

SUPPORTIVE OLDER WOMEN'S NETWORK

FINANCIAL STATEMENTS

FOR THE YEAR ENDED
JUNE 30, 2016

(WITH COMPARATIVE TOTALS
FOR THE YEAR ENDED JUNE 30, 2015)

Together with
Independent Auditors' Report

SUPPORTIVE OLDER WOMEN'S NETWORK

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Ruotolo, Spewak & Co.

"COMMITTED TO CLIENT SERVICE"

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INDEPENDENT AUDITORS' REPORT

To: Board of Directors
Supportive Older Women's Network

We have audited the accompanying financial statements of Supportive Older Women's Network (a nonprofit organization), which comprise the statement of financial position as of June 30, 2016, and the related statements of activities 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 of material misstatement.

(1)

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 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 Supportive Older Women's Network as of June 30, 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.

Report on Summarized Comparative Information

We have previously audited the financial statements of Supportive Older Women's Network for the year ended June 30, 2015, and our report dated September 22, 2015, 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, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.


October 10, 2016

SUPPORTIVE OLDER WOMEN'S NETWORK

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2016

(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2015)

	<u>2016</u>	<u>2015</u>
<u>ASSETS</u>		
<u>CURRENT ASSETS</u>		
Cash and cash equivalents	\$ 154,932	\$ 224,670
Investments	847,156	829,377
Accounts receivable	56,923	36,344
Grants receivable, current portion	110,000	88,350
Prepaid expenses	7,474	9,490
Total current assets	<u>1,176,485</u>	<u>1,188,231</u>
<u>FIXED ASSETS</u>		
Property, furniture and equipment, net	<u>31,491</u>	<u>41,916</u>
<u>OTHER ASSETS</u>		
Grants receivable, net of current portion	-	60,000
Security deposits	5,400	5,400
Total other assets	<u>5,400</u>	<u>65,400</u>
Total assets	<u>\$1,213,376</u>	<u>\$1,295,547</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES</u>		
Accounts payable	\$ 6,355	\$ 11,625
Accrued expenses	1,492	4,767
Accrued payroll and payroll taxes	31,658	13,682
Total current liabilities	<u>39,505</u>	<u>30,074</u>
<u>NET ASSETS</u>		
Unrestricted	999,171	1,004,313
Temporarily restricted	174,700	261,160
Total net assets	<u>1,173,871</u>	<u>1,265,473</u>
Total liabilities and net assets	<u>\$1,213,376</u>	<u>\$1,295,547</u>

See accompanying notes which are an integral part of these financial statements.

SUPPORTIVE OLDER WOMEN'S NETWORK

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2016

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2015)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 2016</u>	<u>Total 2015</u>
<u>REVENUE AND SUPPORT</u>				
Government contracts	\$170,975	\$ -	\$ 170,975	\$ 166,189
Grants	9,250	193,000	202,250	324,469
Contributions	22,639	-	22,639	17,890
Federated campaigns	-	-	-	60,000
Program income	51,985	-	51,985	64,786
Contributed equipment	-	-	-	300
Investment income	48,453	-	48,453	52,754
Realized gain (loss) on investments	-	-	-	18,696
Net assets released from restrictions:				
Satisfaction of program restrictions	<u>279,460</u>	<u>(279,460)</u>	<u>-</u>	<u>-</u>
Total revenue and support	<u>582,762</u>	<u>(86,460)</u>	<u>496,302</u>	<u>705,084</u>
<u>EXPENSES</u>				
Program services	436,342	-	436,342	440,813
Management and general	82,510	-	82,510	54,227
Fundraising	<u>38,378</u>	<u>-</u>	<u>38,378</u>	<u>43,877</u>
Total expenses	<u>557,230</u>	<u>-</u>	<u>557,230</u>	<u>538,917</u>
Change in net assets from operating activities	25,532	(86,460)	(60,928)	166,167
Unrealized gain (loss) on investments	<u>(30,674)</u>	<u>-</u>	<u>(30,674)</u>	<u>(40,872)</u>
Total change in net assets	(5,142)	(86,460)	(91,602)	125,295
Net assets, beginning of year	<u>1,004,313</u>	<u>261,160</u>	<u>1,265,473</u>	<u>1,140,178</u>
Net assets, end of year	<u>\$999,171</u>	<u>\$174,700</u>	<u>\$1,173,871</u>	<u>\$1,265,473</u>

See accompanying notes which are an integral part of these financial statements.

