Business and Professional Women's Foundation

Financial Statements
and Independent Auditors' Report

September 30, 2011 and 2010

Business and Professional Women's Foundation

Financial Statements
September 30, 2011 and 2010

Contents

ROGERS & COMPANY

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Business and Professional Women's Foundation

We have audited the accompanying statements of financial position of the Business and Professional Women's Foundation ("the Foundation") as of September 30, 2011 and 2010, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Foundation's management. 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation at September 30, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Rogers + Company PLLC

Vienna, Virginia
March 30, 2012

Business and Professional Women's Foundation

Statements of Financial Position
September 30, 2011 and 2010

	2011	2010
Assets		
Cash and cash equivalents	$ 409,362	$ 211,162
Accounts receivable, net	-	75,000
Pledges receivable, net	74,080	36,250
Investments	1,074,024	2,318,844
Prepaid expenses and deposits	93,773	177,427
Property and equipment, net	53,188	19,741
Total assets	$ 1,704,427	$ 2,838,424
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	$ 93,761	$ 126,592
Deferred revenue	23,000	81,265
Total liabilities	116,761	207,857
Net Assets		
Unrestricted	573,937	1,650,960
Temporarily restricted	150,460	116,338
Permanently restricted	863,269	863,269
Total net assets	1,587,666	2,630,567
Total liabilities and net assets	$ 1,704,427	$ 2,838,424

See accompanying notes.

Business and Professional Women's Foundation

Statement of Activities
For the Year Ended September 30, 2011

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue and Support				
Contributions	$ 66,029	$ 223,622	$ -	$ 289,651
Sponsorships	107,150	-	-	107,150
Royalties	28,126	-	-	28,126
Interest income	10,502	8,756	-	19,258
Released from restrictions	201,815	(201,815)	-	-
Total revenue and support	413,622	30,563	-	444,185
Expenses				
Program services:				
Education, training, and scholarship	1,405,420	-	-	1,405,420
Total program services	1,405,420	-	-	1,405,420
Supporting services:				
Development	76,479	-	-	76,479
Management and general	78,322	-	-	78,322
Total supporting services	154,801	-	-	154,801
Total expenses	1,560,221	-	-	1,560,221
Change in Net Assets from Operations	(1,146,599)	30,563	-	(1,116,036)
Non-Operating Activites				
Net unrealized and realized gain on investments	69,576	3,559	-	73,135
Change in Net Assets	(1,077,023)	34,122	-	(1,042,901)
Net Assets, beginning of year	1,650,960	116,338	863,269	2,630,567
Net Assets, end of year	$ 573,937	$ 150,460	$ 863,269	$ 1,587,666

See accompanying notes.

Business and Professional Women's Foundation

Statement of Activities
For the Year Ended September 30, 2010

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue and Support				
Contributions	$ 605,925	$ 98,000	$ -	$ 703,925
Sponsorships	21,275	-	-	21,275
Royalties	41,116	-	-	41,116
Interest income	51,292	2,079	-	53,371
Other income	11,784	-	-	11,784
Released from restrictions	490,204	(490,204)	-	-
Total revenue and support	1,221,596	(390,125)	-	831,471
Expenses				
Program services:				
Education, training, and scholarship	1,877,473	-	-	1,877,473
Total program services	1,877,473	-	-	1,877,473
Supporting services:				
Development	37,178	-	-	37,178
Management and general	21,940	-	-	21,940
Total supporting services	59,118	-	-	59,118
Total expenses	1,936,591	-	-	1,936,591
Change in Net Assets from Operations	(714,995)	(390,125)	-	(1,105,120)
Non-Operating Activites				
Net unrealized and realized gain on investments	166,665	5,598	-	172,263
Change in Net Assets	(548,330)	(384,527)	-	(932,857)
Net Assets, beginning of year	2,199,290	500,865	863,269	3,563,424
Net Assets, end of year	$ 1,650,960	$ 116,338	$ 863,269	$ 2,630,567

See accompanying notes.

