

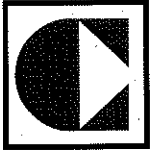
FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT

WOMEN GIVING BACK, INC.

December 31, 2019 and 2018

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Women Giving Back

We have audited the accompanying financial statements of Women Giving Back (a nonprofit organization), which comprise the balance sheet as of December 31, 2019, and the related statements of activities, cash flows and functional expenses for the years 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 of 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 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 not express such an 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 provides reasonable basis for our opinion.

Opinion

In our opinion, the financial statement referred to above present fairly, in all material respects, the financial position of Women Giving Back as of December 31, 2019, and the changes in its net assets and its functional expenses and cash flows for the year then ended in accordance with accounting standards generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Women Giving Back's December 31, 2018 financial statements, and our report dated August 16, 2019 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 December 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Douglas Corey & Associates, P.C.

Fairfax, Virginia
September 29, 2020

Women Giving Back, Inc.
Balance Sheets
December 31, 2019 and 2018
(See Independent Auditor's Report and notes to financial statements)

Assets

	2019	2018
Current Assets		
Cash and cash equivalents	\$ 505,981	\$ 327,519
Pledges receivable	41,244	49,211
Prepaid expenses	11,830	3,346
Clothing inventory	<u>436,222</u>	<u>415,101</u>
Total current assets	995,277	795,177
Property and equipment	106,186	77,686
Less: accumulated depreciation	<u>(55,643)</u>	<u>(41,067)</u>
	<u>50,543</u>	<u>36,619</u>
	<u>\$ 1,045,820</u>	<u>\$ 831,796</u>

Liabilities and Net Assets

Current Liabilities		
Accounts payable	\$ 4,808	\$ 9,636
Accrued payroll and payroll taxes	3,673	2,361
Deferred revenue	-	1,500
Security deposit	<u>364</u>	<u>364</u>
Total current liabilities	8,845	13,861
Net Assets		
Without donor restrictions	995,731	768,724
With donor restrictions	<u>41,244</u>	<u>49,211</u>
	<u>1,036,975</u>	<u>817,935</u>
	<u>\$ 1,045,820</u>	<u>\$ 831,796</u>

Women Giving Back, Inc.
Statement of Activities
For the year ended December 31, 2019
Comparative Totals for 2018
(See Independent Auditor's Report and notes to financial statements)

	Without Donor Restrictions	With Donor Restrictions	2019 Total	2018 Total
Revenues and Other Support:				
Contributions	\$ 257,834	\$ 41,244	\$ 299,078	\$ 254,906
Interest income	1,591	-	1,591	163
In-kind contributions	1,670,575	-	1,670,575	1,436,799
Special events	263,620	-	263,620	130,459
Other events	51,904	-	51,904	44,914
Rental income	1,944	-	1,944	364
Recycle income	4,288	-	4,288	-
Miscellaneous income	855	-	855	570
Net assets released from restrictions:				
Satisfaction of program restrictions	<u>49,211</u>	<u>(49,211)</u>	<u>-</u>	<u>-</u>
Total Revenues and Other Support	2,301,822	(7,967)	2,293,855	1,868,175
Expenses:				
Program expenses	1,952,014	-	1,952,014	1,701,600
Supporting services				
Management and General	47,161	-	47,161	36,098
Fundraising	32,168	-	32,168	33,708
Special and other events	<u>43,472</u>	<u>-</u>	<u>43,472</u>	<u>33,564</u>
Total Expenses	<u>2,074,815</u>	<u>-</u>	<u>2,074,815</u>	<u>1,804,970</u>
Change in Net Assets	227,007	(7,967)	219,040	63,205
Net Assets, beginning of year	<u>768,724</u>	<u>49,211</u>	<u>817,935</u>	<u>754,730</u>
Net Assets, end of year	<u>\$ 995,731</u>	<u>\$ 41,244</u>	<u>\$ 1,036,975</u>	<u>\$ 817,935</u>

Women Giving Back, Inc.
Statement of Functional Expenses
For the year ended December 31, 2019
Comparative Totals for 2018
(See Independent Auditor's Report and notes to financial statements)