SUPPORTIVE OLDER WOMEN'S NETWORK

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2016

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2015)

	<u>Program Services</u>	<u>Management and General Services</u>	<u>Fundraising</u>	<u>2016 Total Expenses</u>	<u>2015 Total Expenses</u>
Payroll	\$239,532	\$47,429	\$22,089	\$309,050	\$291,164
Payroll taxes and fringes	45,135	6,304	4,084	55,523	51,618
Accounting	37,128	3,633	2,149	42,910	39,444
Bank fees	-	1,010	-	1,010	941
Conferences	562	-	-	562	1,181
Consultants	39,870	9,145	3,914	52,929	52,604
Depreciation	9,022	1,752	866	11,640	11,280
Dues and subscriptions	282	1,910	6	2,198	2,277
Incentives	1,280	-	-	1,280	662
Information technology	7,631	1,247	569	9,447	11,588
Insurance	5,005	752	480	6,237	6,842
Occupancy	30,479	3,789	2,382	36,650	36,600
Office expenses	3,150	600	253	4,003	9,649
Postage	2,114	256	194	2,564	1,511
Printing	2,080	2,187	194	4,461	5,113
Professional fees	4,837	1,014	410	6,261	5,572
Refreshments	1,118	200	291	1,609	2,306
Telephone	4,227	654	415	5,296	5,054
Transportation	2,890	628	82	3,600	3,511
Total expenses	<u>\$436,342</u>	<u>\$82,510</u>	<u>\$38,378</u>	<u>\$557,230</u>	<u>\$538,917</u>

See accompanying notes which are an integral part of these financial statements.

SUPPORTIVE OLDER WOMEN'S NETWORK

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2016

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2015)

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (91,602)	\$ 125,295
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	11,640	11,280
Realized (gain) loss on investments	-	(18,696)
Unrealized (gain) loss on investments	30,674	40,872
Decrease (increase) in assets:		
Accounts receivable	(30,579)	16,322
Grants receivable	48,350	(138,350)
Prepaid expenses	2,016	(2,250)
Increase (decrease) in liabilities:		
Accounts payable	(5,270)	(8,413)
Accrued expenses	(3,275)	199
Accrued payroll and payroll taxes	17,976	(111)
Net cash provided (used) by operating activities	<u>(20,070)</u>	<u>26,148</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(48,453)	(53,047)
Proceeds from sales of investments	-	113,206
Purchase of property, furniture and equipment	(1,215)	(5,488)
Net cash provided (used) by investing activities	<u>(49,668)</u>	<u>54,671</u>
CASH FLOWS FROM FINANCING ACTIVITIES	<u>-</u>	<u>-</u>
Net increase (decrease) in cash	(69,738)	80,819
Cash, beginning of year	<u>224,670</u>	<u>143,851</u>
Cash, end of year	<u>\$154,932</u>	<u>\$224,670</u>
SUPPLEMENTAL DISCLOSURES		
Income taxes paid	<u>\$ -</u>	<u>\$ -</u>
Interest paid	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes which are an integral part of these financial statements.

SUPPORTIVE OLDER WOMEN'S NETWORK

NOTES TO FINANCIAL STATEMENTS

1) ORGANIZATION AND PROGRAMS

Supportive Older Women's Network, Inc. (the "Organization") was incorporated in 1984 under the laws of the Commonwealth of Pennsylvania as a non-profit corporation to support adults, especially women over 50, through life transitions. As an innovative leader, the Organization improves physical health and emotional well-being by providing new opportunities to enhance older adults' ability to function independently, maintain roles in their families and communities, and improve health. The Organization provides evidence-based, cost-effective services in 25 locations throughout Philadelphia. The Organization receives the majority of its revenues from government contracts and grant income.

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. For the year ended June 30, 2016, the Organization had no permanently restricted net assets.

Use of Estimates

The preparation of 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 reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Investments

Investments are considered to be available for sale and are recorded at their fair market value in the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets in the accompanying Statement of Activities.

