

**General Federation of Women's Clubs**

Financial Statements  
and Independent Auditors' Report

June 30, 2015 and 2014

# General Federation of Women's Clubs

Financial Statements  
June 30, 2015 and 2014

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## INDEPENDENT AUDITORS' REPORT

To the Executive Committee of  
General Federation of Women's Clubs

We have audited the accompanying financial statements of the General Federation of Women's Clubs (GFWC), which comprise the statements of financial position as of June 30, 2015 and 2014, 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 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 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 opinion.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of GFWC as of June 30, 2015 and 2014, 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.

***Other Matter***

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information included on page 20 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Handwritten signature in black ink that reads "Rogers & Company PLLC". The "R" is large and stylized, with a long horizontal stroke extending to the right. The rest of the text is written in a cursive, handwritten style.

Vienna, Virginia  
February 22, 2016

## General Federation of Women's Clubs

### Statements of Financial Position June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 1,681,307	\$ 1,647,621
Investments	3,144,952	3,001,086
Accounts receivable	138,919	43,772
Prepaid expenses and other assets	27,880	19,170
Inventory	49,355	83,466
Property and equipment, net	633,206	530,683
Collections and artwork	542,585	542,585
Total assets	<u>\$ 6,218,204</u>	<u>\$ 5,868,383</u>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 330,545	\$ 275,639
Deferred revenue	1,294,176	1,346,287
Total liabilities	<u>1,624,721</u>	<u>1,621,926</u>
<b>Net Assets</b>		
Unrestricted	2,254,752	1,880,604
Temporarily restricted	1,673,248	1,780,370
Permanently restricted	665,483	585,483
Total net assets	<u>4,593,483</u>	<u>4,246,457</u>
Total liabilities and net assets	<u>\$ 6,218,204</u>	<u>\$ 5,868,383</u>

See accompanying notes.

**General Federation of Women's Clubs**

Statement of Activities  
For the Year Ended June 30, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Revenue and Support</b>				
Membership dues	\$ 1,347,290	\$ -	\$ -	\$ 1,347,290
Conference revenue	370,649	-	-	370,649
Contributions	20,857	110,574	80,000	211,431
Marketplace sales	149,929	-	-	149,929
Royalties/fundraising	19,339	-	-	19,339
Subscriptions and advertising	31,001	-	-	31,001
Rental income	150,790	-	-	150,790
Investment income	165,049	26,302	-	191,351
Other income	185	-	-	185
Released from restrictions	243,998	(243,998)	-	-
<b>Total revenue and support</b>	<b>2,499,087</b>	<b>(107,122)</b>	<b>80,000</b>	<b>2,471,965</b>
<b>Expenses</b>				
Program services:				
GFWC Clubwoman Magazine	102,275	-	-	102,275
Member relations – general	141,460	-	-	141,460
Member initiatives	43,581	-	-	43,581
Affinity programs	18,034	-	-	18,034
Leadership development	6,009	-	-	6,009
Community service programs	95,040	-	-	95,040
Member contests and awards	36,611	-	-	36,611
WHRC collection management and programming	63,532	-	-	63,532
GFWC convention	457,870	-	-	457,870
Other conventions and meetings	54,879	-	-	54,879
Marketplace	169,337	-	-	169,337
External affairs	116,741	-	-	116,741
Public policy	23,056	-	-	23,056
Governance – Board	145,493	-	-	145,493
Governance – EC	156,756	-	-	156,756
<b>Total program services</b>	<b>1,630,674</b>	<b>-</b>	<b>-</b>	<b>1,630,674</b>
Supporting services:				
General and administrative	407,836	-	-	407,836
Fund development	86,429	-	-	86,429
<b>Total supporting services</b>	<b>494,265</b>	<b>-</b>	<b>-</b>	<b>494,265</b>
<b>Total expenses</b>	<b>2,124,939</b>	<b>-</b>	<b>-</b>	<b>2,124,939</b>
<b>Change in Net Assets</b>	<b>374,148</b>	<b>(107,122)</b>	<b>80,000</b>	<b>347,026</b>
<b>Net Assets, beginning of year</b>	<b>1,880,604</b>	<b>1,780,370</b>	<b>585,483</b>	<b>4,246,457</b>
<b>Net Assets, end of year</b>	<b>\$ 2,254,752</b>	<b>\$ 1,673,248</b>	<b>\$ 665,483</b>	<b>\$ 4,593,483</b>

See accompanying notes.

