

WOMEN OF NATIONS
(A NON-PROFIT CORPORATION)

AUDITED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2013 AND 2012

PREPARED BY:

ROGERS & COMPANY

REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

**WOMEN OF NATIONS
AUDITED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2013 AND 2012**

TABLE OF CONTENTS

INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS	
Statements of Financial Position.....	2
Statements of Activities.....	3
Statement of Functional Expenses.....	4
Statements of Cash Flows.....	5
NOTES TO FINANCIAL STATEMENTS.....	6-11

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Women of Nations

We have audited the accompanying financial statements of Women of Nations (a nonprofit organization), which comprise the statement of financial position as of June 30, 2013, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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, 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Women of Nations' 2012 financial statements, and our report dated January 16, 2013, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2012, is consistent, in all material respects, with the audited financial statements from which it has been derived.



January 15, 2014

WOMEN OF NATIONS
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2013 AND 2012

ASSETS	<u>2013</u>	<u>2012</u>
Current Assets:		
Cash and Cash Equivalents	\$ -	\$ 93,677
Grants and Accounts Receivable	195,008	167,093
Prepaid Expenses	<u>64,543</u>	<u>45,615</u>
Total Current Assets	259,551	306,385
Noncurrent Assets:		
Property and Equipment, Net of accumulated depreciation of \$908,163 in 2013 and \$831,656 in 2012	<u>597,011</u>	<u>670,065</u>
Total Assets	<u>\$ 856,562</u>	<u>\$ 976,450</u>
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Cash Overdraft	\$ 8,521	\$ -
Accounts Payable	52,681	29,119
Accrued Payroll Expenses	45,509	49,101
Line of Credit	<u>-</u>	<u>40,000</u>
Total Current Liabilities	106,711	118,220
Noncurrent Liabilities:		
Note Payable	<u>310,000</u>	<u>310,000</u>
Total Liabilities	416,711	428,220
Net Assets:		
Unrestricted Net Assets	<u>439,851</u>	<u>548,230</u>
Total Liabilities and Net Assets	<u>\$ 856,562</u>	<u>\$ 976,450</u>

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

WOMEN OF NATIONS
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
Unrestricted Support and Revenue		
Contributions and Grants	\$ 1,305,744	\$ 1,435,406
Interest Income	331	379
Other Income	<u>3,005</u>	<u>2,422</u>
Total Unrestricted Support and Revenue	1,309,080	1,438,207
Expenses		
Program Services:		
Shelter Program	989,522	864,318
CAP	<u>65,177</u>	<u>163,733</u>
Total Program Services	1,054,699	1,028,051
Supporting Services:		
Management & General	<u>362,760</u>	<u>376,336</u>
Total Expenses	<u>1,417,459</u>	<u>1,404,387</u>
Change in Unrestricted Net Assets	(108,379)	33,820
Unrestricted Net Assets, Beginning of Year	<u>548,230</u>	<u>484,809</u>
Unrestricted Net Assets, End of Year, as Previously Stated	439,851	518,629
Prior Period Adjustment	<u>-</u>	<u>29,601</u>
Unrestricted Net Assets, End of Year, as Restated	<u>\$ 439,851</u>	<u>\$ 548,230</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, 2013
WITH COMPARATIVE TOTALS FOR 2012**

	<u>Shelter Program</u>	<u>CAP</u>	<u>Total Program Expenses</u>	<u>Management & General</u>	<u>Total Expenses 2013</u>	<u>Total Expenses 2012</u>
Salaries	\$ 577,921	\$ 44,145	\$ 622,066	\$ 201,700	\$ 823,766	\$ 728,168
Payroll Taxes	67,941	4,858	72,799	23,739	96,538	76,254
Employee Benefits	49,367	4,220	53,587	11,078	64,665	76,097
Equipment, Leases & Maintenance	56,065	-	56,065	6	56,071	56,287
Legal Costs	-	-	-	12,634	12,634	29,313
Consultants	6,364	-	6,364	64,514	70,878	134,221
Food	48,929	-	48,929	-	48,929	48,582
Insurance	49,374	3,895	53,269	13,784	67,053	48,379
Utilities	26,555	-	26,555	6,943	33,498	31,702
Telephone	14,756	-	14,756	4,401	19,157	17,083
Client Expenses	15,714	-	15,714	-	15,714	14,388
Household & Program Supplies	15,510	127	15,637	-	15,637	11,325
Rental Assistance	1,280	-	1,280	-	1,280	16,753
Miscellaneous	15	-	15	1,988	2,003	11,589
Office Supplies	2,791	-	2,791	1,393	4,184	3,372
Training	692	10	702	1,341	2,043	2,156
Travel	250	-	250	1,723	1,973	11,132
Dues/Subscriptions	177	-	177	1,450	1,627	1,467
Staff Recruitment	1,933	-	1,933	-	1,933	960
Printing	309	30	339	283	622	2,011
Licenses & Fees	748	-	748	-	748	1,912
Cultural Events	-	-	-	-	-	1,234
Total before Depreciation	936,691	57,285	993,976	346,977	1,340,953	1,324,385
Depreciation & Amortization	52,831	7,892	60,723	15,783	76,506	80,002
Total Expenses	<u>\$ 989,522</u>	<u>\$ 65,177</u>	<u>\$ 1,054,699</u>	<u>\$ 362,760</u>	<u>\$ 1,417,459</u>	<u>\$ 1,404,387</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, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
Cash Flows From Operating Activities:		
Change in Net Assets	\$ (108,379)	\$ 33,820
Adjustments to Reconcile Change in Net Assets to Net Cash (Used) by Operating Activities:		
Depreciation	76,506	80,002
Decrease (Increase) in:		
Grants and Accounts Receivable	(27,915)	(132,062)
Prepaid Expenses	(18,928)	(6,500)
Increase (Decrease) in:		
Cash Overdraft	8,521	-
Accounts Payable	23,562	(40,340)
Deferred Revenue	-	(4,415)
Accrued Payroll Expenses	<u>(3,592)</u>	<u>(9,297)</u>
Net Cash (Used) By Operating Activities	(50,225)	(78,792)
Cash Flows From Investing Activities:		
Additions to Property and Equipment	<u>(3,452)</u>	<u>(27,787)</u>
Net Cash (Used) By Investing Activities	(3,452)	(27,787)
Cash Flows From Financing Activities:		
Payments on Line of Credit	<u>(40,000)</u>	<u>(10,000)</u>
Net Cash (Used) by Financing Activities	<u>(40,000)</u>	<u>(10,000)</u>
Net (Decrease) in Cash and Cash Equivalents	(93,677)	(116,579)
Cash and Cash Equivalents, Beginning of Year	<u>93,677</u>	<u>210,256</u>
Cash and Cash Equivalents, End of Year	<u>\$ -</u>	<u>\$ 93,677</u>
 Supplemental Disclosure of Cash Flow Information		
Cash Paid for Interest	<u>\$ 924</u>	<u>\$ 2,973</u>