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>2019 Total</u>	<u>2018 Total</u>
Direct assistance to clients	\$ 1,649,454	\$ -	\$ -	\$ 1,649,454	\$ 1,436,449
Salaries	88,456	25,273	12,637	126,366	62,240
Rent and utilities	125,377	421	210	126,008	107,795
Professional fees and other services	16,799	5,820	10,976	33,595	58,272
Telecommunications	10,766	3,076	1,538	15,380	7,170
Depreciation	10,203	2,915	1,458	14,576	15,627
Accounting	9,380	2,680	1,340	13,400	13,676
Supplies and store equipment	12,431	262	131	12,824	7,976
Public relations/marketing	7,894	2,256	1,128	11,278	21,461
Payroll tax	6,767	1,933	967	9,667	4,762
Store transportation	7,332	-	-	7,332	10,790
Printing and promotions	1,831	523	1,021	3,375	9,233
Repairs and maintenance	1,415	404	202	2,021	3,637
Insurance	1,397	399	200	1,996	1,653
Meetings and events	1,054	301	151	1,506	10,040
Miscellaneous	565	643	81	1,289	229
Dues	893	255	128	1,276	396
	<u>\$ 1,952,014</u>	<u>\$ 47,161</u>	<u>\$ 32,168</u>	<u>\$ 2,031,343</u>	<u>\$ 1,771,406</u>

Women Giving Back, Inc.
Statements of Cash Flows
For the years ended December 31, 2019 and 2018
(See Independent Auditor's Report and notes to financial statements)

	2019	2018
Cash flows from operating activities:		
Change in net assets	\$ 219,040	\$ 63,205
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Non-cash contribution of inventory	(21,121)	-
Depreciation	14,576	15,627
(Increase) decrease in pledges receivable	7,967	(28,155)
(Increase) decrease in prepaid expenses	(8,484)	(708)
Increase (decrease) in accounts payable and accrued expenses	(3,516)	8,084
Increase (decrease) in deferred revenue	(1,500)	1,500
Increase (decrease) in security deposit	<u>-</u>	<u>364</u>
Net increase (decrease) in cash and cash equivalents	206,962	59,917
Cash flows from investing activities:		
Expenditures for property and equipment	<u>(28,500)</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	178,462	59,917
Cash, beginning of year	<u>327,519</u>	<u>267,602</u>
Cash, end of year	<u>\$ 505,981</u>	<u>\$ 327,519</u>
Supplemental disclosure:		
During the year the Organization had the following non-cash transactions which were excluded from the statement of cash flows:		
Non-cash contributions	\$ 1,670,575	1,436,799
Expenses related to in-kind contributions:		
Donations to others	<u>(1,649,454)</u>	<u>(1,436,799)</u>
	<u>\$ 21,121</u>	<u>\$ -</u>
Cash paid during the year for:		
Income taxes	<u>\$ -</u>	<u>\$ -</u>
Interest expense	<u>\$ -</u>	<u>\$ -</u>

Women Giving Back, Inc.
Notes to Financial Statements
December 31, 2019 and 2018
(See Independent Auditor's Report)

Note A - Nature of Organization

Women Giving Back, Inc. (WGB) is a non-profit corporation founded in 2015. WGB provides quality clothing, shoes, toiletries, accessories and seasonal items to local women and children emerging from homelessness, staying in local shelters, transitional housing facilities, safe-houses, or living at or below the poverty level. WGB operates a dedicated store and warehouse facility that allows women in crisis to shop at no cost with a referral to WGB from their case manager, social worker or program manager and assisted by caring volunteers.

During the years ended December 31, 2019 and 2018, volunteer hours exceeded 23,000 and 19,500 respectively. WGB served 11,726 clients in 2019 and 9,960 clients in 2018 in the Greater Washington Metropolitan area.

Note B - Summary of Accounting Policies

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

1. Method of Accounting

WGB's financial statements have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles. Consequently, revenues are recognized when earned and expenses are recognized when incurred.