**General Federation of Women's Clubs**

Statement of Activities  
For the Year Ended June 30, 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Revenue and Support</b>				
Membership dues	\$ 1,416,967	\$ -	\$ -	\$ 1,416,967
Conference revenue	474,981	-	-	474,981
Contributions	36,981	103,415	-	140,396
Marketplace sales	100,922	-	-	100,922
Royalties/fundraising	62,717	-	-	62,717
Subscriptions and advertising	35,783	-	-	35,783
Rental income	89,639	-	-	89,639
Investment income	281,509	88,675	-	370,184
Other income	544	-	-	544
Released from restrictions	96,959	(96,959)	-	-
<b>Total revenue and support</b>	<b>2,597,002</b>	<b>95,131</b>	<b>-</b>	<b>2,692,133</b>
<b>Expenses</b>				
Program services:				
Club manual	3,073	-	-	3,073
GFWC Clubwoman Magazine	95,290	-	-	95,290
Member relations – general	316,978	-	-	316,978
Member initiatives	33,707	-	-	33,707
Affinity programs	541	-	-	541
Leadership development	94,877	-	-	94,877
Community service programs	164,963	-	-	164,963
Member contests and awards	33,029	-	-	33,029
WHRC collection management and programming	67,056	-	-	67,056
GFWC convention	496,079	-	-	496,079
Other conventions and meetings	24,034	-	-	24,034
Marketplace	105,532	-	-	105,532
External affairs	35,526	-	-	35,526
Public policy	6,283	-	-	6,283
Governance – Board	136,010	-	-	136,010
Governance – EC	74,339	-	-	74,339
<b>Total program services</b>	<b>1,687,317</b>	<b>-</b>	<b>-</b>	<b>1,687,317</b>
Supporting services:				
General and administrative	435,507	-	-	435,507
Fund development	50,725	-	-	50,725
<b>Total supporting services</b>	<b>486,232</b>	<b>-</b>	<b>-</b>	<b>486,232</b>
<b>Total expenses</b>	<b>2,173,549</b>	<b>-</b>	<b>-</b>	<b>2,173,549</b>
<b>Change in Net Assets</b>	<b>423,453</b>	<b>95,131</b>	<b>-</b>	<b>518,584</b>
<b>Net Assets, beginning of year</b>	<b>1,457,151</b>	<b>1,685,239</b>	<b>585,483</b>	<b>3,727,873</b>
<b>Net Assets, end of year</b>	<b>\$ 1,880,604</b>	<b>\$ 1,780,370</b>	<b>\$ 585,483</b>	<b>\$ 4,246,457</b>

See accompanying notes.

## General Federation of Women's Clubs

### Statements of Cash Flows For the Years Ended June 30, 2015 and 2014

	2015	2014
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ 347,026	\$ 518,584
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	91,650	106,427
Net realized and unrealized gain on investments	(43,275)	(236,748)
Contributions of permanently restricted net assets	(80,000)	-
Change in operating assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	(95,147)	(18,693)
Prepaid expenses and other assets	(8,710)	27,479
Inventory	34,111	13,096
Increase (decrease) in:		
Accounts payable and accrued expenses	54,906	(118,812)
Deferred revenue	(52,111)	(63,860)
	248,450	227,473
<b>Cash Flows from Investing Activities</b>		
Sales of investments	599,736	1,537,333
Purchases of investments	(700,327)	(1,760,029)
Purchases of property and equipment	(194,173)	(9,326)
	(294,764)	(232,022)
Net cash used in investing activities		
<b>Cash Flows from Financing Activity</b>		
Contributions of permanently restricted net assets	80,000	-
	80,000	-
Net cash provided by financing activity		
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	33,686	(4,549)
<b>Cash and Cash Equivalents, beginning of year</b>	1,647,621	1,652,170
<b>Cash and Cash Equivalents, end of year</b>	\$ 1,681,307	\$ 1,647,621

See accompanying notes.



# General Federation of Women's Clubs

Notes to Financial Statements  
June 30, 2015 and 2014

## 1. Nature of Operations

The General Federation of Women's Clubs (GFWC) is an international nonprofit organization established in 1890 and chartered by the U.S. Congress in 1901. One of the world's oldest nonpartisan, secular women's volunteer service organizations, GFWC is now in its third century of volunteer service in communities throughout the United States and the world. As part of GFWC's mission to enhance the lives of others through volunteer service, by providing community education, and by empowering women in all areas of their lives, GFWC has a long history of philanthropy, social and political advocacy, community leadership, and participation in civic outreach.