Business and Professional Women's Foundation

Statements of Cash Flows
For the Years Ended September 30, 2011 and 2010

	2011	2010
Cash Flows from Operating Activities		
Change in net assets	$ (1,042,901)	$ (932,857)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	11,884	10,937
Net realized and unrealized gains	(73,135)	(172,263)
Loss on disposal of property and equipment	1,175	-
Change in operating assets and liabilities:		
(Increase) decrease in:		
Accounts receivable, net	75,000	(68,134)
Loans receivable, net	-	15,242
Pledges receivable, net	(37,830)	1,216
Prepaid expenses and deposits	83,654	(59,939)
Increase (decrease) in:		
Accounts payable and accrued expenses	(32,831)	(15,752)
Deferred revenue	(58,265)	33,697
Deferred rent	-	(10,572)
Net cash used in operating activities	(1,073,249)	(1,198,425)
Cash Flows from Investing Activities		
Net proceeds from the sale of investments	1,317,955	1,196,722
Purchases of property and equipment	(46,506)	(9,352)
Net cash provided by investing activities	1,271,449	1,187,370
Net Increase (Decrease) in Cash and Cash Equivalents	198,200	(11,055)
Cash and Cash Equivalents, beginning of year	211,162	222,217
Cash and Cash Equivalents, end of year	$ 409,362	$ 211,162

See accompanying notes.

1. Nature of Operations

The Business and Professional Women's Foundation ("the Foundation") was organized in 1956 for the primary purpose of carrying out educational, literary, scientific, and charitable activities. The Foundation accomplishes its program service objectives through establishing funds, providing financial support for the continuing education of business and professional women, establishing a library and research center, and soliciting and receiving grants and gifts for the purposes of education, training, improvement, and development of women in professional or business careers.

2. Summary of Significant Accounting Policies

Basis of Accounting and Presentation

The Foundation's financial statements are prepared on the accrual basis of accounting and in accordance with generally accepted accounting principles for not-for-profit organizations. Net assets are reported based on the presence or absence of donor-imposed restrictions.

Classification of Net Assets

- *Unrestricted net assets* represent funds that are not subject to donor-imposed stipulations and are available for support of the Foundation's operations.

- *Temporarily restricted net assets* represent funds subject to donor-imposed restrictions that are met either by actions of the Foundation or the passage of time. Temporarily restricted net assets were $150,460 and $116,338 at September 30, 2011 and 2010, respectively.

- *Permanently restricted net assets* represent funds subject to donor-imposed conditions that they be maintained permanently by the Foundation. Generally, the donors of these assets permit the Foundation to use the income earned on the related investments for specific purposes. Permanently restricted net assets were $863,269 at both September 30, 2011 and 2010.

Cash and Cash Equivalents

For the purpose of the statements of cash flows, the Foundation considers as cash equivalents all highly liquid investments, which can be converted into known amounts of cash and have a maturity period of ninety days or less at the time of purchase.

2. Summary of Significant Accounting Policies (continued)

Cash and Cash Equivalents (continued)

Excluded from this definition of cash equivalents are such amounts that represent funds that have been designated by the Board for investment reserves, and amounts subject to withdrawal restrictions.

Investments

Investments at September 30, 2011 and 2010 consist of mutual funds, certificates of deposit, and money market funds, and are recorded at fair value based on quoted market prices. Changes in the fair value of investments, including unrealized and realized gains resulting from sales of securities during the year, are reflected in the statements of activities.

Accounts Receivable

Receivables are carried at original amounts, which approximate the net realizable value, less an estimate made for doubtful receivables based on a review of all outstanding amounts. Management determined the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Receivables are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded when received. The provision for doubtful accounts, based on management's evaluation of the collectability of receivables was $11,246 and $12,584 at September 30, 2011 and 2010, respectively.

Pledges Receivable

Pledges receivable consist of amounts promised from donors. The entire amount of pledges receivable is expected to be collected within one year, and is recorded at net realizable value at September 30, 2011 and 2010. Management determined the allowance for uncollectible pledges by identifying doubtful pledges and by using historical experience. Pledges are written off when deemed uncollectible. Recoveries of pledges previously written off are recorded when received. The allowance for doubtful pledges was $0 and $2,567 at September 30, 2011 and 2010, respectively.

Property and Equipment

Property and equipment with a projected useful life exceeding one year are capitalized and recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets, which range from three to seven years.

2. Summary of Significant Accounting Policies (continued)

Revenue Recognition

Unconditional contributions are recognized as revenue when received or promised, and are reported as temporarily restricted support if they are received with donor or grantor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. Contributions for which restrictions are met in the same accounting period are treated as unrestricted.

Grants that contain stipulations or other conditions are recognized as revenue once the conditions are substantially met. Revenue from all other sources is recognized when earned.

Fair Value Measurements

The Foundation follows Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures*, for financial assets and liabilities. This standard 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 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.

In addition, the Foundation follows Accounting Standards Update 2009-12, *Investments in Certain Entities That Calculate Net Assets Value per Share (or its Equivalent)*, which has amended the existing guidance in ASC 820. This guidance permits, as a practical expedient, the fair value of investments that do not have a quoted market price to be estimated using net asset value (NAV) per share or its equivalent.

