

THE WOMAN'S CLUB

FINANCIAL STATEMENTS
APRIL 30, 2017 AND 2016
with
INDEPENDENT AUDITOR'S REPORT

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INDEPENDENT AUDITOR'S REPORT

The Board of Governors
The Woman's Club

We have audited the accompanying financial statements of The Woman's Club (a nonprofit organization), which comprise the statements of financial position as of April 30, 2017 and 2016 and the related statements of activities, functional expenses and cash flows 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 audits. We conducted our audits 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 judgement, 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

HANSEN, SMITH, CONE & ROBERTELLO, PC

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 The Woman's Club as of April 30, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Hansen, Smith, Cone & Robertello, PC

Richmond, Virginia
January 8, 2018

THE WOMAN'S CLUB
STATEMENTS OF FINANCIAL POSITION
APRIL 30, 2017 AND 2016

ASSETS

	<u>2017</u>	<u>2016</u>
Current assets:		
Cash and cash equivalents	\$ 442,349	\$ 398,587
Investments at fair value	594,065	657,373
Accounts receivable	4,755	2,077
Prepaid expenses	<u>20,237</u>	<u>30,199</u>
Total current assets	<u>1,061,406</u>	<u>1,088,236</u>
Property and equipment:		
Office furniture and equipment	164,183	156,568
Less accumulated depreciation and amortization	<u>135,794</u>	<u>128,049</u>
Net property and equipment	<u>28,389</u>	<u>28,519</u>
	<u>\$1,089,795</u>	<u>\$1,116,755</u>

LIABILITIES AND NET ASSETS

Current liabilities:		
Accounts payable	\$ 8,726	\$ 10,033
Accrued payroll	2,422	4,038
Dues received in advance	89,676	131,231
Deferred lifetime dues	9,900	9,625
Deferred income - rental	40,420	60,215
401K Payable	639	-
Damage deposits	<u>4,000</u>	<u>7,000</u>
Total current liabilities	155,783	222,142
Deferred lifetime dues	<u>64,800</u>	<u>70,975</u>
Total liabilities	<u>220,583</u>	<u>293,117</u>
Net assets	<u>869,212</u>	<u>823,638</u>
	<u>\$1,089,795</u>	<u>\$1,116,755</u>

See accompanying notes.

THE WOMAN'S CLUB

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED APRIL 30, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
Revenue:		
Annual dues	\$371,106	\$377,319
Initiation fees	28,250	20,499
Donations	250	-
Parlor and auditorium rentals	201,503	212,100
Parking lot rentals	<u>2,520</u>	<u>3,430</u>
Total revenues	603,629	613,348
Functional expenses:		
Program service	366,182	323,200
Rentals	95,074	100,563
Management and general	<u>166,330</u>	<u>168,089</u>
Total functional expenses	<u>627,586</u>	<u>591,852</u>
Income (loss) from operations	(23,957)	21,496
Other income (loss):		
Dividends and interest	17,493	20,362
Realized gain (loss) on disposal of investments	13,439	(10,250)
Unrealized gain (loss) on investments	<u>38,599</u>	<u>(27,337)</u>
Total other income (loss)	<u>69,531</u>	<u>(17,225)</u>
Change in net assets	45,574	4,271
Net assets:		
Beginning of year	<u>823,638</u>	<u>819,367</u>
End of year	<u>\$869,212</u>	<u>\$823,638</u>

See accompanying notes.

