

The Woman's Club

**Financial Statements
for years ended
April 30, 2021 and 2020**

The Woman's Club

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Frank Barcalow CPA, P.L.L.C
Certified Public Accountant

Independent Auditor's Report

The Board of Governors
The Woman's Club
Richmond, Virginia

Report on the Financial Statements

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, 2021 and 2020 and the related statements of activities 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 audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 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 opinions.

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, 2021 and 2020 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.

Frank Barcalow CPA, P.L.L.C.

Frank Barcalow CPA, P.L.L.C.
Richmond, Virginia
June 10, 2021

Statements of Financial Position
April 30, 2021 and 2020

Assets

	<u>2021</u>	<u>2020</u>
Current assets		
Cash and cash equivalents	\$ 287,226	\$ 450,079
Investments	812,448	641,959
Accounts receivable	17,130	9,872
Pledges receivable	-	1,000
Prepaid expenses	<u>22,354</u>	<u>22,885</u>
Total current assets	<u>1,139,158</u>	<u>1,125,795</u>
Long-term assets		
Pledges receivable	-	-
Office furniture and equipment	152,028	162,662
Accumulated depreciation	<u>(142,274)</u>	<u>(146,205)</u>
Total long-term assets	<u>9,754</u>	<u>16,457</u>
Total assets	<u>\$ 1,148,912</u>	<u>\$ 1,142,252</u>

Liabilities and Net Assets

Current liabilities

Accounts payable	\$ 8,739	\$ 3,459
Accrued payroll	4,230	5,882
Dues received in advance	120,259	110,641
Deferred lifetime dues	10,175	10,175
Deferred income	72,506	66,855
Deposits	<u>8,000</u>	<u>4,750</u>
Total current liabilities	<u>223,909</u>	<u>201,762</u>

Long-term liabilities

Deferred lifetime dues	<u>27,825</u>	<u>38,000</u>
Total liabilities	<u>251,734</u>	<u>239,762</u>

Net assets, without donor restrictions

Net assets with donor restrictions

	862,954	881,240
	<u>34,224</u>	<u>21,250</u>
Total net assets	<u>897,178</u>	<u>902,490</u>

Total liabilities and net assets	<u>\$ 1,148,912</u>	<u>\$ 1,142,252</u>
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See notes to financial statements.

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Statement of Activities

For the Year Ended April 30, 2021

(with summarized financial information for the year ended April 30, 2020)

	2021			2020
	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total	
Support and revenue				
Annual dues	\$ 355,309	\$ -	\$ 355,309	\$ 374,070
Initiation fees	8,250	-	8,250	39,980
Debt extinguishment payroll protection prc	134,880	-	134,880	-
Contributions	-	6,559	6,559	29,400
Parlor and auditorium rentals	57,159	-	57,159	182,640
Other revenue	3,992	-	3,992	13,108
Total support and revenue	559,590	6,559	566,149	639,198
Net assets released from restrictions	21,250	(21,250)	-	-
Total public support and revenue	580,840	(14,691)	566,149	639,198
Functional Expenses				
Program services	462,832	-	462,832	376,765
Rentals	49,596	-	49,596	75,275
Management and general	233,745	-	233,745	175,039
Total functional expenses	746,173	-	746,173	627,079
Income (loss) from operations	(165,333)	(14,691)	(180,024)	12,119
Other income (loss)				
Dividends and interest	14,690	-	14,690	17,796
Realized gain (loss) on disposal of investm	(530)	-	(530)	39,708
Unrealized gain (loss) on investments	132,887	27,665	160,552	(79,384)
Total other income (loss)	147,047	27,665	174,712	(21,880)
Change in net assets	(18,286)	12,974	(5,312)	(9,761)
Net assets at beginning of year	881,240	21,250	902,490	912,251
Net assets at end of year	\$ 862,954	\$ 34,224	\$ 897,178	\$ 902,490

See notes to financial statements.