Functional Allocation of Expenses

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

Reclassifications

Certain amounts in the 2010 financial statements have been reclassified to conform to the 2011 presentation.

2. Summary of Significant Accounting Policies (continued)

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.

3. Concentration of Credit Risk

Financial instruments that potentially subject the Foundation to significant concentrations of credit risk consist of cash and investments. The Foundation maintains a non-interest-bearing cash deposit and transaction account with a financial institution, totaling $409,362, which is fully insured, without limit, through December 31, 2012, under the Dodd-Frank Financial Regulatory Reform legislation.

The Foundation also maintains investments with various financial institutions amounting to $1,074,024 at September 30, 2011, which includes amounts exceeding insurable limits under the Securities Investor Protection Corporation (SIPC). The Foundation has not experienced any credit losses on its investments to date, as it relates to 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

The following summarizes investments and investment income as of and for the years ended September 30:

	2011	2010
Mutual funds	$ 827,228	$ 2,106,835
Certificates of deposit	200,036	-
Money market funds	46,760	212,009
Total investments	$ 1,074,024	$ 2,318,844
Interest and dividends	$ 19,258	$ 53,371
Net realized and unrealized gains	73,135	172,263
Total investment income	$ 92,393	$ 225,634

5. Fair Value Measurements

Fair value of assets measured on a recurring basis is as follows at September 30:

	Total fair value	Level 1	Level 2	Level 3
2011:				
Mutual funds	$ 827,228	$ 827,228	$ -	$ -
Certificates of deposit	200,036	200,036	-	-
Money market funds	46,760	46,760	-	-
Total investments	1,074,024	1,074,024	-	-
2010:				
Mutual funds	$ 2,106,835	$ 2,106,835	$ -	$ -
Money market funds	212,009	212,009	-	-
Total investments	$ 2,318,844	$ 2,318,844	$ -	$ -

Financial assets valued using level 1 inputs are based on unadjusted quoted market prices within active markets. There were no level 2 or level 3 financial assets at September 30, 2011 and 2010.

6. Property and Equipment

The Foundation held the following property and equipment at September 30:

	2011	2010
Furniture and fixtures	$ 38,134	$ 64,886
Computer and software	329,005	365,104
Patent	2,734	2,734
Total property and equipment	369,873	432,724
Less: accumulated depreciation	(316,685)	(412,983)
Property and equipment, net	$ 53,188	$ 19,741

Depreciation expense was $11,884 and $10,937 for the years ended September 30, 2011 and 2010, respectively.

7. Operating Lease

During 2010, the Foundation's office lease expired and a lease for new office space was signed. The lease, which began on April 1, 2010, is set to expire in February 2012. The lease calls for monthly payments of $1,900 for the first lease year and $1,985 for the remainder of the lease term. Deferred rent expense was not recorded on this lease, due to immateriality. Future minimum lease payments for the year ending September 30, 2012 total $9,928.

8. Restricted Net Assets

Temporarily restricted net assets consist of the following at September 30:

	2011	2010
AARP	$ 73,000	$ 56,979
Virginia Allan Fund	5,823	24,478
General Scholarship Fund	3,178	3,044
Jeannie C. Mock Scholarship Fund	26,186	31,197
AT&T	20,492	-
USO	15,000	-
Geico	5,000	-
Other	414	-
Unappropriated endowment earnings	1,367	640
Total temporarily restricted net assets	$ 150,460	$ 116,338

Permanently restricted net assets consist of the following at September 30:

	2011	2010
Dorothy Small Scholarship Fund	$ 298,078	$ 298,078
Winifred B. Brady Scholarship Fund	277,513	277,513
Florence M. Morse Scholarship Fund	115,473	115,473
Scholarship Endowment	60,988	60,988
Sally Butler Fund for Latina Research	50,000	50,000
Wisconsin BPW Fund	33,253	33,253
Minnie C. Miles Scholarship Fund	24,464	24,464
Marguerite Rawalt Resource Center Fund	3,500	3,500
Total permanently restricted net assets	$ 863,269	$ 863,269

9. Endowment

The Foundation's endowment of permanently restricted net assets has been funded by donor-restricted contributions. 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 Trustees of the Foundation 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, the Foundation 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 the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Foundation 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 the Foundation 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 the Foundation; and (7) investment policies of the Foundation.

Return Objectives, Risk Parameters and Strategies

The Foundation follows a conservative investment policy for endowment assets that attempts to preserve fully the original corpus and optimize returns. Should significant, new donations be made to the endowment assets, the Foundation's investment policy would permit a strategy of long-term growth of the endowment assets. Under such a policy, the endowment assets would be invested in a manner that is intended to produce favorable results while taking a prudent approach to risk.