In thousands of clubs in every state and across the globe, more than 100,000 GFWC members work in their own communities to support the arts, preserve natural resources, advance education, promote healthy lifestyles, encourage civic involvement, and work toward world peace and understanding.

## 2. Summary of Significant Accounting Policies

### Basis of Accounting and Presentation

GFWC's financial statements are prepared on the accrual basis of accounting. Net assets are reported based on the presence or absence of donor-imposed restrictions, as follows:

- *Unrestricted net assets* represent funds that are not subject to donor-imposed stipulations and are available for support of GFWC's operations.
- *Temporarily restricted net assets* represent funds subject to donor-imposed restrictions that are met either by actions of GFWC or the passage of time.
- *Permanently restricted net assets* represent funds in which the principal must be held in perpetuity, while the earnings may be available for the general operations of GFWC or the restricted purpose imposed by the donors or by law.

### 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 amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

## General Federation of Women's Clubs

Notes to Financial Statements  
June 30, 2015 and 2014

### 2. Summary of Significant Accounting Policies (continued)

#### Cash Equivalents

GFWC considers as cash equivalents all highly liquid investments, which can be converted into known amounts of cash and have a maturity period of 90 days or less at the time of purchase.

#### Investments

Investments are recorded at fair value. Fluctuations in the fair value of these investments are recognized as realized and unrealized gains and losses, and they are included in investment income in the accompanying statements of activities.

#### Accounts Receivable

Accounts receivable represent amounts due for program services and other exchange transactions. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts receivable. There is no provision for doubtful accounts, based on management's evaluation of the accounts receivable at June 30, 2015 and 2014.

#### Inventory

Inventory consists of items held for sale, which are recorded at the lower of cost (using the first-in, first-out method) or market value.

#### Property and Equipment

GFWC owns and occupies four commercial buildings in Washington, DC. The original cost of the buildings has been fully depreciated. Only the land value and building improvements are reported in the accompanying financial statements. Expenditures for building improvements, furniture, fixtures, and equipment of \$1,000 or more with a useful life of one year or more are capitalized and recorded at cost. Related depreciation is charged to operations and calculated using the straight-line method, based on estimated useful lives of 10-20 years for building improvements and 5-10 years for all other capitalized assets. Maintenance and repairs of property and equipment are charged to operations and major improvements are capitalized. Upon retirement, sale, or other disposition of property and equipment, the cost and accumulated depreciation are eliminated from the accounts and the corresponding gain or loss from disposition is included in operations. Amortization of assets acquired under capital leases is included with depreciation expense.

## General Federation of Women's Clubs

Notes to Financial Statements  
June 30, 2015 and 2014

### 2. Summary of Significant Accounting Policies (continued)

#### Collections and Artwork

Collections and artwork were recorded as of June 30, 1995, based upon their estimated fair value at that date. Further additions to the collections and artwork will be valued at cost, if purchased, and at fair value on the date of donation, if donated. These items are not being depreciated.

#### Revenue Recognition

Membership dues are recognized ratably over the applicable dues period. Membership dues received that are applicable to the following year are deferred. At June 30, 2015 and 2014, deferred membership dues were \$1,293,486 and \$1,345,260, respectively, and are included in deferred revenue in the accompanying statements of financial position.

Conference revenue consists of registration fees, meals revenue, exhibitor payments, sponsorships, and Board package fees, and is recognized as revenue when the conference event occurs. As GFWC holds its annual conference in late June or early July, GFWC's policy is to recognize conference revenue in the fiscal year of the first day of the conference event.

Grants and contributions are recorded as revenue when received or promised. GFWC reports gifts of cash and other assets as temporarily restricted support if they are received or promised with donor stipulations that limit the use of the donated assets to one of GFWC's programs or to a future year. When a donor restriction expires, that is, when a purpose restriction is accomplished or time restriction has elapsed, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Revenue from all other sources is recognized when earned.

#### Contributed Services

Donated services are recognized at fair value at the time of receipt. These services consist primarily of professional services that otherwise would have been purchased by GFWC. The value of these donated services is included in the accompanying statements of activities in the amounts of \$18,073 and \$0 for the years ended June 30, 2015 and 2014, respectively.

