

WOMEN OF NATIONS
(A NON-PROFIT CORPORATION)

AUDITED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2012 AND 2011

PREPARED BY:

ROGERS & COMPANY

REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

**WOMEN OF NATIONS
AUDITED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2012 AND 2011**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Women of Nations

We have audited the accompanying statement of financial position of Women of Nations (a nonprofit organization) as of June 30, 2012, and the related statements of activities, functional expenses, and cash flows for the year 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 audit. The prior year summarized comparative information has been derived from the Women of Nations' 2011 financial statements and, in our report dated March 21, 2012, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 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 Women of Nations as of June 30, 2012, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.



January 16, 2013

WOMEN OF NATIONS
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2012 AND 2011

ASSETS	<u>2012</u>	<u>2011</u>
Current Assets:		
Cash and Cash Equivalents	\$ 93,677	\$ 210,256
Grants and Accounts Receivable	137,492	5,430
Prepaid Expenses	<u>45,615</u>	<u>39,115</u>
Total Current Assets	276,784	254,801
Noncurrent Assets:		
Property and Equipment, Net of accumulated depreciation of \$831,656 in 2012 and \$751,654 in 2011	<u>670,065</u>	<u>722,280</u>
Total Assets	<u>\$ 946,849</u>	<u>\$ 977,081</u>
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts Payable	\$ 29,119	\$ 69,459
Deferred Revenue	-	4,415
Accrued Payroll Expenses	49,101	58,398
Line of Credit	<u>40,000</u>	<u>50,000</u>
Total Current Liabilities	118,220	182,272
Noncurrent Liabilities:		
Note Payable	<u>310,000</u>	<u>310,000</u>
Total Liabilities	428,220	492,272
Net Assets:		
Unrestricted Net Assets	518,629	455,692
Temporarily Restricted	<u>-</u>	<u>29,117</u>
Total Net Assets	<u>518,629</u>	<u>484,809</u>
Total Liabilities and Net Assets	<u>\$ 946,849</u>	<u>\$ 977,081</u>

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

WOMEN OF NATIONS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012
WITH COMPARATIVE TOTALS FOR 2011

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 2012</u>	<u>Total 2011</u>
Support and Revenue				
Contributions and Grants	\$ 1,435,406	\$ -	\$ 1,435,406	\$ 1,425,535
In-kind Donations	-	-	-	24,026
Interest Income	379	-	379	568
Other Income	2,422	-	2,422	450
Net Assets Released from Restrictions	<u>29,117</u>	<u>(29,117)</u>	<u>-</u>	<u>-</u>
Total Support and Revenue	1,467,324	(29,117)	1,438,207	1,450,579
Expenses				
Program:				
Shelter Program	864,318	-	864,318	1,003,379
CAP	<u>163,733</u>	<u>-</u>	<u>163,733</u>	<u>199,211</u>
Total Programs	1,028,051	-	1,028,051	1,202,590
Supporting Services:				
Management & General	376,336	-	376,336	334,667
Fundraising	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,256</u>
Total Supporting Services	<u>376,336</u>	<u>-</u>	<u>376,336</u>	<u>355,923</u>
Total Expenses	<u>1,404,387</u>	<u>-</u>	<u>1,404,387</u>	<u>1,558,513</u>
Change in Net Assets	62,937	(29,117)	33,820	(107,934)
Beginning Net Assets	<u>455,692</u>	<u>29,117</u>	<u>484,809</u>	<u>592,743</u>
Ending Net Assets	<u>\$ 518,629</u>	<u>\$ -</u>	<u>\$ 518,629</u>	<u>\$ 484,809</u>