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

**WOMEN OF NATIONS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2013 AND 2012**

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, 2013 or 2012.

**WOMEN OF NATIONS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2013 AND 2012**

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, 2013 and 2012, 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, 2012, 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, 2013 AND 2012**

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

There were no in-kind contributions recorded for the years ended June 30, 2013 or 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.

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.

**WOMEN OF NATIONS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2013 AND 2012**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fundraising Expenses

Fundraising expenses for the year ended June 30, 2013 and 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>2013</u>	<u>2012</u>
Office of Justice Programs	\$184,647	\$126,504
Miscellaneous Others	<u>10,361</u>	<u>10,988</u>
	<u>\$195,008</u>	<u>\$137,492</u>

NOTE 4. PROPERTY AND EQUIPMENT

A summary of property and equipment is as follows:

	<u>2013</u>	<u>2012</u>	<u>Est. Life</u>
Land	\$ 32,169	\$ 32,169	N/A
Building	289,525	289,525	27.5 years
Building Improvements	962,280	962,280	10-27.5 years
Furnishing/Other Equipment	174,579	171,126	3-7 years
Vehicles	<u>46,621</u>	<u>46,621</u>	5 years
	1,505,174	1,501,721	
Less: Accumulated Depreciation	<u>(908,163)</u>	<u>(831,656)</u>	
	<u>\$ 597,011</u>	<u>\$ 670,065</u>	

Depreciation expense of \$76,506 and \$80,002 was recorded for the years ended June 30, 2013 and 2012, respectively.

**WOMEN OF NATIONS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2013 AND 2012**

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:

2014	\$ 9,420
2015	<u>8,635</u>
Total	<u>\$18,055</u>

Rent expense under this lease was \$10,668 and \$9,178 for the years ended June 30, 2013 and 2012, 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, 2013 and 2012, Women of Nations derived approximately 94% and 95%, 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, 2013 and 2012, 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 401(k) 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, 2013 and 2012 was \$0 and \$40,000, respectively.

**WOMEN OF NATIONS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2013 AND 2012**

NOTE 10. NOTES PAYABLE

Notes payable consist of the following as of June 30:

	<u>2013</u>	<u>2012</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. CONDITIONAL PROMISE TO GIVE

During 2013, the Organization received a restricted grant of \$20,000 that contained donor conditions (matching funds requirement). Since this grant represents a conditional promise to give, it is not recorded as contribution revenue until donor conditions are met.

NOTE 12. INCOME TAX UNCERTAINTIES

The Organization follows the guidance in the income tax standard regarding the recognition and measurement of uncertain tax positions. The guidance clarifies the accounting for the uncertainty in income taxes recognized in the entity's financial statements. The guidance further prescribes recognition and measurement of tax provisions taken or expected to be taken on a tax return that are not certain to be realized. The application of this standard has no impact on the Organization's financial statements.

The Organization's tax returns are subject to review and examination by federal, state and local authorities. The tax returns for the fiscal years 2010 to 2013 are open to examination by federal, state, and local authorities.

NOTE 13. SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through the date the financial statements were issued, January 15, 2014. There are no subsequent events required to be disclosed in accordance with accounting standards.

NOTE 14. PRIOR PERIOD ADJUSTMENT

Unrestricted net assets at the beginning of 2013 have been adjusted for grant revenue that should have been recognized in the prior year. The correction has no effect on the results of the current year's activities; however, the cumulative effect increases beginning unrestricted net assets for 2013 by \$29,601. Had the error not occurred, the change in unrestricted net assets for 2012 would have been increased by \$29,601. Previously issued financial statements have been restated to correct this error.