## General Federation of Women's Clubs

Notes to Financial Statements  
June 30, 2015 and 2014

### 2. Summary of Significant Accounting Policies (continued)

#### Functional Allocation of Expenses

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

#### Subsequent Events

In preparing these financial statements, GFWC has evaluated events and transactions for potential recognition or disclosure through February 22, 2016, the date the financial statements were available to be issued.

### 3. Concentration of Credit Risk

Financial instruments that potentially subject GFWC to significant concentrations of credit risk consist of cash and cash equivalents, and investments. GFWC maintains cash deposit and transaction accounts, along with investments, with various financial institutions and these values, from time to time, exceed insurable limits under the Federal Depository Insurance Corporation (FDIC) and Securities Investor Protection Corporation (SIPC). GFWC has not experienced any credit losses on its cash and cash equivalents, and investments to date as it relates to FDIC and SIPC insurance limits. Management periodically assesses the financial condition of these financial institutions and believes that the risk of any credit loss is minimal.

### 4. Investments and Fair Value Measurements

GFWC follows Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures*, for its financial assets. This standard establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. Fair value measurement standards require an entity to maximize the use of observable inputs (such as quoted prices in active markets) and minimize the use of unobservable inputs (such as appraisals or other valuation techniques) to determine fair value. The categorization of a financial instrument within the hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to the entity's perceived risk of that instrument.

## General Federation of Women's Clubs

Notes to Financial Statements  
June 30, 2015 and 2014

### 4. Investments and Fair Value Measurements (continued)

The inputs used in measuring fair value are categorized into three levels. Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and liabilities and have the highest priority. Level 2 is based upon observable inputs other than quoted market prices, and Level 3 is based on unobservable inputs.

GFWC recognizes transfers between levels in the fair value hierarchy at the end of the reporting period.

In general, and where applicable, GFWC uses quoted prices in active markets for identical assets to determine fair value. This pricing methodology applies to Level 1 investments.

The following table presents GFWC's fair value hierarchy for those investments measured on a recurring basis as of June 30, 2015:

	Level 1	Level 2	Level 3	Total
Mutual funds:				
Equity	\$ 713,970	\$ -	\$ -	\$ 713,970
Fixed income	275,391	-	-	275,391
Common stock:				
Closed-end mutual funds	174,070	-	-	174,070
Real estate investment trusts	137,905	-	-	137,905
Technology	111,726	-	-	111,726
Telecommunication services	29,542	-	-	29,542
Consumer discretionary	302,455	-	-	302,455
Consumer staples	212,928	-	-	212,928
Healthcare	185,226	-	-	185,226
Financials	408,683	-	-	408,683
Energy	88,146	-	-	88,146
Materials	88,133	-	-	88,133
Industrials	201,884	-	-	201,884
Utilities	22,157	-	-	22,157
Corporate bonds	192,736	-	-	192,736
Total investments	<u>\$ 3,144,952</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,144,952</u>

## General Federation of Women's Clubs

Notes to Financial Statements  
June 30, 2015 and 2014

### 4. Investments and Fair Value Measurements (continued)

The following table presents GFWC's fair value hierarchy for those investments measured on a recurring basis as of June 30, 2014:

	Level 1	Level 2	Level 3	Total
Mutual funds:				
Equity	\$ 691,676	\$ -	\$ -	\$ 691,676
Fixed income	321,041	-	-	321,041
Common stock:				
Closed-end mutual funds	177,487	-	-	177,487
Real estate investment trusts	122,501	-	-	122,501
Technology	132,654	-	-	132,654
Telecommunication services	9,869	-	-	9,869
Consumer discretionary	196,970	-	-	196,970
Consumer staples	177,179	-	-	177,179
Healthcare	182,247	-	-	182,247
Financials	390,612	-	-	390,612
Energy	140,450	-	-	140,450
Materials	73,367	-	-	73,367
Industrials	188,983	-	-	188,983
Utilities	9,298	-	-	9,298
Corporate bonds	186,752	-	-	186,752
Total investments	\$ 3,001,086	\$ -	\$ -	\$ 3,001,086

Investment income consists of the following for the years ended June 30:

	2015	2014
Interest and dividends	\$ 148,076	\$ 133,436
Net realized and unrealized gain	43,275	236,748
Total investment income	\$ 191,351	\$ 370,184

## General Federation of Women's Clubs

Notes to Financial Statements  
June 30, 2015 and 2014

### 5. Property and Equipment

Property and equipment consists of the following at June 30:

	2015	2014
Land	\$ 63,641	\$ 63,641
Building improvements	1,474,944	1,337,698
Furniture, fixtures, and equipment	350,140	293,213
Database development	71,675	71,675
Website development	72,238	72,238
Total property and equipment	2,032,638	1,838,465
Less: accumulated depreciation and amortization	(1,399,432)	(1,307,782)
Property and equipment, net	<u>\$ 633,206</u>	<u>\$ 530,683</u>

### 6. Net Assets

#### Permanently Restricted Net Assets

Permanently restricted net assets were created through contributions from members to provide a source of income to enable GFWC to “carry on the education and service work for which it stands.” Permanently restricted net assets included the following at June 30:

	2015	2014
Foundation Fund	\$ 287,324	\$ 287,324
Second Century Endowment Fund	166,212	166,212
Endowment Fund	211,947	131,947
Total permanently restricted net assets	<u>\$ 665,483</u>	<u>\$ 585,483</u>

## General Federation of Women's Clubs

Notes to Financial Statements  
June 30, 2015 and 2014

### 6. Net Assets (continued)

#### Temporarily Restricted Net Assets

Temporarily restricted net assets were available for the following purposes at June 30:

	2015	2014
Program restricted:		
War Service Fund	\$ 77,144	\$ 77,144
1734 Society and Pipe Fund	39,368	165,689
Youth Literacy	30,861	35,344
Women's Financial Information	30,584	30,584
Capital Campaign	29,873	-
Domestic Violence	29,416	20,535
Disaster Relief – National/Library Fund	18,514	18,357
Women's Health Program	17,095	17,096
Legislative	16,579	18,330
Friends of WHRC	11,396	35,321
Junior Travel	2,443	2,443
Croly Gravesite Refurbishment Fund	829	759
Shot at Life Campaign	-	15,924
	304,102	437,526
Unappropriated endowment earnings	1,369,146	1,342,844
Total temporarily restricted net assets	\$ 1,673,248	\$ 1,780,370

#### *Capital Campaign*

During 2014, GFWC launched a new fundraising campaign called the Capital Campaign (“the Campaign”) that will run through June 2022. The goal of the Campaign is to raise \$5,000,000 for renovation and maintenance of the historic building owned by GFWC. The contributions to the Campaign can be designated toward the naming of specific areas within the building based on totals recommended by the Campaign Committee and agreed to by the Executive Committee. In addition, donations can be designated as spendable contributions or to raise funds for the GFWC endowment. Contributions to the GFWC endowment will be kept in perpetuity with earnings available for funding of the headquarters, programs, and various projects of GFWC. For the year ended June 30, 2015, GFWC received \$57,804 of temporarily restricted contributions and incurred \$27,931 in costs related to the Campaign.



## General Federation of Women's Clubs

Notes to Financial Statements  
June 30, 2015 and 2014

### 7. Endowment

GFWC's endowment (permanently restricted net assets) ("the Fund") has been funded by donor-restricted contributions for the general operations of GFWC. Under accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

#### Interpretation of Relevant Law

The Board of Directors of GFWC has interpreted the District of Columbia's Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, GFWC classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the Fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by GFWC in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, GFWC considers the following factors in making a determination to appropriate or accumulate donor-restricted funds: (1) duration and preservation of the Fund; (2) purposes of GFWC and the donor-restricted endowment fund; (3) general economic conditions; (4) possible effect of inflation and deflation; (5) expected total return from income and the appreciation or depreciation of investments; (6) other resources of GFWC; and (7) investment policies of GFWC.

#### Return Objectives and Risk Parameters

GFWC's investment policy permits a strategy of long-term growth of the endowment fund. Under such a policy, the endowment assets would be invested in a manner that is intended to produce results exceeding major investment benchmarks while assuming a moderate level of risk. The investment objective is to earn an average annual total return of at least 5% above inflation, net of management fees, over the three-to-five-year rolling time period with inflation defined as the Consumer Price Index.

# General Federation of Women's Clubs

Notes to Financial Statements  
June 30, 2015 and 2014

## 7. Endowment (continued)

### Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, GFWC relies on a return strategy in which investment returns are achieved through additional gifts and continued reinvestment of realized capital gains and earned income to the extent that earned income is not required for operating purposes. GFWC targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

### Spending Policy

GFWC's Board attempts to balance endowment spending with its goal to provide grants from the endowment fund into perpetuity, and therefore has established a spending policy that is flexible. GFWC's spending policy is set to spend up to 10% of the average endowment balance each year, with annual expenditures equal to an amount deemed appropriate by the Executive Committee. Historically, return on the Fund has been sufficient to support spending levels. If the Fund incurs a negative return in any given year, the Executive Committee will approve a reasonable amount for release with the goal of long-term sustainability for the endowment.