THE WOMAN'S CLUB

STATEMENTS OF FUNCTIONAL EXPENSES

FOR THE YEARS ENDED APRIL 30, 2017 AND 2016

	2017			2016			
	Program Service	Rental	Management and General	Program Service	Rental	Management and General	Total
Programs	\$109,670	\$ -	\$ -	\$ 90,818	\$ -	\$ -	\$ 90,818
Special interests	11,650	-	8,991	32,303	-	10,158	42,461
Salaries and wages	126,687	50,829	65,452	112,030	52,604	61,393	226,027
Utilities	17,024	17,024	6,008	19,522	19,522	6,889	45,933
Insurance	16,466	6,650	14,970	10,668	5,009	15,792	31,469
Professional fees	25,205	-	15,316	-	-	15,352	15,352
Payroll taxes	10,811	4,366	5,613	9,577	4,497	5,249	19,323
Contributions to The Bolling Haxall House Foundation	2,500	-	-	2,500	-	-	2,500
Contributions to The Educational Endowment Fund	-	-	-	50	-	-	50
Other contributions	100	-	-	-	-	-	-
Postage and printing	3,821	-	-	3,801	-	-	3,801
Yearbook	11,515	-	-	11,869	-	-	11,869
Taxes and licenses	-	-	2,722	-	-	2,645	2,645
Retirement plan contributions	6,217	2,520	3,440	4,865	2,336	2,901	10,102
Depreciation and amortization	-	-	7,745	-	-	8,628	8,628
Supplies	9,912	-	-	7,745	-	-	7,745
Miscellaneous	1,709	(60)	6,028	1,664	-	5,779	7,443
Flowers and decorations	1,007	-	-	1,184	-	-	1,184
Books and magazines	942	-	-	890	-	-	890
Contract labor	-	-	7,827	-	-	13,229	13,229
President's and board expense	-	-	1,447	-	-	-	-
Repairs and maintenance	8,549	8,549	3,017	10,926	10,926	3,855	25,707
Building rental	1,447	1,447	511	1,439	1,439	507	3,385
Equipment rentals	-	-	6,433	-	-	5,631	5,631
Website and internet	950	-	10,810	1,349	-	10,081	11,430
Advertising	-	3,749	-	-	4,230	-	4,230
	<u>\$366,182</u>	<u>\$ 95,074</u>	<u>\$166,330</u>	<u>\$323,200</u>	<u>\$100,563</u>	<u>\$168,089</u>	<u>\$591,852</u>

See accompanying notes.

THE WOMAN'S CLUB

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED APRIL 30, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities:		
Change in net assets	\$ 45,574	\$ 4,271
Adjustments to reconcile change in net assets to net cash and cash equivalents provided by (used in) operating activities:		
Depreciation and amortization	7,745	8,628
Realized (gain) loss on investments	(13,439)	10,250
Unrealized (gain) loss on investments	(38,599)	27,337
(Increase) decrease in:		
Accounts receivable	(2,678)	15,862
Prepaid expenses	9,962	(4,280)
Increase (decrease) in:		
Accounts payable	(1,307)	(4,221)
Dues received in advance	(41,555)	(12,867)
Deferred income - rental	(19,795)	(23,562)
Deferred income - events	-	(2,975)
Damage deposits	(3,000)	(6,375)
401K payable	639	-
Deferred lifetime dues	(5,900)	-
Due to The Bolling Haxall House Foundation	-	(3,492)
Accrued payroll	<u>(1,616)</u>	<u>622</u>
Net cash and cash equivalents provided by (used in) operating activities	<u>(63,969)</u>	<u>9,198</u>
Cash flows from (used in) investing activities:		
Proceeds from sale of investments	188,615	124,609
Purchase of investments	(73,269)	(140,794)
Purchase of property and equipment	<u>(7,615)</u>	<u>-</u>
Net cash and cash equivalents provided by (used in) investing activities	<u>107,731</u>	<u>(16,185)</u>
Net increase (decrease) in cash and cash equivalents	43,762	(6,987)
Cash and cash equivalents, beginning of year	<u>398,587</u>	<u>405,574</u>
Cash and cash equivalents, end of year	<u>\$ 442,349</u>	<u>\$ 398,587</u>

See accompanying notes.

THE WOMAN'S CLUB

NOTES TO FINANCIAL STATEMENTS

APRIL 30, 2017 AND 2016

1. Nature of Organization and significant accounting policies

Nature of Organization - The Woman's Club (Club) is a non-profit corporation organized under the laws of the Commonwealth of Virginia for the purpose of sponsoring educational and literary events.

Method of accounting - The Club accounts for all transactions on the accrual basis of accounting for financial reporting purposes.

Basis of presentation - The Club reports 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. At April 30, 2017 and 2016, all net assets were unrestricted.

Cash and cash equivalents - Cash and cash equivalents are comprised of cash on hand and demand deposits.

Investments - Investments in marketable securities with readily determinable fair values are valued at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in unrestricted net assets.

Property and equipment - Purchased property and equipment is stated at cost. Donated property and equipment is stated at fair market value at the date of the gift. The office furniture and equipment are being depreciated over the estimated useful lives, ranging from 3 to 7 years, using the straight-line method. Amortization of leased equipment under a capital lease is included in depreciation and amortization.

Membership dues and rents - Dues and rents received are allocated to the period in which they are earned. Dues allocable to a future period are recorded as dues received in advance. Rents received in advance are recorded as deferred rental income until the event takes place.