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

WOMEN OF NATIONS
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2012
WITH COMPARATIVE TOTALS FOR 2011

	<u>Shelter Program</u>	<u>CAP</u>	<u>Total Program Expenses</u>	<u>Management & General</u>	<u>Total Supporting Services</u>	<u>Total Expenses 2012</u>	<u>Total Expenses 2011</u>
Salaries	\$ 468,313	\$ 104,518	\$ 572,831	\$ 155,337	\$ 155,337	\$ 728,168	\$ 826,966
Payroll Taxes	48,983	10,266	59,249	17,005	17,005	76,254	75,511
Employee Benefits	46,448	19,481	65,929	10,168	10,168	76,097	89,090
Equipment, Leases & Maintenance	55,609	-	55,609	678	678	56,287	75,231
Legal Costs	-	-	-	29,313	29,313	29,313	8,937
Consultants	19,565	3,455	23,020	111,201	111,201	134,221	141,970
Food	48,582	-	48,582	-	-	48,582	46,652
Insurance	29,037	6,454	35,491	12,888	12,888	48,379	48,391
Utilities	20,297	4,834	25,131	6,571	6,571	31,702	39,636
Telephone	10,937	2,605	13,542	3,541	3,541	17,083	15,361
Client Expenses	14,388	-	14,388	-	-	14,388	18,368
Household & Program Supplies	11,325	-	11,325	-	-	11,325	17,585
Rental Assistance	16,753	-	16,753	-	-	16,753	40,405
Miscellaneous	7,753	-	7,753	3,836	3,836	11,589	10,687
Office Supplies	2,900	-	2,900	472	472	3,372	3,536
Training	1,227	307	1,534	622	622	2,156	5,797
Travel	442	3,825	4,267	6,865	6,865	11,132	7,300
Dues/Subscriptions	275	96	371	1,096	1,096	1,467	2,175
Staff Recruitment	-	-	-	960	960	960	1,694
Printing	2,011	-	2,011	-	-	2,011	364
Licenses & Fees	1,912	-	1,912	-	-	1,912	1,126
Cultural Events	1,234	-	1,234	-	-	1,234	2,815
Total before Depreciation	807,991	155,841	963,832	360,553	360,553	1,324,385	1,479,597
Depreciation & Amortization	56,327	7,892	64,219	15,783	15,783	80,002	78,916
Total Expenses	<u>\$ 864,318</u>	<u>\$ 163,733</u>	<u>\$ 1,028,051</u>	<u>\$ 376,336</u>	<u>\$ 376,336</u>	<u>\$ 1,404,387</u>	<u>\$ 1,558,513</u>

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

WOMEN OF NATIONS
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
Cash Flows From Operating Activities:		
Change in Net Assets	\$ 33,820	\$ (107,934)
Adjustments to Reconcile Change in Net Assets to Net Cash (Used) Provided by Operating Activities:		
Depreciation	80,002	78,916
Decrease (Increase) in:		
Grants and Accounts Receivable	(132,062)	90,961
Prepaid Expenses	(6,500)	(3,125)
Increase (Decrease) in:		
Accounts Payable	(40,340)	23,067
Deferred Revenue	(4,415)	4,415
Accrued Payroll Expenses	<u>(9,297)</u>	<u>(5,487)</u>
Net Cash (Used) Provided By Operating Activities	(78,792)	80,813
Cash Flows From Investing Activities:		
Additions to Property and Equipment	<u>(27,787)</u>	<u>(5,734)</u>
Net Cash (Used) By Investing Activities	(27,787)	(5,734)
Cash Flows From Financing Activities:		
(Payments on) Proceeds from Line of Credit	<u>(10,000)</u>	<u>40,000</u>
Net Cash (Used) Provided by Financing Activities	<u>(10,000)</u>	<u>40,000</u>
Net (Decrease) Increase in Cash and Cash Equivalents	(116,579)	115,079
Cash and Cash Equivalents, Beginning of Year	<u>210,256</u>	<u>95,177</u>
Cash and Cash Equivalents, End of Year	<u>\$ 93,677</u>	<u>\$ 210,256</u>
Supplemental Disclosure of Cash Flow Information		
Cash Paid for Interest	<u>\$ 2,973</u>	<u>\$ 5,659</u>

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

**WOMEN OF NATIONS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2012 AND 2011**

NOTE 1. BACKGROUND

Women of Nations (WON) is a nonprofit organization under Minnesota Statutes Chapter 317A serving victims of domestic abuse. WON's mission is to provide support services for battered women and their children pursuant to Minnesota Statutes Chapter 611A. WON owns a building at 73 Leech Street, near downtown St. Paul, where the organization has its offices and operates both a Community Advocacy Program (CAP) and Eagles Nest Shelter, a residential domestic abuse shelter. Eagles Nest Shelter has the capacity for 46 women and children. Crisis intervention, shelter, and advocacy are the primary services WON provides. Education to the public on domestic abuse issues, particularly as they affect American Indian women, is another part of the Organization's mission.

