Business and Professional Women's Foundation

Financial Statements
and Independent Auditors' Report

September 30, 2010 and 2009

Business and Professional Women's Foundation

Financial Statements
September 30, 2010 and 2009

Contents

ROGERS & COMPANY

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying statements of financial position of Business and Professional Women's Foundation as of September 30, 2010 and 2009, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of Business and Professional Women's 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 Business and Professional Women's Foundation at September 30, 2010 and 2009, 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
February 17, 2011

Business and Professional Women's Foundation

Statements of Financial Position
September 30, 2010 and 2009

	2010	2009
Assets		
Cash and cash equivalents	$ 211,162	$ 222,217
Accounts receivable, net	75,000	6,866
Loans receivable, net	-	15,242
Pledges receivable, net	36,250	37,466
Investments	2,318,844	3,343,303
Prepaid expenses and deposits	177,427	117,488
Property and equipment, net	19,741	21,326
Total assets	$ 2,838,424	$ 3,763,908
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	$ 126,592	$ 142,344
Deferred revenue	81,265	47,568
Deferred rent	-	10,572
Total liabilities	207,857	200,484
Net Assets		
Unrestricted	1,650,960	2,199,290
Temporarily restricted	116,338	500,865
Permanently restricted	863,269	863,269
Total net assets	2,630,567	3,563,424
Total liabilities and net assets	$ 2,838,424	$ 3,763,908

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	$ 557,259	$ 98,000	$ -	$ 655,259
Interest income	51,292	2,079	-	53,371
Other income	122,841	-	-	122,841
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

Statement of Activities
For the Year Ended September 30, 2009

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue and Support				
Contributions	$ 211,152	$ 410,836	$ -	$ 621,988
Interest income	70,326	3,362	-	73,688
Rental income	55,440	-	-	55,440
Other income	135,815	-	-	135,815
Released from restrictions	21,772	(21,772)	-	-
Total revenue and support	494,505	392,426	-	886,931
Expenses				
Program services:				
Education, training, and scholarship	1,114,543	-	-	1,114,543
Total program services	1,114,543	-	-	1,114,543
Supporting services:				
Development	94,955	-	-	94,955
Management and general	274,158	-	-	274,158
Total supporting services	369,113	-	-	369,113
Total expenses	1,483,656	-	-	1,483,656
Change in Net Assets from Operations	(989,151)	392,426	-	(596,725)
Non-Operating Activites				
Net unrealized and realized loss on investments	(264,440)	(10,426)		(274,866)
Change in Net Assets	(1,253,591)	382,000	-	(871,591)
Net Assets, beginning of year	3,452,881	118,865	863,269	4,435,015
Net Assets, end of year	$ 2,199,290	$ 500,865	$ 863,269	$ 3,563,424

Business and Professional Women's Foundation

Statements of Cash Flows
For the Years Ended September 30, 2010 and 2009

	2010	2009
Cash Flows from Operating Activities		
Change in net assets	$ (932,857)	$ (871,591)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	10,937	15,852
Net realized and unrealized (gains) losses	(172,263)	274,865
Loss on disposal of property and equipment	-	-
Fixed asset transfer	-	(21,960)
Change in operating assets and liabilities:		
(Increase) decrease in:		
Accounts receivable, net	(68,134)	174
Loans receivable, net	15,242	6,768
Pledges receivable, net	1,216	(22,626)
Prepaid expenses and deposits	(59,939)	(54,368)
Increase (decrease) in:		
Accounts payable and accrued expenses	(15,752)	84,184
Due to related party	-	(20,095)
Deferred revenue	33,697	47,568
Deferred rent	(10,572)	10,572
Net cash used in operating activities	(1,198,425)	(550,657)
Cash Flows from Investing Activities		
Net proceeds from the sale of investments	1,196,722	668,720
Purchases of property and equipment	(9,352)	(1,222)
Net cash provided by investing activities	1,187,370	667,498
Net (Decrease) Increase in Cash and Cash Cash Equivalents	(11,055)	116,841
Cash and Cash Equivalents, beginning of year	222,217	105,376
Cash and Cash Equivalents, end of year	$ 211,162	$ 222,217

1. Nature of Operations

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 $116,338 and $500,865 at September 30, 2010 and 2009, 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, 2010 and 2009.

Cash and Cash Equivalents

For the purpose of the statement 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, 2010 and 2009 consist of mutual funds and money market funds and are recorded at fair value based on quoted market prices. Changes in fair value of investments, including realized gains and losses resulting from sales of securities during the year, are reflected in the statements of activities.

Accounts and Loans Receivable

Receivables are carried at original amounts, which approximates 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 collectibility of receivables was $12,584 and $3,811 at September 30, 2010 and 2009, respectively.

Pledges Receivable

Pledges receivable consists 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, 2010 and 2009. 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. An allowance for doubtful pledges was $2,567 and $3,086 at September 30, 2010 and 2009, 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.

