

Women Rock, Inc.

Audited Financial Statements

For the Year Ended December 31, 2018

Women Rock, Inc.
For the Year Ended December 31, 2018

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Women Rock, Inc.

Report on the Financial Statements

I have audited the accompanying financial statements of Women Rock, Inc. (Women Rock) (a Texas nonprofit organization), which comprise the statement of financial position as of December 31, 2018, 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.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Women Rock as of December 31, 2018, 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.

Lori Ann Cannon, CPA

Sherman, Texas
September 10, 2019

Women Rock, Inc.
Statement of Financial Position
December 31, 2018

Assets

Current Assets	
Cash and Cash Equivalents	\$ 273,680
Accounts Receivable (net)	19,705
Inventory	1,123
Current Prepaid Expenses	<u>1,816</u>
Total Current Assets	<u>296,324</u>
Land, Property, and Equipment (net)	<u>128,324</u>
Other Assets	
Long Term Prepaid Expenses	7,263
Deposit	<u>500</u>
Total Other Assets	<u>7,763</u>
Total Assets	<u><u>\$ 432,411</u></u>

Liabilities and Net Assets

Current Liabilities	
Accounts Payable and Accrued Liabilities	\$ 11,258
Current Portion of Long-Term Debt	<u>3,018</u>
Total Current Liabilities	<u>14,276</u>
Long Term Liabilities	
Long-Term Portion of Debt	<u>74,164</u>
Total Liabilities	<u>88,440</u>
Net Assets	
Without Donor Restrictions	<u>343,971</u>
Total Net Assets	<u>343,971</u>
Total Liabilities and Net Assets	<u><u>\$ 432,411</u></u>

The accompanying notes are an integral part of these financial statements.

Women Rock, Inc.
Statement of Activities
For the Year Ended December 31, 2018

Operating Revenues, Support and Gains

Fundraising	
Bras for a Cause	\$ 248,672
Susan Hicks Memorial 5K Run	27,331
Other Fund Raising Events	<u>72,442</u>
Total Fundraising	348,445
Local Grants and Contributions	138,144
Product Sales	<u>20,166</u>
Total Revenues, Support and Gains	<u>506,755</u>

Operating Expenses

Program Services	286,407
Supporting Services	
Administrative Expenses	63,036
Product Sales	9,571
Fundraising	<u>136,395</u>
Total Operating Expenses	<u>495,409</u>

Net Increase (Decrease) in Net Assets Without

Donor Restrictions	11,346
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Net Assets Without Donor Restrictions, Beginning of Year	<u>332,625</u>
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Net Assets Without Donor Restrictions, End of Year	<u><u>\$ 343,971</u></u>
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The accompanying notes are an integral part of these financial statements.

Women Rock, Inc.
Statement of Functional Expenses
For the Year Ended December 31, 2018

	Without Donor Restrictions						Total
	Support Services						
	Program Services	Administrative	Product Sales	Fund Raising			
				Bras for a Cause	Susan Hicks Memorial 5K Run	Other Fund Raisers	
Provisions of Hope	\$ 82,250	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 82,250
Images of Hope	80,864	-	-	-	-	-	80,864
Salary and Related Taxes	78,507	6,543	-	6,543	6,543	6,543	104,679
Materials - Promotional and Educational	23,484	-	-	-	-	-	23,484
Advertising	4,076	-	-	-	-	-	4,076
Automobile Expense	-	6,399	-	800	-	-	7,199
Donated In-Kind	-	-	-	66,762	-	-	66,762
Fundraising Expense	-	-	-	27,637	4,863	6,075	38,575
Insurance	-	3,959	-	-	-	-	3,959
Interest Expense	-	3,957	-	-	-	-	3,957
Meals	400	-	-	-	-	-	400
Miscellaneous	-	1,362	-	-	-	5,623	6,985
Office Supplies	547	12,110	-	1,017	-	-	13,674
Postage	-	525	-	-	-	-	525
Printing	-	409	-	-	-	-	409
Product Sales	-	-	9,571	-	-	-	9,571
Professional Fees and Contract Services	14,856	13,376	-	1,238	1,238	1,238	31,946
Repairs and Maintenance	-	202	-	-	-	-	202
Telephone and Internet	277	2,201	-	275	-	-	2,753
Travel	1,146	-	-	-	-	-	1,146
Utilities	-	3,924	-	-	-	-	3,924
Total Expenses Before Depreciation	<u>286,407</u>	<u>54,967</u>	<u>9,571</u>	<u>104,272</u>	<u>12,644</u>	<u>19,479</u>	<u>487,340</u>
Depreciation	-	8,069	-	-	-	-	8,069
Total Donated Goods and Services	<u>-</u>	<u>8,069</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,069</u>
Total Expenses	<u>\$ 286,407</u>	<u>\$ 63,036</u>	<u>\$ 9,571</u>	<u>\$ 104,272</u>	<u>\$ 12,644</u>	<u>\$ 19,479</u>	<u>\$ 495,409</u>