The Woman's Club

Statements of Functional Expenses For the Years Ended April 30, 2021 and 2020

	2021				2020			
	Program Service	Rental	Management and General	Total	Program Service	Rental	Management and General	Total
Programs	\$ 107,288	\$ -	\$ -	\$ 107,288	\$ 87,943	\$ -	\$ -	\$ 87,943
Special interests	484	-	9,554	10,038	5,893	-	10,052	15,945
Salaries and wages	98,082	23,923	117,220	239,225	176,257	9,877	71,285	257,419
Utilities	20,946	3,491	10,473	34,910	19,753	20,223	7,055	47,031
Insurance	36,758	6,126	18,379	61,263	23,461	9,065	20,796	53,322
Professional fees	-	-	16,181	16,181	-	-	16,194	16,194
Payroll taxes	8,020	1,956	9,584	19,560	10,143	4,300	5,529	19,972
Contributions	100	-	-	100	8,600	-	-	8,600
Community Foundation Scholarship Fund	119,838	-	-	119,838	-	-	-	-
125th Celebration	150	-	-	150	3,550	-	-	3,550
Bad debts	-	-	2,110	2,110	-	-	-	-
Postage and printing	3,631	-	-	3,631	4,074	-	-	4,074
Yearbook	14,099	-	-	14,099	11,604	-	-	11,604
Taxes and licenses	-	-	2,450	2,450	-	-	2,885	2,885
Retirement plan expense	6,777	1,653	8,100	16,530	4,800	1,977	2,636	9,413
Depreciation	6,703	-	-	6,703	7,574	-	-	7,574
Supplies	6,007	-	4,487	10,494	6,320	-	4,995	11,315
Miscellaneous	10,505	-	4,276	14,781	(18,934)	-	2,809	(16,125)
Flowers and decorations	533	-	-	533	1,162	-	-	1,162
Books and magazines	380	-	-	380	931	-	-	931
Contract labor	6,965	-	2,066	9,031	12,026	-	6,423	18,449
President's and board expense	-	-	2,788	2,788	-	-	3,059	3,059
Repairs and maintenance	9,173	2,237	10,963	22,373	8,507	8,507	3,002	20,016
Building rental	3,392	-	-	3,392	1,465	1,431	511	3,407
Equipment rentals	271	-	5,602	5,873	380	-	6,250	6,630
Website and internet	2,730	-	9,512	12,242	1,256	-	11,558	12,814
Marketing and advertising	-	10,210	-	10,210	-	19,895	-	19,895
	<u>\$ 462,832</u>	<u>\$ 49,596</u>	<u>\$ 233,745</u>	<u>\$ 746,173</u>	<u>\$ 376,765</u>	<u>\$ 75,275</u>	<u>\$ 175,039</u>	<u>\$ 627,079</u>

See notes to financial statements.

The Woman's Club

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Statements of Cash Flows For the Years Ended April 30, 2021 and 2020

	2021	2020
Cash flows from operating activities		
Change in net assets	\$ (5,312)	\$ (9,761)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities		
Depreciation	6,703	7,574
(Gain) loss on sale of investments	530	(39,708)
Unrealized loss (gain) from investments	(160,552)	79,384
Bad debts	2,110	-
Debt extinguishment payroll protection program	(134,880)	-
(Increase) decrease in accounts receivable	(8,368)	47,458
(Increase) decrease in pledges receivable	-	35,225
(Increase) decrease in prepaid expenses	531	(16,871)
Increase (decrease) in accounts payable	5,280	(16,048)
Increase (decrease) in dues received in advance	9,618	94,957
Increase (decrease) in deferred income	5,651	(32,490)
Increase (decrease) in damage deposits	3,250	(10,751)
Increase (decrease) in lifetime dues	(10,175)	(10,175)
Increase (decrease) in accrued payroll	(1,652)	(5,247)
Net cash provided by (used in) operations	<u>(287,266)</u>	<u>123,547</u>
Cash flows used in investing activities		
Additions to property and equipment	-	(1,057)
Purchases of investments	(39,918)	(107,602)
Proceeds from sale of investments	29,451	95,000
Net cash provided (used in) investing activities	<u>(10,467)</u>	<u>(13,659)</u>
Cash flows provided by financing activities		
Proceeds from notes payable -payroll protection program	134,880	-
Net increase (decrease) in cash and cash equivalents	(162,853)	109,888
Cash and cash equivalents at beginning of year	<u>450,079</u>	<u>340,191</u>
Cash and cash equivalents at end of year	<u>\$ 287,226</u>	<u>\$ 450,079</u>

See notes to financial statements

Notes to Financial Statements April 30, 2021 and 2020

Note 1 - Nature of activities and summary of significant accounting policies

Nature of activities

The Woman's Club (Club), based in the heart of Richmond, Virginia, educates, inspires, and engages today's women by offering exposure to new ideas and new people. The Club is a not-for-profit corporation organized under the laws of the Commonwealth of Virginia.