2. Financial Statement Presentation

The financial statements are presented in accordance with U.S. generally accepted accounting principles for nonprofit organizations. Under those principles, WGB is required to report information regarding its financial position and activities according to two classes of net assets:

Net Assets Without Donor Restrictions represent resources that are not subject to donor-imposed stipulations and are available for operations at management's discretion.

Net Assets With Donor Restrictions represent resources restricted by the donor as to purpose or by the passage of time.

Women Giving Back, Inc.
Notes to Financial Statements
December 31, 2019 and 2018
(See Independent Auditor's Report)

Note B - Summary of Accounting Policies, continued

3. Pledges and Grants Receivable

Pledges and grants receivable consist of amounts pledged to WGB in future years. WGB considers all amounts collectible and, therefore, has not recorded an allowance for doubtful accounts.

4. Contributions

All contributions are considered to be without donor restrictions unless specifically restricted by the donor. Amounts received that are restricted by the donor for specific purposes are reported as support with donor restrictions that increases that net asset class.

5. Inventory

Inventory consists of merchandise held for future client assistance. Inventory is estimated based on the number of items remaining in the warehouse at year-end using an average per piece value. The values are calculated using the IRS value guidelines for clothing and accessories.

6. Equipment, Furniture and Leasehold Improvements

Equipment is capitalized at cost at the date of acquisition. The assets are depreciated on a straight-line basis over their estimated useful lives.

7. Income Taxes

The Organization is exempt from income taxes on all activities directly related to its exempt purpose under the Internal Revenue Code 501(c)(3). The Organization is liable for income taxes on unrelated business income. There was no taxable net unrelated business income for the years ended December 31, 2019 or 2018. Accordingly, no provision for income taxes has been made in these financial statements.

The Organization evaluated its tax positions and determined it has no uncertain tax positions as of December 31, 2019. The Organization's 2017 through 2019 tax years are open for examination by federal taxing authorities.

Women Giving Back, Inc.
Notes to Financial Statements
December 31, 2019 and 2018
(See Independent Auditor's Report)

Note B - Summary of Accounting Policies, continued

8. Cash and cash equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid instruments purchased with a maturity of three months or less to be cash and cash equivalents.

9. Expense Allocation

Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of periodic time and expense studies and estimates made by Management.

10. Use of 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.

11. Reclassification

Certain prior year amounts have been reclassified to conform to the current year presentation.

Note C - Date of Management's Review

In preparing the financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through September 29, 2020, the date that the financial statements were available to be issued.

Women Giving Back, Inc.
Notes to Financial Statements
December 31, 2019 and 2018
(See Independent Auditor's Report)

Note D—Liquidity and Availability of Financial Assets

WGB maintains a liquid cash balance in checking and savings accounts and a short-term certificate of deposit in an amount necessary to meet its anticipated expenditures for the next year.

WGB's financial assets available within one year to meet cash needs for general expenditures through December 31, 2020 are as follows:

Financial assets:	
Cash and cash equivalents	\$ 505,981
Less amounts not available within one year	
Purpose restricted net assets	-
Financial assets available for general expenditures within one year	\$ 505,981

Note E – Cash and cash equivalents

Cash as of December 31, 2019 and 2018 consisted of the following:

	2019	2018
Checking account	\$ 193,657	\$ 161,761
Savings account	312,324	160,671
Certificate of deposit – short-term	-	5,087
	\$ 505,981	\$ 327,519

At various times during the years ended December 31, 2019 and 2018, WGB had more funds on deposit at one financial institution than the \$250,000 insured by the FDIC. Management regularly monitors the financial condition of the banking institution, along with their balances in cash and tries to keep these potential risks to a minimum.

Women Giving Back, Inc.
Notes to Financial Statements
December 31, 2019 and 2018
(See Independent Auditor's Report)

Note F – Property and Equipment

Property and equipment are as follows:

	2019	2018
Software	\$ 3,308	\$ 3,308
Furniture	1,500	1,500
Van	28,500	=
Leasehold Improvements	<u>72,878</u>	<u>72,878</u>
Accumulated depreciation	106,186	77,686
	<u>(55,643)</u>	<u>(41,067)</u>
	<u>\$ 50,543</u>	<u>\$ 36,619</u>

Depreciation expense for the years ended December 31, 2019 and 2018 totaled \$14,576 and \$15,627, respectively.