The accompanying notes are an integral part of these financial statements.

Women Rock, Inc.
Statement of Cash Flows
For the Year Ended December 31, 2018

Cash Flows from Operating Activities

Change in Net Assets	\$	11,346
Adjustments to Reconcile Change in Net Assets to		
Net Cash Provided by (Used in) Operating Activities:		
Depreciation		8,069
(Increase) Decrease in Operating Assets:		
Accounts Receivable, Net		(15,720)
Prepaid Expenses		(9,079)
Increase (Decrease) in Operating Liabilities:		
Accounts Payable and Accruals		<u>3,214</u>
Net Cash Provided by (Used in) Operating Activities		<u>(2,170)</u>

Cash Flows from Investing Activities

Purchases of Property and Equipment		<u>(864)</u>
Net Cash Provided by (Used in) Investing Activities		<u>(864)</u>

Cash Flows from Financing Activities

Payments on Long Term Debt		<u>(3,024)</u>
Net Cash Provided by (Used in) Financing Activities		<u>(3,024)</u>

Net Increase (Decrease) in Cash (6,058)

Cash and Cash Equivalents at Beginning of Year 279,738

Cash and Cash Equivalents at End of Year \$ 273,680

Interest Expense \$ 3,957

The accompanying notes are an integral part of these financial statements.

Women Rock, Inc.
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 1 - Description of Organization

Organization, History and Purpose - Women Rock, Inc. (Women Rock or Organization) was founded in 2010 as a grassroots organization led by the passion and desire to provide free mammograms to women in the Texoma region, while also providing breast cancer victims and survivors with a therapeutic environment that promotes healing, fellowship and support. Enhancing breast cancer awareness and providing education on the importance of early detection in Texoma communities is the main focus of the Organization. Since then, Women Rock has worked toward the goal of creating a haven for rural communities facing the challenges of breast cancer and overall establishing a presence as a “rock” in these communities for the years to come. Women Rock is working toward tipping the scales in favor of breast cancer victims by providing a nourishing support infrastructure – one that heals the mind, body and soul.

Women Rock has two main areas of focus: Images of Hope and Provisions of Hope programs. Images of Hope provides financial assistance for breast imaging services, including screening and diagnostic mammograms, ultrasounds, biopsies, as well as physician services and referral, and breast cancer awareness. The Provisions of Hope program aids those that are undergoing breast cancer treatment and often find themselves struggling financially to make ends meet. By providing funding for house payments, car payments, rent, utility bills, gas, groceries, and other everyday essentials, Women Rock can help alleviate the financial burden that many of those diagnosed with breast cancer encounter. Women Rock is proud to be able to work personally with these clients to find out what their greatest needs are during this most difficult time of diagnosis and treatment.

Tax Status - The Organization is exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code (IRC), though it would be subject to tax on income unrelated to its exempt purposes (unless that income is otherwise excluded by the IRC). Contributions to the Organization are tax deductible to donors under Section 170 of the IRC. The Organization is not classified as a private foundation.

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation - The financial statements of Women Rock have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require Women Rock to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of Women Rock’s management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of Women Rock or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. There were no net assets with donor restrictions at December 31, 2018.

Women Rock, Inc.
Notes to the Financial Statements (continued)
For the Year Ended December 31, 2018

Note 2 - Summary of Significant Accounting Policies (continued)

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Cash and Cash Equivalents - Women Rock's cash consists of cash on deposit with banks. Cash equivalents are all highly liquid investments with an original maturity date of three months or less.

Classifications of Transactions - All revenues and net gains are reported as increases in net assets without donor restrictions in the statement of activities unless the use of the related resources is subject to donor restrictions. All expenses and net losses are reported as decreases in net assets without donor restrictions.