Basis of accounting and 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.

Under generally accepted accounting principles of the United States, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Unrestricted net assets have been renamed net assets without donor restrictions. Temporarily restricted net assets have been renamed net assets with donor restrictions.

Net assets with donor restrictions consist of assets whose use is limited by donor-imposed stipulations, that can be fulfilled by the actions of the Organization pursuant to those stipulations or that expire by the passage of time. Net assets without donor restrictions are assets that are not subject to or are no longer subject to donor-imposed stipulations.

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 certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements. Such estimates also affect the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates that were used.

Reclassifications

Certain prior year balances may have been reclassified to conform to current year presentation.

Cash and cash equivalents

For purposes of the Statements of Cash Flows, the Club considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents. The carrying amounts reported in the statements of financial position approximate fair values.

Notes to Financial Statements April 30, 2021 and 2020

Note 1 - Nature of activities and summary of significant accounting policies (continued)

Accounts receivable

Accounts receivable are reviewed by management and any that are considered to be uncollectible are charged to expense. There was no allowance during 2021 and 2020.

Contributions

Contributions received are recorded as net assets with donor restrictions or net assets without donor restrictions, depending on the existence and/or nature of any donor restrictions. Donated contributions are recorded at the fair value on the date of the gift.

All donor-restricted support is reported as an increase to net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Contributions, including unconditional pledges, are recognized as revenue when donors' commitments are received. Conditional pledges become unconditional and are recognized as revenue when the conditions are substantially met. Unconditional pledges are recognized at the net present value, net of an allowance for uncollectible amounts and are classified as either net assets with donor restrictions or net assets without donor restrictions, depending on the existence and nature of any donor restrictions. Amounts due more than one year later are recorded at the present value of the estimated future cash flows, discounted at risk-free rates applicable to the years in which the promises are received. At this time, there is no allowance established, as no significant write offs are anticipated.

Notes to Financial Statements April 30, 2021 and 2020

Note 1 - Summary of significant accounting policies (concluded)

Investments

Investments are composed of equity securities, certificate of deposits and mutual funds. Investments in marketable securities and mutual funds with readily determinable fair values are reported at their fair values in the Statements of Financial Position. Unrealized and realized gains and losses are reflected in the Statements of Activities.

Advertising

The Club expenses advertising costs as incurred, advertising expenses for the current year totaled \$10,125 and totaled \$18,960 for the prior year.

Income taxes

The Woman's Club is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Club is also exempt from Virginia income taxes and, therefore, has made no provision for the federal or Virginia income taxes. In addition, the Internal Revenue Service has determined that the corporation is not a "private foundation" within the meaning of Section 509(a) of the Code. The Corporation's income tax returns are potentially subject to examination by the Internal Revenue Service generally for three years after being filed. The Corporation has no uncertain tax positions for the current year or prior year.

Property and equipment

Property and equipment are stated at cost, if purchased, and at fair value at date of receipt, if donated. Depreciation is computed on the straight-line method over estimated useful lives of 3 to 7 years. Expenditures for maintenance and repairs are expensed currently, while expenditures for major additions and betterments greater than \$1,000 are capitalized. When property and equipment are sold or otherwise disposed of, the asset account and related accumulated depreciation account are relieved, and any gain or loss is included in income.

Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the notes to the financial statements. Accordingly, certain costs have been allocated among the program and supporting services benefitted. The expenses that are allocated are compensation and benefits, which are allocated on the basis of estimates of time and effort; other costs allocated include supplies, which are allocated on usage.

Donated services

A substantial number of volunteers have donated time for The Women's Club and providing support for its program services. However, there is no objective basis to measure the value of donated time, therefore, no dollar value has been recorded in the financial statements.

