

WORLD PULSE VOICES
FINANCIAL STATEMENTS
Year Ended December 31, 2016



WORLD PULSE VOICES
FINANCIAL STATEMENTS
Year Ended December 31, 2016

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
Statement of Financial Position	2
Statement of Activities	3
Statement of Functional Expenses	4
Statement of Cash Flows	5
Notes to Financial Statements	6-10



INDEPENDENT AUDITORS' REPORT

To the Board of Directors
World Pulse Voices
Portland, Oregon

We have audited the accompanying financial statements of World Pulse Voices (a non-profit organization), which comprise the statement of financial position as of December 31, 2016, 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.

Auditors' 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 auditors' judgment, including the assessment of the risks 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 World Pulse Voices as of December 31, 2016, 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.

Other Matters

Report on Summarized Comparative Information

We have previously audited the World Pulse Voices' December 31, 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 13, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Kern & Thompson, LLC
Portland, Oregon
October 10, 2017

WORLD PULSE VOICES
STATEMENT OF FINANCIAL POSITION

December 31, 2016
(With Comparative Totals as of December 31, 2015)

ASSETS

	2016	2015
Cash and cash equivalents	\$ 53,146	\$ 640,846
Grants receivable	18,961	47,595
Contributions and pledges receivable	404,635	168,034
Prepaid expenses and deposits	48,092	32,137
Property and equipment, net	525,736	454,716
Total assets	\$ 1,050,570	\$ 1,343,328

LIABILITIES AND NET ASSETS

Accounts payable	\$ 53,907	\$ 25,912
Accrued payroll and vacation	64,413	45,748
Deferred revenue	-	100,000
Total liabilities	118,320	171,660
Net assets		
Unrestricted		
Available for general operations	(164,649)	260,097
Net investment in property and equipment	525,736	454,716
Total unrestricted	361,087	714,813
Temporarily restricted	571,163	456,855
Total net assets	932,250	1,171,668
Total liabilities and net assets	\$ 1,050,570	\$ 1,343,328

See notes to financial statements.

WORLD PULSE VOICES

STATEMENT OF ACTIVITIES

Year Ended December 31, 2016

(With Comparative Totals as of December 31, 2015)

	Unrestricted	Temporarily Restricted	Total	
			2016	2015
Operating support and revenues				
Contributions	\$ 812,661	\$ 1,044,745	\$ 1,857,406	\$ 1,538,254
Grant revenues	130,129	-	130,129	192,476
In-kind contributions	99,167	-	99,167	28,118
Service revenue	-	-	-	15,000
Other income	877	-	877	77
	1,042,834	1,044,745	2,087,579	1,773,925
Net assets released from restrictions	930,437	(930,437)	-	-
Total operating support and revenues	1,973,271	114,308	2,087,579	1,773,925
Expenses				
Program services	1,659,469	-	1,659,469	1,192,718
Management and general	375,063	-	375,063	179,594
Fundraising	292,465	-	292,465	324,005
	2,326,997	-	2,326,997	1,696,317
Total expenses	2,326,997	-	2,326,997	1,696,317
Change in net assets	(353,726)	114,308	(239,418)	77,608
Net assets, beginning of year	714,813	456,855	1,171,668	1,094,060
Net assets, end of year	\$ 361,087	\$ 571,163	\$ 932,250	\$ 1,171,668

See notes to financial statements.

WORLD PULSE VOICES

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2016

(With Comparative Totals as of December 31, 2015)

	Program Services		Management and General		Fund-Raising		Total	
							2016	2015
Employee cost	\$	910,520	\$	141,700	\$	101,523	\$ 1,153,743	\$ 902,052
Payroll taxes		85,248		13,266		9,505	108,019	87,263
Benefits		82,423		12,827		9,191	104,441	90,583
Consultants		232,591		131,550		63,388	427,529	120,190
Training and development		4,262		665		475	5,402	28,298
Occupancy		67,417		12,585		9,888	89,890	86,565
Travel		17,311		3,901		53,368	74,580	46,441
Office expenses		18,500		22,767		11,762	53,029	48,461
Professional services		34,500		28,734		3,848	67,082	111,793
Conferences and meetings		2,497		-		6,053	8,550	10,884
Program expenses		68,305		4,666		3,647	76,618	28,083
Insurance		6,827		1,274		1,001	9,102	10,730
Depreciation		129,068		1,128		18,816	149,012	124,974
Total expenses	\$	<u>1,659,469</u>	\$	<u>375,063</u>	\$	<u>292,465</u>	\$ <u>2,326,997</u>	\$ <u>1,696,317</u>

See notes to financial statements.