Contributions - Contributions, including unconditional promises to give, are recognized when received. All contributions are reported as increases in net assets without donor restrictions unless use of the contributed assets is specifically restricted by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in net assets with donor restrictions. Unconditional promises with payments due in future years have an implied restriction to be used in the year the payment is due, and therefore are reported as net assets with donor restrictions until the payment is due unless the contribution is clearly intended to support activities of the current fiscal year. Conditional promises, such as matching grants, are not recognized until they become unconditional, that is, until all conditions on which they depend are substantially met.

Gifts-in-Kind Contributions - The Organization receives contributions in a form other than cash or investments. Most are donated supplies, which are recorded as contributions at the date of gift and as expenses when the donated items are placed into service or distributed. If the Organization receives a contribution of land, buildings, or equipment, the contributed asset is recognized as an asset at its estimated fair value at the date of gift, provided that the value of the asset and its estimated useful life meets the Organization's capitalization policy. Donated use of facilities is reported as contributions and as expenses at the estimated fair value of similar space for rent under similar conditions. If the use of the space is promised unconditionally for a period greater than one year, the contribution is reported as a contribution and an unconditional promise to give at the date of gift, and the expense is reported over the term of use.

The Organization benefits from personal services provided by a substantial number of volunteers. Those volunteers have donated significant amounts of time and services in the Organization's program operations and in its fund-raising campaigns. However, most of the contributed services do not meet the criteria for recognition in financial statements. GAAP allow recognition of contributed services only if (a) the services create or enhance nonfinancial assets or (b) the services would have been purchased if not provided by contribution, require specialized skills, and are provided by individuals possessing those skills. There were no donated services that met the above criteria. However, volunteers that did not meet the criteria had an estimated fair value of \$55,848 for the year.

Women Rock, Inc.

Notes to the Financial Statements (continued)
For the Year Ended December 31, 2018

Note 2 - Summary of Significant Accounting Policies (continued)

Accounts Receivable - Accounts receivable represents amounts due from donors for various fund-raising programs of Women Rock. All outstanding receivables are fully collectible, therefore, no allowance for doubtful accounts has been provided.

Prepaid Expenses – Prepaid expenses consists of a six-year license for a Donor and Grant Management software. There are five years remaining on the license.

Building and Equipment - Land, buildings and equipment are reported in the statement of financial position at cost, if purchased, and at fair value at the date of donation, if donated. All land and buildings are capitalized. Equipment is capitalized if it has a cost of \$500 or more and a useful life when acquired of more than 1 year. Repairs and maintenance that do not significantly increase the useful life of the asset are expensed as incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, as follows:

Buildings	50 Years
Other Equipment	5 - 7 Years

Land, buildings and equipment are reviewed for impairment when a significant change in the asset's use or another indicator of possible impairment is present. No impairment losses were recognized in the financial statements in the current period.

Use of Estimates - The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period and the reported amounts of assets and liabilities at the date of the financial statements. On an ongoing basis, the Organization's management evaluates the estimates and assumptions based upon historical experience and various other factors and circumstances. The Organization's management believes that the estimates and assumptions are reasonable in the circumstances; however, the actual results could differ from those estimates.

Note 3 - Reporting of Expenses by Function

The costs of providing program and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among program services and supporting services benefitted. Such allocations are determined by management on an equitable basis.

Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefitted based on periodic time or usage studies.

General and administrative expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the Organization.

Women Rock, Inc.
Notes to the Financial Statements (continued)
For the Year Ended December 31, 2018

Note 3 - Reporting of Expenses by Function (continued)

Fundraising costs are expensed as incurred, even though they may result in contributions received in future years. The Organization generally does not conduct its fundraising activities in conjunction with its other activities. In the few cases in which it does, such as when the annual report or donor acknowledgements contain requests for contributions, joint costs have been allocated between fundraising and general and administrative expenses in accordance with standards for accounting for costs of activities that include fundraising. Additionally, advertising costs are expensed as incurred.

Note 4 - Availability and Liquidity

The following represents Women Rock’s financial assets at December 31, 2018:

	2018
Financial Assets at Year End	
Cash and Cash Equivalents	\$ 273,680
Accounts Receivable	19,705
Total Financial Assets	\$ 293,385
Financial Assets Available to Meet General Expenditures Over the Next Twelve Months	\$ 293,385

Women Rock’s goal is generally to maintain financial assets to meet 3-6 months of operating expenses.