Deferred revenue

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. Deferred revenue consists of unexpended grant funds received for the next year's programs or received in advance. Resident members who pay the lifetime membership fee are forever exempt from the payment of dues. Lifetime membership dues are amortized over approximately eleven years, the estimated period of active participation of life members.

Notes to Financial Statements April 30, 2021 and 2020

Note 2 - Property and equipment

A summary of property and equipment follows:

	<u>2021</u>	<u>2020</u>
Property and equipment	\$ 152 028	\$ 162 662
Less: Accumulated depreciation	<u>142 274</u>	<u>146 205</u>
	<u>\$ 9 754</u>	<u>\$ 16 457</u>

Depreciation expense totaled \$6,703 in 2021 and \$7,574 in 2020.

Note 3 - Investments

Investments consisted of the following at April 30,

	<u>Cost</u>	2021 Gross Unrealized Gains	Gross Unrealized Losses	<u>Fair Value</u>
Government money fund	\$ 84 488	\$ -	\$ -	\$ 84 488
Money market funds	23 830	-	-	23 830
Bond Mutual Funds	150 372	1 940	60	152 252
Exchange traded funds	178 826	84 023	845	262 004
Equity Mutual Funds	<u>200 383</u>	<u>89 800</u>	<u>309</u>	<u>289 874</u>
	<u>\$ 637 899</u>	<u>\$ 175 763</u>	<u>\$ 1 214</u>	<u>\$ 812 448</u>
		2020 Gross Unrealized Gains	Gross Unrealized Losses	<u>Fair Value</u>
Government money fund	\$ 134 488	\$ -	\$ -	\$ 134 488
Money market funds	42 465	-	-	42 465
Bond Mutual Funds	123 307	10 884	1 010	133 181
Exchange traded funds	125 312	17 153	3 190	139 275
Equity Mutual Funds	<u>192 363</u>	<u>9 840</u>	<u>9 653</u>	<u>192 550</u>
	<u>\$ 617 935</u>	<u>\$ 37 877</u>	<u>\$ 13 853</u>	<u>\$ 641 959</u>

Notes to Financial Statements April 30, 2021 and 2020

Note 3 - Investments (concluded)

Included in organization structure and investment income (loss) in the Statements of Activities is investment activity which includes the following at April 30:

	<u>2021</u>	<u>2020</u>
Interest and dividends	\$ 14 690	\$ 17 796
Realized gains (losses)	(530)	39 708
Unrealized gains (losses)	<u>181 802</u>	<u>(79 384)</u>
	<u>\$ 195 962</u>	<u>\$ (21 880)</u>

Investment fees totaled \$3,305 in 2021 and \$3,164 in 2020.

Note 4 - Net assets with donor restrictions

Net assets with donor restrictions are available for various restricted purposes and amounted to \$34,224 as of April 30, 2021. Net assets with donor restrictions includes cash and cash equivalents. Total net assets released from restrictions amounted to \$21,250.

Note 5 - Concentration of credit risk

Financial instruments which potentially subject the Club to concentration of credit risks consist principally of cash and cash equivalents. The Club maintains its cash balances in financial institutions located in central Virginia. Accounts at each institution are secured by the Federal Deposit Insurance Corporation up to \$250,000. Balances may at times exceed the insured maximum, but management believes there is no significant credit risk .

The Club also has investments with a broker in the central Virginia area which is insured for up to \$100,000 for cash balances and a total of \$500,000 for cash and investment balances by the Securities Investor Protection Corporation (SIPC). The broker has also obtained additional insurance for accounts that have balances greater than the SIPC limit. The insurance does not cover losses caused by market value changes.

Note 6 - 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 Governors. Contributions to the plan are based on 5% of eligible salaries. Contribution expense relating to the plan was \$16,530 in 2021 and in \$9,413 in 2020.

Notes to Financial Statements April 30, 2021 and 2020

Note 7 - Related party transactions

The Club contributed \$100 in 2021 and \$6,000 in 2020 to The Bolling Haxall House Foundation (The Foundation). 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 day's notice. Rent is 50% of the real estate taxes assessed against the property per year. In addition to rent, the Club pays for utilities, insurance and certain repairs and maintenance. Rent for the year ended April 30, 2021 was \$3,392 and for 2020 totaled \$3,407.