SUPPORTIVE OLDER WOMEN'S NETWORK

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts and Grants Receivable

Accounts and grants receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual receivables from grants and contracts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to the applicable receivable changes. At June 30, 2016, no allowance was necessary.

Property, Furniture and Equipment

Property, furniture and equipment is stated at cost and depreciated using the straight-line method over the estimated useful lives of the assets. The Organization's policy requires capitalization of purchased assets with a cost greater than \$1,000 and donated assets with an estimated fair value at the date of the contribution of over \$1,000.

Restricted and Unrestricted Revenue

Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When the restriction expires temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restriction.

Income Taxes

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2). Accordingly, no provision for income taxes is provided.

The Organization has reviewed tax positions taken in filings with federal and state jurisdictions and believes those positions would be sustained should the filings be examined by the relevant taxing authority. For federal income tax purposes, the returns remain open for possible examination three years after they are filed. The Organization's policy is to recognize interest and penalties on unrecognized tax benefits in other expense in the statement of activities. No interest and penalties were recorded during the year ended June 30, 2016.

SUPPORTIVE OLDER WOMEN'S NETWORK

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Summarized Prior-Year Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with Supportive Older Women's Network's financial statements for the year ended June 30, 2015, from which the summarized information was derived.

Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform to the presentation in the current-year financial statements.

Subsequent Events

Subsequent events have been evaluated through October 10, 2016, the date that the financial statements were available to be issued.

3) INVESTMENTS

The fair value of investments is determined based upon quoted prices in active markets for identical assets (Level 1 within the fair value hierarchy). The fair values at June 30, 2016 are summarized as follows:

	<u>Cost</u>	<u>Market</u>	<u>Accumulated Unrealized Gain (Loss)</u>
Mutual Funds	<u>\$766,072</u>	<u>\$847,156</u>	<u>\$81,084</u>

Investment return is summarized as follows:

Investment income	\$48,453
Unrealized (loss) on investments	<u>(30,674)</u>
Total investment income	<u>\$17,779</u>

SUPPORTIVE OLDER WOMEN'S NETWORK

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

4) **PROPERTY, FURNITURE AND EQUIPMENT**

Property, furniture and equipment consist of the following at June 30, 2016:

Building renovations and improvements	\$14,774
Equipment	47,474
Furniture and fixtures	5,644
Software	<u>7,523</u>
	75,415
Less: Accumulated depreciation	<u>(43,924)</u>
	<u>\$31,491</u>

5) **TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets are held for the following at June 30, 2016:

GrandFamily Resource Center	\$ 40,000
Home Bound Services	500
Peer mentoring for people with Parkinson's Disease	5,000
Philly Families Eat Smart	9,200
Subsequent years' operations	<u>120,000</u>
	<u>\$174,700</u>

6) **NET ASSETS RELEASED FROM RESTRICTIONS**

Net assets of \$279,460 were released from donor-restrictions by incurring expenses satisfying the restricted purposes specified by the donors. Purpose restrictions accomplished for the year ended June 30, 2016 were:

General operations	\$ 89,160
GrandFamily Resource Center	65,350
Home Bound Services	34,250
Peer mentoring for people with Parkinson's Disease	25,000
Philly Families Eat Smart	<u>65,700</u>
	<u>\$279,460</u>

SUPPORTIVE OLDER WOMEN'S NETWORK

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

7) **EMPLOYEE BENEFIT PLAN**

The Organization maintains a SEP Pension Plan which covers all employees. The Organization will contribute 2% to 3% of the employee's annual compensation at the Executive Director's discretion. Employees may voluntarily participate and make any and all contributions on a pre-tax basis. For the year ended June 30, 2016, employer contributions to the plan amounted to \$7,901.

8) **COMMITMENTS**

Office space operating lease

The Organization has a five year lease agreement for office space, which expires August 31, 2019. In addition, the lease agreement requires the Organization to pay its proportionate share of real estate taxes and other occupancy expenses. Minimum future rentals payable under the office space operating lease as of June 30, 2016 are as follows:

2017	\$ 34,450
2018	34,680
2019	35,830
2020	<u>6,010</u>
	<u>\$110,970</u>

Rent expense under the lease agreement for the year ending June 30, 2016 was \$36,650.