Note 5 - Adoption of Accounting Pronouncement

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities. ASU 2016-14 requires significant changes to the financial reporting model of organizations who follow the not-for-profit reporting model. The changes include reducing the classes of net assets from three classes to two – net assets with donor restrictions and net assets without donor restrictions. The ASU will also require changes in the way certain information is aggregated and reported by the Organization, including required disclosures about liquidity and availability of resources and increased disclosures on functional expenses. The new standard is effective for the Organization’s year ending December 31, 2018 and thereafter and must be applied on a retrospective basis. Women Rock adopted the ASU effective January 1, 2018. Adoption of the ASU did not result in any reclassifications or restatements to net assets or changes in net assets.

Women Rock, Inc.
Notes to the Financial Statements (continued)
For the Year Ended December 31, 2018

Note 6 - Property and Equipment

The following is a list of Women Rock's property and equipment at:

<u>Depreciable Assets</u>	<u>December 31, 2017</u>	<u>Additions</u>	<u>Sales/ Adjustments</u>	<u>December 31, 2018</u>
Buildings	\$ 111,303	\$ -	\$ -	\$ 111,303
Improvements	900	-	-	900
Equipment	1,000	-	-	1,000
Furniture	41,208	864	-	42,072
Accumulated Depreciation	<u>(18,882)</u>	<u>(8,069)</u>	<u>-</u>	<u>(26,951)</u>
	<u>\$ 135,529</u>	<u>\$ (7,205)</u>	<u>\$ -</u>	<u>\$ 128,324</u>

Note 7 - Note Payable

In February 2015, Women Rock purchased a building and acquired debt for the building. The purchase price of the building was \$110,000, of which \$22,000 plus closing costs were paid at closing. The building was purchased by a mortgage note payment in the amount of \$88,000 for 59 monthly payments of \$582 and a final payment of approximately \$74,013 due in February 6, 2020. The note bears interest at 4.95%. The balance on this note at December 31, 2018 was \$77,187, and the payout schedule is as follows:

	<u>Balance 2017</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance 2018</u>	<u>Current Portion</u>
Building Note Payable	<u>\$ 80,211</u>	<u>\$ -</u>	<u>\$ (3,024)</u>	<u>\$ 77,187</u>	<u>\$ 3,174</u>
		<u>Principal</u>	<u>Interest</u>		
		2019 \$ 3,174	\$ 3,750		
		2020 74,013	610		
		<u>\$ 77,187</u>	<u>\$ 4,360</u>		

In March 2019, Women Rock refinanced this debt and details of this refinance can be found in Note 10 of these financial statements.

Women Rock, Inc.
Notes to the Financial Statements (continued)
For the Year Ended December 31, 2018

Note 8 - Net Assets

Net assets without donor restrictions for the year ended December 31, 2018 are allocated as follows:

Undesignated		\$ 327,294
Board-designated net assets		16,677
		\$ 343,971

The Board designated funds to be set aside for a reduction of debt, which was used in the refinance of the Organization's debt as described in Note 10.

Note 9 - Commitments and Contingencies

Most of the Organization's contributions and grants are received from corporations, foundations, and individuals located in the North Texas. As such, the Organization's ability to generate resources via contributions and grants is dependent upon the economic health of that area.

Note 10 - Subsequent Events

In March 2019, Women Rock refinanced their outstanding debt with First United Bank and Trust, as well as incurred additional debt in order to purchase a new RV for their Education Station with the Women Rock building, its land and the new RV pledged as collateral. The amount of the new loan was \$110,500 with a 6% per annum interest rate, 59 monthly payments of \$797 and a balloon payment estimated at \$94,758, due March 2024. The payout schedule for this new debt is as follows:

	Principal	Interest
2019	2,249	4,928
2020	3,160	6,409
2021	3,355	6,214
2022	3,562	6,007
2023	3,781	5,788
2024	94,394	1,411
	110,500	30,757

The amount designated in Note 8 was combined with other cash of the Organization to pay \$30,240 down on the refinance.

The new RV purchased and included in the refinance had a purchase price of \$62,408.