutions located in Texas. The balances, at times, may exceed federally insured limits, but this risk has been mitigated by the financial strength of the institution in which the deposits are held.