Note G – Net Assets with Donor Restrictions

Temporarily restricted net assets are available for the following purpose:

	2019	2018
Grants and pledges receivable in next year	<u>\$ 41,244</u>	<u>\$ 49,211</u>

Note H – Commitments and Contingencies

Operating lease

WGB maintains an operating lease for the store/warehouse space with a lease term through December 31, 2020. The lease commenced on January 1, 2016. WGB is responsible for base monthly rent as well as their proportionate share of real estate taxes and operating costs.

Women Giving Back, Inc.
Notes to Financial Statements
December 31, 2019 and 2018
(See Independent Auditor's Report)

Note H – Commitments and Contingencies (continued)

Future minimum rental expense under this lease is as follows:

Year ended:

December 31, 2020	<u>\$ 71,057</u>
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Rent expense, including real estate taxes and operating costs, totaled \$107,952 and \$94,410 for the years ended December 31, 2019 and 2018, respectively.

Note I – Sublease

On November 1, 2018, WGB entered into a sublease for office space. The lease term is 12 months, with rent of \$162 due at the beginning of each month. Rent income under this lease totaled \$1,944 and \$364 for the years ending December 31, 2019 and 2018, respectively. The lease terminates in October 2020.

Note J – Concentrations

During the year ended December 31, 2019, approximately 73% of WGB's total support is a result of non-cash contributions of inventory items to be used to assist clients during the year.

During the year ended December 31, 2018, approximately 78% of WGB's total support is a result of non-cash contributions of inventory items to be used to assist clients during the year.

Note K – Donated Facilities, Services and Assets

Contributions of donated non-cash assets and services are recorded at their fair market values in the period received. For the years ended December 31, 2019 and 2018, non-cash contributions consist of clothing and other goods donated to WGB for use in their store. For the years ended December 31, 2019 and 2018, non-cash contributions of clothing and other goods totaled \$1,670,575 and \$1,436,799, respectively.

Many volunteers have contributed numerous hours to support the Organization's programs. These contributions do not meet the requirements to be recorded as revenue and expense.

Women Giving Back, Inc.
Notes to Financial Statements
December 31, 2019 and 2018
(See Independent Auditor's Report)

Note L – Related Party Transactions

Contributions made by board members or their affiliated entities totaled \$129,846 and \$65,685 for the years ended December 31, 2019 and 2018, respectively. The contributions accounted for approximately 6% and 4% of total contributions for those respective years.

During the years ended December 31, 2019 and 2018, WGB engaged a board member's company for various services. The amounts paid to the company totaled \$10,345 and \$30,931 for 2019 and 2018, respectively.

Note M – FASB ASC 606 New Accounting Guidance Implementation

The Financial Accounting Standards Board (FASB) issued new guidance that created topic 606, *Revenue from Contracts with Customers*, in the Accounting Standards Codification (ASC). Topic 606 supersedes the revenue recognition guidance in U.S. generally accepted accounting principles and requires the recognition of revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. The standard is effective for years beginning after December 15, 2018. WGB adopted this guidance for the year ended December 31, 2019. There was no effect on January 1, 2019 balances as a result of the application of the standard.

Note N – Subsequent Event

On March 11, 2020, the World Health Organization declared the outbreak of coronavirus (COVID-19) a pandemic. As a result, economic uncertainties have arisen which may adversely affect WGB. The Organization was unable to hold their signature fundraising event in May 2020. That event typically provides over \$100,000 of net income to support operations. In addition, WGB expects to incur new expenses to service additional clients. Through the date of these financial statements WGB's operations and income have not been materially adversely affected due to generous donations from individual donors, however, management is unable to quantify the potential effects of the pandemic on future financial statements.

In April 2020, the Organization obtained a \$28,065 Paycheck Protection Program (PPP) loan issued as part of the CARES Act. The PPP loan is for small businesses and non-profit corporations that were affected by the pandemic. The loan is forgivable by the federal government if certain expenditure criteria are met by the borrower. The Organization expects the loan to be fully forgiven.