### Funds with Deficiencies

The fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires GFWC to retain as a fund of perpetual duration. In accordance with accounting principles generally accepted in the United States, deficiencies of this nature would be reported by GFWC in unrestricted net assets. There were no fund deficiencies for the years ended June 30, 2015 and 2014.

### Composition of Endowment Funds

Endowment net asset composition by type of fund was as follows as of June 30, 2015:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ -	\$ 1,369,146	\$ 665,483	\$ 2,034,629

## General Federation of Women's Clubs

Notes to Financial Statements  
June 30, 2015 and 2014

### 7. Endowment (continued)

#### Composition of Endowment Funds (continued)

Endowment net asset composition by type of fund was as follows as of June 30, 2014:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ -	\$ 1,342,844	\$ 585,483	\$ 1,928,327

#### Changes in Endowment Net Assets

Changes in endowment net assets were as follows for the years ended June 30, 2015 and 2014:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Balance, June 30, 2013	\$ -	\$ 1,254,170	\$ 585,483	\$ 1,839,653
Investment return:				
Net appreciation	-	88,615	-	88,615
Total investment return	-	88,615	-	88,615
Appropriation of assets	-	59	-	59
Balance, June 30, 2014	-	1,342,844	585,483	1,928,327
Investment return:				
Net appreciation	-	26,302	-	26,302
Total investment return	-	26,302	-	26,302
Contributions	-	-	80,000	80,000
Balance, June 30, 2015	\$ -	\$ 1,369,146	\$ 665,483	\$ 2,034,629

## General Federation of Women's Clubs

Notes to Financial Statements  
June 30, 2015 and 2014

### 8. Rental Income

During 2013, GFWC began leasing a portion of its building to a commercial tenant under the terms of a 10-year lease that expires on March 15, 2023, with an option to extend for three additional 5-year periods. The lease includes 3% annual rent escalations, rent abatement, and participation rents, as well as escalation clauses based upon increases in real estate taxes and operating costs. The cumulative difference between the actual rent collected and the straight-line rental income is recorded as rent receivable and is included in accounts receivable in the accompanying statements of financial position.

Future minimum rents under this lease are as follows for the years ending June 30:

2016	\$	6,355
2017		9,546
2018		21,166
2019		116,217
2020		119,704
Thereafter		<u>369,892</u>
Future minimum rents	\$	<u><u>642,880</u></u>

### 9. Hotel Contracts

GFWC has entered into agreements with several hotels to provide conference facilities and room accommodations for future meetings through 2018. The agreements contain various attrition clauses whereby GFWC may be liable for liquidated damages in the event of cancellation or lower than anticipated attendance. However, GFWC's management does not believe that any material losses will be incurred under these hotel contracts.

### 10. Retirement Plan

GFWC maintains a 403(b) retirement plan in which eligible employees who are at least 21 years old may begin participating immediately upon hire date. GFWC may make a discretionary contribution to be determined each year. Currently, GFWC will match up to 5% based on employee contributions. GFWC contributed \$11,217 and \$19,417 for the years ended June 30, 2015 and 2014, respectively.

Subsequent to year-end, GFWC closed the 403(b) retirement plan on December 31, 2015, and opened a SIMPLE IRA on January 1, 2016.

## **General Federation of Women's Clubs**

Notes to Financial Statements  
June 30, 2015 and 2014

### **11. Income Taxes**

GFWC is recognized as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code (IRC), and is exempt from income taxes except for taxes on unrelated business activities. No tax expense is recorded in the accompanying financial statements for the years ended June 30, 2015 and 2014, as GFWC did not engage in any unrelated business activities. Contributions to GFWC are deductible as provided in IRC Section 170(b)(1)(A)(vi). Management has evaluated GFWC's tax positions and concluded that there are no significant uncertain tax positions that qualify for either recognition or disclosure in the accompanying financial statements.