9. Endowment (continued)

Composition of Endowment Funds and Changes in Endowment Net Assets

Endowment net asset composition was as follows for the years ended September 30:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
2011:				
Donor-restricted endowment funds	$ -	$ 1,367	$ 863,269	$ 864,636
Total funds	$ -	$ 1,367	$ 863,269	$ 864,636
2010:				
Donor-restricted endowment funds	$ (6,308)	$ 640	$ 863,269	$ 857,601
Total funds	$ (6,308)	$ 640	$ 863,269	$ 857,601

Changes in endowment net assets were as follows for the year ended September 30, 2011:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ (6,308)	$ 640	$ 863,269	$ 857,601
Investment return:				
Investment income	6,308	8,010	-	14,318
Net appreciation (realized and unrealized)	-	1,955	-	1,955
Total investment return	6,308	9,965	-	16,273
Appropriation for expenditure	-	(9,238)	-	(9,238)
Endowment net assets, end of year	$ -	$ 1,367	$ 863,269	$ 864,636

9. Endowment (continued)

Endowment Composition and Changes in Endowment Net Assets (continued)

Changes in endowment net assets were as follows for the year ended September 30, 2010:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ (54,512)	$ 474	$ 863,269	$ 809,231
Investment return:				
Investment income	13,628	62	-	13,690
Net appreciation (realized and unrealized)	34,576	916	-	35,492
Total investment return	48,204	978	-	49,182
Appropriation for expenditure	-	(812)	-	(812)
Endowment net assets, end of year	$ (6,308)	$ 640	$ 863,269	$ 857,601

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the organization to retain as a fund of perpetual duration. In accordance with accounting principles generally accepted in the United States of America, deficiencies of this nature that are reported by the Foundation in unrestricted net assets were $0 and $6,308 at September 30, 2011 and 2010, respectively.

10. Descriptions of Program and Supporting Services

Descriptions of the significant programs and services in the accompanying financial statements are as follows:

Education, Training, and Scholarship

Represents expenses related to scholarships and grants given to women who need additional skills to advance in their career or re-enter the workplace. The Foundation offers education and training programs aimed at supporting working women and employers to achieve productive work-life balances.

Development

Provides the structure necessary to encourage and secure public and private financial support from individuals, foundations, and corporations.

Management and General

Includes the functions necessary to secure proper administrative functioning of the governing board, maintain an adequate working environment, and manage financial and budgetary responsibilities of the Foundation.

11. Pension Plan

The Foundation sponsors a defined contribution 401(k) profit sharing plan. Employees may elect to defer a portion of their salary and contribute to the retirement trust after they have completed three months of service. The Foundation may make a matching contribution equal to a discretionary percentage of employee salary deferrals. The percentage will be determined each year and will not exceed 3% of compensation. After two years of service, participants are 100% vested. The Foundation contributed $- and $- to the plan for the years ended September 30, 2011 and 2010, respectively.

12. Income Taxes

The Foundation is recognized as a tax-exempt organization under Internal Revenue Code (IRC) Section 501(c)(3), and is exempt from income taxes except for taxes on unrelated business activities. No tax expense is recorded in the accompanying financial statements, as there was no significant net unrelated business taxable income. Contributions to the Foundation are deductable as provided in IRC Section 170(b)(1)(A)(vi). Management evaluated the Foundation's tax positions, and concluded that the Foundation's financial statements do not include any uncertain tax positions.

13. Management's Discussion of Operations

The Foundation has experienced several consecutive years of net operating losses. These losses were anticipated following the merger in 2009 between the Foundation and its former affiliate which led to the Foundation strategically restructuring its operations and business model. Reserves have been utilized to invest in new programmatic activities that will become the long term focus of the Foundation. These new programs are expected to yield revenues in the near term to stabilize earnings and eventually build up reserves. Along with this strategic plan to expand opportunities to new funding sources, Management continues to review operational areas for cost-savings such as reducing general and administrative expenses. Management feels these plans will continue to have a positive effect on future growth and earnings of the Foundation, and ensure the Foundation continues as a going concern for the foreseeable future.

14. Subsequent Events

The Foundation follows the guidance of FASB ASC 855, *Subsequent Events*, which establishes general standards of accounting for and disclosure of events that occur after the statement of financial position date but before the financial statements are issued. FASB ASC 855 also requires disclosure of the date through which an entity has evaluated subsequent events. In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through March 30, 2012, the date the financial statements were issued.