Resident members who pay the lifetime membership fee are forever exempt from the payment of dues. Lifetime membership dues are amortized over approximately 11 years, the estimated period of active participation of life members.

THE WOMAN'S CLUB

NOTES TO FINANCIAL STATEMENTS

APRIL 30, 2017 AND 2016

1. Nature of Organization and significant accounting policies
(continued)

Use of estimates - The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Date of Management's Review - Subsequent events were evaluated through January 8, 2018 which is the date the financial statements were available to be issued.

2. Investments

Investments are reported at fair value and consist of the following at April 30, 2017:

	<u>Cost</u>	Quoted Prices in Active Markets (Level 1)	Unrealized Gain(Loss) on <u>Investments</u>
Schwab Government Money Fund	\$ 23,074	\$ 23,074	\$ -
Bond Funds:			
Ridgeworth US Government Securities	20,005	19,935	(70)
Templeton Global	19,100	17,743	(1,357)
T. Rowe Price High Yield	10,005	10,024	19
Vanguard Short Term	43,332	43,576	244
Eaton Vance Global	17,240	17,868	628
Metropolitan West	28,240	27,549	(691)
Stone Ridge Reinsurance	13,020	12,934	(86)
Westcore Plus	20,040	19,813	(227)
Federated Inst High	3,720	3,617	(103)
	<u>174,702</u>	<u>173,059</u>	<u>(1,643)</u>
Equity Funds:			
Alps Core Commodity	7,720	8,170	450
Diamond Hill - Large Cap	41,857	46,935	5,078
T. Rowe Price Growth	22,268	49,492	27,224
Harding Loevner	20,340	20,860	520
American Europacific	17,740	18,862	1,122
Arbitrage Fund	17,260	17,719	459
PNC Multi Factor Small Cap	13,020	13,411	391

THE WOMAN'S CLUB

NOTES TO FINANCIAL STATEMENTS

APRIL 30, 2017 AND 2016

2. Investments (continued)

		Quoted Prices	
		in Active	Unrealized
		Markets	Gain(Loss) on
	<u>Cost</u>	<u>(Level 1)</u>	<u>Investments</u>
J Hancock Disciplined	\$ 22,676	\$ 26,886	\$ 4,210
Van Eck Emrg	17,840	19,915	2,075
Principal Midcap	22,960	26,717	3,757
Lazard Strategic	20,840	18,991	(1,849)
Brandes Intl	16,520	17,859	1,339
Otter Creek	17,520	16,578	(942)
Delaware Small Cap Core	12,220	14,424	2,204
Principal Real Estate	<u>15,540</u>	<u>17,630</u>	<u>2,090</u>
	<u>286,321</u>	<u>334,449</u>	<u>48,128</u>
Exchange Traded Funds:			
IShares Core S&P 500	<u>60,209</u>	<u>63,483</u>	<u>3,274</u>
	<u>\$544,306</u>	<u>\$594,065</u>	<u>\$49,759</u>

Investments are reported at fair value and consist of the following at April 30, 2016:

		Quoted Prices	
		in Active	Unrealized
		Markets	Gain(Loss) on
	<u>Cost</u>	<u>(Level 1)</u>	<u>Investments</u>
Schwab Government Money Fund	<u>\$112,857</u>	<u>\$112,857</u>	<u>\$ -</u>
Bond Funds:			
Ridgeworth US Government Securities	20,005	19,935	(70)
Templeton Global	19,100	16,418	(2,682)
T. Rowe Price High Yield	10,005	9,461	(544)
Vanguard Short Term	43,332	43,739	407
Eaton Vance Global	17,240	16,657	(583)
Metropolitan West	28,240	28,145	(95)
Stone Ridge Reinsurance	13,020	13,104	84
Westcore Plus	20,040	20,019	(21)
Federated Inst High	<u>3,720</u>	<u>3,423</u>	<u>(297)</u>
	<u>174,702</u>	<u>170,901</u>	<u>(3,801)</u>
Equity Funds:			
Alps Core Commodity	7,720	8,114	394
Diamond Hill - Large Cap	53,260	52,530	(730)