WON was formed over twenty years ago to provide culturally sensitive domestic abuse services under state enabling legislation that recognizes the Organization's affiliation with the American Indian community.

WON receives funding from a variety of state, federal, and private sources and provides all of its services free of charge to victims of domestic abuse.

In keeping with its mission and philosophy, WON places special emphasis on teaching and observance of American Indian cultural practices. Participation in such education and practice is voluntary, however, and WON operates and provides its services without regard to race, religion, or national origin.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Financial Statement Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

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

Unrestricted Net Assets - represent those assets that WON may use at its discretion.

Temporarily Restricted Net Assets – result from contributions and other inflows of assets whose use by WON is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of WON pursuant to those stipulations. There were no temporarily restricted net assets as of June 30, 2012.

**WOMEN OF NATIONS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2012 AND 2011**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Financial Statement Presentation (Continued)

Permanently Restricted Net Assets – result from contributions and other inflows of assets whose use by WON is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of WON. At June 30, 2012 and 2011, WON had no permanently restricted net assets.

Comparative Information

The financial statements include certain prior-year summarized information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles of the United States of America. Accordingly, such information should be read in conjunction with WON's financial statements for the year ended June 30, 2011, from which the summarized information was derived.

Cash and Cash Equivalents

For purposes of the statement of cash flows, WON considers all checking, savings, and money market accounts to be cash and cash equivalents.

Grants Receivable

Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. Conditional promises to give are not included as support until such time as the conditions are substantially met.

Income Tax

WON has a tax-exempt status under Section 501(c)(3) of the Internal Revenue Code and Minnesota Statute 290.05, except for taxes on unrelated business income. It has been classified as an organization that is not a private foundation under Section 509(a)(2) of the Internal Revenue Code and charitable contributions by donors are tax deductible.

Contributions

Contributions, which include unconditional promises to give, are recognized as revenues in the period received. All contributions are available for unrestricted use unless specifically restricted by the donor. Contributed materials, fixed assets or investments are recorded at fair market value when received.

**WOMEN OF NATIONS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2012 AND 2011**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions (Continued)

Contributions with donor-imposed conditions, such as time or purpose restrictions, are recorded as temporarily restricted contributions. When donor-imposed time conditions expire or donor-imposed purpose restrictions are fulfilled, the temporarily restricted net assets are reclassified to unrestricted net assets. This reclassification is reported as net assets released from restrictions on the statement of activities. If, however, restricted contributions are received and released from restriction in the same year, the support is recognized as unrestricted in the financial statements.

In-Kind Contributions

In-kind contributions for the year ended June 30, 2011, were as follows:

Consultants	\$20,000
Resident Expenses	50
Legal Fees	<u>3,976</u>
Total In-Kind Contributions	<u>\$24,026</u>

There were no in-kind contributions recorded for the year ended June 30, 2012.

WON receives materials from a Target store that would otherwise be thrown out because they cannot be sold. The value of such items is difficult to determine and is not recognized in the accompanying financial statements. Many individuals volunteer their time and perform a variety of tasks that assist WON with specific assistance programs and campaign solicitations. The value of these volunteers is not included in the accompanying financial statements.

Property and Equipment

Land is recorded at cost. Expenditures for fixed assets are stated at cost less accumulated depreciation. WON capitalizes all significant additions and improvement expenditures. Donated assets are valued at their estimated fair market values on the date of contribution. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

When assets are sold or retired, the costs and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is recognized in income for the period. The cost of maintenance and repairs is recorded as expense as incurred.

Functional Allocation of Expense

Salaries and related expenses are allocated based on job descriptions and the best estimates of management. Expenses other than salaries and related expenses, which are not directly identifiable by program or supporting service, are allocated based on the best estimates of management.

**WOMEN OF NATIONS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2012 AND 2011**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Fundraising Expenses

Fundraising expenses for the year ended June 30, 2012 were immaterial, and such costs have been included in management and general on the statement of activities.