**SUPPLEMENTARY INFORMATION**

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**General Federation of Women's Clubs**

Schedule of Functional Expenses  
For the Year Ended June 30, 2015  
(With Comparative Totals for the Year Ended June 30, 2014)

	GFWC		Member		Affinity programs	Leadership development	Community service programs	Member contests & awards	WHRC		Other			Public policy	Governance – Board	Governance – EC	G&A	Fund development	Total 2015	Total 2014
	Clubwoman Magazine	relations	Member initiatives	general					collection mgmt & prog	GFWC convention	conventions & meetings	Marketplace	External affairs							
Salaries	\$ 30,900	\$ 44,554	\$ 23,826	\$ 10,696	\$ 3,565	\$ 45,913	\$ 19,671	\$ 37,651	\$ 19,020	\$ 19,018	\$ 28,143	\$ 60,564	\$ 12,635	\$ 53,622	\$ 75,585	\$ 131,048	\$ 45,725	\$ 662,136	\$ 614,368	
Benefits	7,199	10,380	5,551	2,492	831	10,697	4,583	8,772	4,402	4,402	6,557	14,111	2,944	12,493	17,610	30,854	10,389	154,267	138,170	
Consulting fees	2,537	3,758	1,956	878	293	3,770	1,975	3,091	57,308	1,428	2,311	4,973	1,037	7,203	6,206	45,227	3,661	147,612	158,342	
Legal fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,954	-	5,954	8,181	
Insurance	2,023	2,917	1,561	700	233	3,006	1,288	2,465	1,237	1,237	1,842	3,965	827	3,511	4,949	8,671	2,920	43,352	56,612	
Building maintenance	4,480	6,459	3,455	1,549	515	6,657	2,852	5,459	2,741	2,741	4,079	8,780	1,832	7,775	10,959	19,201	6,464	95,998	120,614	
Collection preservation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,954	-	3,954	
Marketplace expenses	-	-	-	-	-	-	-	-	-	-	118,858	-	-	-	-	-	-	-	118,858	
Postage & delivery	11,070	195	87	-	-	39	89	45	367	207	1,487	205	-	232	47	4,572	607	19,249	24,347	
Bank fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	17,048	-	17,048	11,407	
Office supplies	-	211	-	-	-	-	-	-	937	-	576	54	-	708	167	11,347	450	14,450	11,778	
Copier expenses	-	295	147	-	-	442	-	-	-	-	-	-	-	736	147	2,342	442	4,551	3,284	
Equipment maintenance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	810	-	810	3,396	
Miscellaneous expense	-	12,622	-	-	-	1,500	-	-	6,950	-	-	-	1,375	-	21	47,205	8	69,681	63,673	
Taxes & fees	-	-	-	-	-	-	-	-	125	123	-	-	-	-	-	1,326	-	1,574	(1,473)	
Governance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	17,726	
Printing	39,102	16,176	-	-	-	-	2,018	-	13,730	-	553	-	181	-	-	1,126	3,846	76,732	55,062	
Meetings	-	903	270	-	-	412	-	-	274,047	5,473	410	13,961	70	41,003	16,007	2,178	260	354,994	438,596	
Travel	-	8,678	-	-	-	-	-	-	73,971	17,215	-	398	-	9,595	9,870	39	540	120,306	135,067	
Communication	-	25,829	-	-	-	513	-	-	-	-	-	-	-	-	3,045	29,773	-	59,160	49,913	
IT	-	1,325	-	-	-	85	-	-	-	-	-	-	-	-	-	42,563	-	43,973	38,160	
Depreciation & amortization	4,964	7,158	3,828	1,719	572	7,376	3,160	6,049	3,035	3,035	4,521	9,730	2,030	8,615	12,143	6,552	7,163	91,650	106,427	
Grants & awards	-	-	2,900	-	-	14,630	975	-	-	-	-	-	125	-	-	-	-	18,630	62,165	
<b>Total Expenses</b>	<b>\$ 102,275</b>	<b>\$ 141,460</b>	<b>\$ 43,581</b>	<b>\$ 18,034</b>	<b>\$ 6,009</b>	<b>\$ 95,040</b>	<b>\$ 36,611</b>	<b>\$ 63,532</b>	<b>\$ 457,870</b>	<b>\$ 54,879</b>	<b>\$ 169,337</b>	<b>\$ 116,741</b>	<b>\$ 23,056</b>	<b>\$ 145,493</b>	<b>\$ 156,756</b>	<b>\$ 407,836</b>	<b>\$ 86,429</b>	<b>\$ 2,124,939</b>	<b>\$ 2,173,549</b>	