THE WOMAN'S CLUB

NOTES TO FINANCIAL STATEMENTS

APRIL 30, 2017 AND 2016

2. Investments (continued)

	<u>Cost</u>	Quoted Prices in Active Markets (Level 1)	Unrealized Gain(Loss) on <u>Investments</u>
T. Rowe Price Growth	33,972	51,540	17,568
Harding Loevner	20,340	17,360	(2,980)
Homestead Small Co	12,340	11,604	(736)
American Europacific	17,740	16,653	(1,087)
Oakmark	49,900	53,269	3,369
Arbitrage Fund	17,260	17,256	(4)
J Hancock Disciplined	22,676	23,459	783
Van Eck Emrg	17,840	16,675	(1,165)
Principal Midcap	22,960	22,908	(52)
Lazard Strategic	20,840	18,657	(2,183)
Brandes Intl	16,520	16,864	344
Otter Creek	17,520	17,716	196
Delaware Small Cap Core	12,220	11,542	(678)
Principal Real Estate	<u>15,540</u>	<u>17,468</u>	<u>1,928</u>
	<u>358,648</u>	<u>373,615</u>	<u>14,967</u>
	<u>\$646,207</u>	<u>\$657,373</u>	<u>\$11,166</u>

Fair value measurement accounting literature establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted market prices for identical assets, and Level 3 inputs have the lowest priority. The Club used the Level 1 inputs to measure the fair value of its investments. Level 1 inputs generally provide the most reliable evidence of fair value.

3. Commitments

The Club leases office equipment under noncancellable operating leases. Amounts due on operating leases with an initial term of one year or more are as follows:

Year ending April 30,

2018	1,975
2019	1,975

THE WOMAN'S CLUB

NOTES TO FINANCIAL STATEMENTS

APRIL 30, 2017 AND 2016

4. Retirement Plan

The Club has a 401(k) profit-sharing plan, which covers all full-time employees who have one year of credited service. This plan may be terminated or amended at any time by the Board of Directors. Contributions to the plan are based on 5% of eligible salaries and totaled \$12,177 and \$10,102 for the year ended April 30, 2017 and 2016, respectively.

5. Related party transactions

The Club contributed \$0 and \$50 to the Education Endowment Fund (the Fund) during fiscal years ended April 30, 2017 and 2016, respectively. All directors of the Fund are members of the Club. The Club contributed \$2,500 and \$2,500 to The Bolling Haxall House Foundation (The Foundation) during the fiscal year ended April 30, 2017 and 2016, respectively. All directors of The Foundation are members of the Club.

The Club leases its facilities from The Foundation under the terms of a lease arrangement dated May 21, 2008. The lease expired on December 31, 2012, and automatically renews on a year-to-year basis until terminated by either party with 30 days' notice. Rent is 50% of the real estate taxes assessed against the premises per year. In addition to rent, the Club pays for utilities, insurance and certain repairs and maintenance. Rent for the year ended April 30, 2017 and 2016 was \$3,405 and \$3,385, respectfully.

The Club incurs certain payroll costs for the benefit of The Foundation as follows:

	<u>2017</u>	<u>2016</u>
Salaries and wages	\$45,380	\$42,527
Payroll taxes	3,406	3,406
Employee benefits	<u>10,147</u>	<u>6,176</u>
	<u>\$58,933</u>	<u>\$52,109</u>

The Foundation reimburses the Club for these payroll costs. The reimbursements are treated as reductions in the related expense amounts.

6. Concentration of credit risk

From time to time, the Club maintains cash on deposit in banks in excess of federally insured amounts.

THE WOMAN'S CLUB

NOTES TO FINANCIAL STATEMENTS

APRIL 30, 2017 AND 2016

7. Income taxes

Effective May 1, 2014, the Club is exempt from taxation under Internal Revenue Code Section 501(c)(3) and would only be taxed on income from sources unrelated to its exempt purpose. Prior to May 1, 2014, the Club was exempt from taxation under Internal Revenue Code Section 501(c)(4).

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Club and recognize a tax liability (asset) if the Club has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. Management has analyzed the tax positions taken by the Club, and has concluded that as of April 30, 2017, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statement. The Club is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any periods in progress. Management believes it is no longer subject to income tax examinations for the years prior to the fiscal year ended April 30, 2014.

8. Special interests

In addition to regular weekly programs, the Club offers opportunities for its members to share in a number of special interest groups. Special interests include special events, receptions, luncheons and travel. The following is a schedule of income and expenses related to these special interests:

	<u>2017</u>	<u>2016</u>
Revenue	\$ 10,778	\$ 46,770
Expenses	<u>(31,419)</u>	<u>(89,379)</u>
Net expense	<u>\$(20,641)</u>	<u>\$(42,609)</u>