NOTE 3. GRANTS AND ACCOUNTS RECEIVABLE

Grants and accounts receivable, which are considered fully collectible, consist of the following as of June 30:

	<u>2012</u>	<u>2011</u>
Office of Justice Programs	\$126,504	\$ ---
Miscellaneous Others	<u>10,988</u>	<u>5,430</u>
	<u>\$137,492</u>	<u>\$5,430</u>

NOTE 4. PROPERTY AND EQUIPMENT

A summary of property and equipment is as follows:

	<u>2012</u>	<u>2011</u>	<u>Est. Life</u>
Land	\$ 32,169	\$ 32,169	N/A
Building	289,525	289,525	27.5 years
Building Improvements	962,280	960,030	10-27.5 years
Furnishing/Other Equipment	171,126	145,589	3-7 years
Vehicles	<u>46,621</u>	<u>46,621</u>	5 years
	1,501,721	1,473,934	
Less: Accumulated Depreciation	<u>(831,656)</u>	<u>(751,654)</u>	
	<u>\$ 670,065</u>	<u>\$ 722,280</u>	

Depreciation expense of \$80,002 and \$78,916 was recorded for the years ended June 30, 2012 and 2011, respectively.

**WOMEN OF NATIONS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2012 AND 2011**

NOTE 5. OPERATING LEASE

In May 2010, WON signed a 60-month lease agreement for two copiers. Future minimum lease payments as of June 30 are as follows:

2013	\$ 9,420
2014	9,420
2015	<u>8,635</u>
Total	<u>\$27,475</u>

Rent expense under this lease was \$9,178 and \$9,639 for the years ended June 30, 2012 and 2011, respectively.

NOTE 6. COMMITMENTS AND CONTINGENCIES

WON's activities are subject to audit examination and review by the Grantors of Federal and State monies to determine compliance with contract requirements. To the extent that any expenditure is disallowed or surplus funds are not spent, a liability to the Grantors could result.

NOTE 7. CONCENTRATION OF REVENUES AND CREDIT RISK

For the years ended June 30, 2012 and 2011, Women of Nations derived approximately 95% and 90%, respectively, of its annual budget from its services contract and grants with the Office of Justice Programs Crime Victim Services, a division of the Minnesota Department of Public Safety.

During the years ended June 30, 2012 and 2011, the Organization held funds at a bank in excess of federally insured limits. WON has not experienced any losses in this account.

NOTE 8. RETIREMENT PLAN

The employees of WON may contribute to a 403B retirement plan. This plan is based strictly on employee participation with no contribution made by WON.

NOTE 9. LINE OF CREDIT

In May 2009, WON obtained a \$50,000 revolving line of credit from Alerus Financial to help finance its short-term capital needs. The line's effective rate of interest was 6.5%. The outstanding amount on the line at June 30, 2012 and 2011 was \$40,000 and \$50,000, respectively.

**WOMEN OF NATIONS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2012 AND 2011**

NOTE 10. NOTES PAYABLE

Notes payable consist of the following as of June 30:

	<u>2012</u>	<u>2011</u>
In 2007, WON signed an Affordable Rental Investment Fund-Preservation (PARIF) loan agreement with Minnesota Housing Finance Agency (MHFA) to provide \$310,000 in funds to assist in the renovation of the Eagle's Nest Shelter. This loan is an interest-free loan, and it is to be repaid no later than April 18, 2037.	<u>\$310,000</u>	<u>\$310,000</u>

NOTE 11. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets result from restrictions on contributions received from donors. The restrictions expire over time or when the stated purpose has been met. Temporarily restricted net assets consist of the following at June 30, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
United Way Rapid Re-Housing Grant	<u>\$ ---</u>	<u>\$29,117</u>

NOTE 12. INCOME TAX UNCERTAINTIES

In July 2006, the Financial Accounting Standards Board issued Interpretation No. 48, *Accounting for Uncertainty in Income Taxes - an interpretation of FASB Statement No. 109* ("FIN 48"). FIN 48 clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with FASB Statement No. 109, *Accounting for Income Taxes* ("SFAS 109"). This Interpretation prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. This Interpretation also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. Pursuant to FSP FIN 48-3, FIN 48 is effective for the Organization for the fiscal year beginning after December 15, 2008. The Organization adopted the provisions of FIN 48 on January 1, 2009. FIN 48 was codified into section ASC 740 of the FASB codification during 2009.

The Organization has not identified any uncertainties in federal or state income taxes for any open tax years as of June 30, 2012. The Organization is no longer subject to federal and state tax examinations by tax authorities for years before 2008. No authorities have commenced income tax examinations as of June 30, 2012.

NOTE 13. SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through the date the financial statements were issued, January 16, 2013. There are no subsequent events required to be disclosed in accordance with accounting standards.