The Club incurs certain payroll costs for the benefit of The Foundation for which the Club is reimbursed. Payroll expenses for 2021 totaled \$55,536 and for 2020 \$70,403. The decrease in payroll expenses from 2020 to 2021 is related to using payroll protection loan proceeds for the costs of the Foundation's payroll. This loan was received as a result of the pandemic from COVID-19 virus and was subsequently forgiven in 2021.

Note 8 - Fair value measurements

The Club adopted SFAS No. 157 "Fair Value Measurements" to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. SFAS 157 clarifies that fair value of certain assets and liabilities is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Three levels of the fair value hierarchy under SFAS 157 based on these three types of inputs are as follows:

Level 1 - Valuation is based on quoted prices in active markets for identical assets and liabilities.

Level 2 - Valuation is based on observable inputs including quoted prices in active markets for similar assets and liabilities, quoted prices for identical or similar assets and liabilities in less active markets, and model-based valuation techniques for which significant assumptions can be derived primarily from or corroborated by observable data in the market.

Level 3 - Valuation is based on model-based techniques that use one or more significant inputs or assumptions that are unobservable in the market.

All investments were measured at fair value by level one valuation.

Note 9 - Special interests

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

	<u>2021</u>	<u>2020</u>
Revenue	\$ 28 161	\$ 71 189
Expenses	<u>38 199</u>	<u>87 134</u>
Net expense	<u>\$ (10 038)</u>	<u>\$ (15 945)</u>

Notes to Financial Statements

April 30, 2021 and 2020

Note 10 - Subsequent events

In preparing these financial statements, the Club has evaluated events and transactions for potential recognition or disclosure through June 10, 2021 the date the financial statements were issued.

Note 11 - Endowment fund

The Woman's Club has an agreement with the Community Foundation for a greater Richmond (TCF) which designates an irrevocable and permanent endowment with the Foundation for The Woman's Club. Under the terms of the agreement, variance power was granted to TCF, including the power for TCF's board of Governors to modify any restrictions or conditions on the distribution of the funds for any specified charitable purpose or to specified organization, if in their sole judgement, such restrictions or conditions become incapable of fulfillment.

Endowment spendable income shall be determined each year for the purposes of scholarships to graduates of the metropolitan Richmond area. Any spendable income not requested by the Club's Board of Directors within a given calendar year will be added to the Fund's principal balance. The balance of this fund is not included in the financial statements of The Woman's Club and totaled \$633,321 and \$406,796 as of April 30, 2021 and 2020, respectively. The Organization gave to the Fund the amount of \$119,838, during the year ended April 30, 2021 which is reflected in the Statement of Activities as of April 30, 2021.

Note 13 - Merger

The Education Endowment Fund merged into The Woman's Club as of July 30, 2018, and all assets were combined into the Woman's Club. Total assets combined with The Women's Club totaled \$6,888 as of April 30, 2020.

Note 14 - Liquidity and Availability of Financial Assets

The Organization monitors its liquidity so that it is able to meet its operating needs and other contractual commitments while maximizing the investment of its excess operating cash. The Organization has the following financial assets that could readily be made available within one year of the statement of financial position to fund expenses without limitations:

	<u>2021</u>	2020
Total financial assets	\$ 304 356	\$ 460 951
Less those available for general expenditures within one year due to:		
Deferred dues / life time	<u>27 825</u>	<u>38 000</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 276 531</u>	<u>\$ 412 951</u>

Note 15- Payroll Protection Program

In December 2019, a novel strain of corona-virus was reported to have surfaced in China. The spread of this virus began to cause some business disruption in March 2020. There is considerable uncertainty around the duration. Therefore, while the Organization expects this matter to negatively impact its operating results, the related financial impact and duration cannot be reasonably estimated at this time.

As a result of the pandemic, the Organization received from the federal government two payroll protection loans in the amounts of \$73,800 and \$61,080 for a total of \$134,880. The first loan has been forgiven, as it was used for payroll and other expenses, based upon loan program restrictions. The second loan has been spent on payroll, as well, and the Club does not anticipate this loan will not be forgiven; as a result, both loans have been included as debt extinguishment in the statement of activities as of April 30, 2021.