WORLD PULSE VOICES
STATEMENT OF CASH FLOWS

Year Ended December 31, 2016
(With Comparative Totals as of December 31, 2015)

	2016	2015
Cash flows from operating activities:		
Change in net assets	\$ (239,418)	\$ 77,608
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	149,012	124,974
(Increase) decrease in:		
Accounts receivable	28,634	18,111
Contributions and pledges receivable	(236,601)	206,366
Prepaid expenses and deposits	(15,955)	(10,001)
Increase (decrease) in:		
Accounts payable	27,995	(61,228)
Accrued payroll and vacation	18,665	(8,769)
Deferred revenue	(100,000)	100,000
Net cash flows provided by operating activities	(367,668)	447,061
Cash flows from investing activities:		
Purchase of property and equipment	(220,032)	(97,710)
Net increase in cash and cash equivalents	(587,700)	349,351
Cash and cash equivalents, beginning of year	640,846	291,495
Cash and cash equivalents, end of year	\$ 53,146	\$ 640,846

See notes to financial statements.

WORLD PULSE VOICES
NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE A – DESCRIPTION OF ORGANIZATION

World Pulse is social media for social revolution. We provide safe, supportive online space where women from over 190 countries connect and exchange stories and resources. Through these connections, women rise up and create the change they seek at a faster pace.

Our mission is to create a world where all women thrive.
One click, one comment, one connection at a time.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting and Presentation

The Organization presents its financial statements in accordance with accounting principles generally accepted in the United States of America. The accrual basis is used to record revenues and expenses, which means that revenues are recognized when they are earned and expenses are recognized when incurred.

The Organization reports information regarding its financial position and activities according to three classes of net assets. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

- **Unrestricted net assets** – Net assets not subject to donor-imposed stipulations.
- **Temporarily restricted net assets** – Net assets subject to donor-imposed stipulations that will be met by the actions of the Organization and/or the passage of time.
- **Permanently restricted net assets** – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization.

The Organization has no permanently restricted net assets. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets are reported as net assets released from restrictions.

Cash and Cash Equivalents

For financial reporting purposes, the Organization considers all liquid investments having initial maturities of three months or less when purchased to be cash equivalents.

Property and Equipment

Furniture and equipment is recorded at cost when purchased or fair market value when donated. Depreciation is computed using the straight-line method over an estimated useful life of four years for website development costs, and three to seven years for all other assets. Expenditures exceeding \$500 for additions, major renewals and betterments are capitalized. Maintenance and repairs are expensed when incurred.

WORLD PULSE VOICES

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2016

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Grants Receivable

Grants receivable consist of uncollateralized fees from government and other grants. Management periodically assesses the need for an allowance for doubtful accounts based on historical experience and existing conditions affecting probable collection. Management has determined that no allowance for doubtful accounts was necessary as of December 31, 2016.

Support and Revenue Recognition

Contributions are recognized when the donor or grantee makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in temporarily restricted or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Concentration of Credit Risk

The Organization places its cash and cash equivalents with financial institutions insured by the Federal Deposit Insurance Corporation (FDIC). Amounts in excess of FDIC coverage are not insured. There were no cash and cash equivalent balances in excess of FDIC coverage limits as of December 31, 2016.

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.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized in the statement of functional expenses. Accordingly, certain costs have been allocated among programs and supporting services, based on management's estimates of benefit received.

Income Taxes

The Organization has been approved as a tax exempt organization under the Internal Revenue Code Section 501(c)(3) and applicable state laws. Accordingly, no provision for income taxes is included in the accompanying financial statements. The Organization does not believe it has unrelated trade or business income in excess of \$1,000.

Prior Year Summarized Financial Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class or natural expense classification by function. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Center's financial statements for the year ended December 31, 2015, from which the summarized information was derived.

WORLD PULSE VOICES

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2016

NOTE C – CONTRIBUTIONS AND PLEDGES

Contributions and pledges receivable, which are unconditional promises to give, consist of the following at December 31, 2016:

Contributions and pledges receivable expected to be collected in:	
Less than one year	\$ 151,335
One to five years	<u>253,300</u>
	<u>\$ 404,635</u>

Contributions and pledges receivable are recorded at the present value of the estimated cash flows, which approximates net realizable value. Management has determined that all grants and contributions receivable are fully collectible; therefore, an allowance for uncollectible accounts was not necessary at December 31, 2016.

NOTE D – FURNITURE AND EQUIPMENT

At December 31, 2016, furniture and equipment consist of the following:

Website development costs	\$ 755,106
Computer equipment and software	<u>59,452</u>
	814,558
Less accumulated depreciation and amortization	<u>(288,822)</u>
	<u>\$ 525,736</u>

NOTE E – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at December 31, 2016 consist of various grants that are restricted as follows:

Purpose	\$ 170,000
Timing	<u>401,163</u>
	<u>\$ 571,163</u>

NOTE F – IN-KIND CONTRIBUTIONS

The Organization receives donated services from a variety of unpaid volunteers assisting the Organization. The Organization received donated services during 2016 valued at \$99,167. No other amounts have been recognized in the accompanying Statement of Activities because the criteria for recognition of such volunteer efforts under generally accepted accounting principles have not been satisfied.

WORLD PULSE VOICES
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2016

NOTE G – OPERATING LEASE COMMITMENTS

Minimum lease payments under non-cancellable leases for office space are as follows:

Year Ended December 31,	
2017	\$ 124,455
2018	130,550
2019	140,135
2020	144,339
2021	148,670
Thereafter	<u>310,853</u>
	<u>\$ 999,002</u>

Total rental expense for the year ended December 31, 2016 was \$89,889. Included in 2017 minimum lease payments is \$52,906 of scheduled lease payments under a lease that expired in July 2017. The Organization vacated the premises in December 2016 and has not entered into a termination agreement specifying a final amount that could be obligated in 2017 for this lease, and consequently, the entire amount is reflected as the maximum amount potentially due in the future.

NOTE H – LINE OF CREDIT AND OTHER CREDIT AVAILABLE

The Organization has entered into a \$250,000 revolving line of credit agreement. Interest is payable monthly at the bank's prime rate plus 1.25 percentage points, but not less than 5.00% per annum. Substantially all assets are pledged as security on the line of credit. No amounts were outstanding on the line as of December 31, 2016. As of the report date, approximately \$242,000 was outstanding.

The Organization also has unsecured credit cards with available limits of \$50,000. Approximately \$13,900 was outstanding and included in accounts payable at December 31, 2016.

NOTE I – CONTINGENCY

For the year ended December 31, 2016, the Organization's expenses exceeded revenues by \$239,418. As of December 31, 2016, the Organization's cash and cash equivalents and contributions and pledges receivable were insufficient to cover its liabilities and restricted net assets.

A contributing factor to the 2016 deficit was the implementation of the second phase of the website platform. During the first phase of the project that commenced in 2014, the Organization received sizeable grants for the development of the website costs for which related costs were capitalized as the website development cost asset. Portions of the project (feasibility studies, training, etc.) did not meet the criteria for capitalization and were expensed at inception and at the end, and depreciation expense was incurred after the site was placed in service in 2015 and subsequent years. In summary, the project activity increased net income in the earlier years, and decreased it in the later stages through the depreciation of the website platform.

WORLD PULSE VOICES

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2016

NOTE I – CONTINGENCY (CONTINUED)

An additional contributing factor was a multiyear reimbursable grant with a scheduled decrease in the funder match at the end (2016) and required increased costs to fulfill the program requirements. The additional complementary funding was not secured to offset the increased program costs. An individual who informally pledged \$250,000 of project support was not able to fulfill an actual pledge.

The ability of the Organization to meet its obligations in the ordinary course of business is dependent upon its ability to generate sufficient revenues and control its expenses.

NOTE J – RELATED PARTY ACTIVITY

During the year ended December 31, 2016, the Organization received anonymous contributions of \$548,000 from a board member.

NOTE K – LEGAL MATTERS

The Organization is involved in certain legal matters arising from the ordinary course of business. Adequate insurance coverage is in force to cover any potential claims. Management does not believe that the occurrence of these matters will have a material effect on the Organization's financial position or results of operations.

NOTE L – SUBSEQUENT EVENTS

Subsequent events have been evaluated through October 10, 2017, which is the date the financial statements were available to be issued.

In August 2017, the related party in Note J loaned \$200,000 to the Organization. The loan bears interest at 5%, and is repayable in full in August 2018.