Membership dues are recognized over the applicable dues period. Membership dues received which are applicable to the following year are included in deferred membership dues in the accompanying financial statements. 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.

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.

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.

2. Summary of Significant Accounting Policies (continued)

Reclassifications

Certain amounts in the 2009 financial statements have been reclassified to conform to the 2010 presentation.

3. Merger with The National Federation of Business and Professional Women's Clubs

On July 1, 2009, the Foundation completed its merger with The National Federation of Business and Professional Women's Clubs, Inc. (the "Federation"), a related 501(c)(4) not-for-profit organization in accordance with Plan of Merger (the Plan) that was adopted by the Foundation on May 19, 2009. Under the terms of the Plan, the Federation agreed to transfer and assign substantially all of its tangible and intangible assets to the Foundation, and the Foundation agreed to assume certain liabilities of the Federation at June 30, 2009.

This transaction was accounted for by the purchase method of accounting for business combinations. Assets acquired and liabilities assumed were recorded at their fair values at June 30, 2009, which resulted in negative goodwill in the amount of $111,540. The Foundation determined that the negative goodwill had no substantial future economic benefit. Accordingly, it was immediately written off to contribution revenue. The Foundation has included the financial results from activities acquired from the Federation in the accompanying financial statements from October 1, 2008 through June 30, 2009. The Foundation believes that this transaction will provide organizational and financial benefits of scale.

4. 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 cash deposits and investments with various financial institutions that may, from time to time, exceed insurable limits under the Federal Depository Insurance Corporation (FDIC) and Securities Investor Protection Corporation (SIPC). The Foundation has not experienced any credit losses on its cash 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.

5. Loans Receivable

Through 1998, the Foundation provided loans for continuing post graduate education in business and engineering programs to approved applicants. The loans bear interest at fixed rates, which is typically 7%, and are payable in forty quarterly installments that begin after completion of the graduate program. The components of loans receivable are as follows at September 30:

	2010	2009
Business programs	$ 8,218	$ 13,149
Engineering programs	4,366	5,904
Total loans receivable	12,584	19,053
Less: allowance for doubtful accounts	(12,584)	(3,811)
Loans receivable, net	$ -	$ 15,242

6. Investments

The following summarizes investments and investment income (loss) for the years ended September 30:

Investments	2010	2009
Money market funds	$ 2,106,835	$ 2,667,889
Mutual funds	212,009	675,414
Total investments	$ 2,318,844	$ 3,343,303

Investment Income (Loss)	2010	2009
Inerest and dividends	$ 53,371	$ 73,688
Net realized and unrealized gains (losses)	172,263	(274,866)
Total investment income (loss)	$ 225,634	$ (201,178)

7. 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
2010:				
Mutual funds	$ 2,106,835	$ 2,106,835	$ -	$ -
Money market funds	212,009	212,009	-	-
Investments	2,318,844	2,318,844	-	-
2009:				
Mutual funds	$ 2,667,889	$ 2,667,889	$ -	$ -
Money market funds	675,414	675,414	-	-
Investments	$ 3,343,303	$ 3,343,303	$ -	$ -

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, 2010 and 2009.

8. Property and Equipment

The Foundation held the following property and equipment as of September 30:

	2010	2009
Furniture and fixtures	$ 64,886	$ 63,865
Computer and software	365,104	356,772
Patent	2,734	2,734
Total property and equipment	432,724	423,371
Less: accumulated depreciation	(412,983)	(402,045)
Property and equipment, net	$ 19,741	$ 21,326

9. Operating Lease

During the year, 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 of 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 its immateriality.

Total future minimum lease payments are as follows for the years ending September 30:

2010	$ 23,313
2011	9,928
Total future minimum lease payments	$ 33,241

10. Restricted Net Assets

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

	2010	2009
AARP	$ 56,979	$ -
Virginia Allan Fund	24,478	76,831
General Scholarship Fund	3,044	3,044
Jeannie C. Mock Scholarship Fund	31,197	29,766
Walmart Foundation	-	382,177
Walmart Stores, Inc.	-	8,573
Other	640	474
Total temporarily restricted net assets	$ 116,338	$ 500,865

10. Restricted Net Assets (continued)

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

	2010	2009
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

11. 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 Directors of the Foundation has interpreted District's of Columbia 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.

11. Endowment (continued)

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.

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 \$6,308 and \$54,512 at September 30, 2010 and 2009, respectively.

11. Endowment (continued)

Endowment Composition and Changes in Endowment Net Assets

Endowment net asset composition by type of fund was as follows for the years ended September 30:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
2010:				
Donor-restricted endowment funds	$ (6,308)	$ 640	$ 863,269	$ 857,601
Total funds	$ (6,308)	$ 640	$ 863,269	$ 857,601
2009:				
Donor-restricted endowment funds	$ (54,512)	$ 474	$ 863,269	$ 809,231
Total funds	$ (54,512)	$ 474	$ 863,269	$ 809,231

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 depreciation (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

11. 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, 2009:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ (68,334)	$ 472	$ 863,269	$ 795,407
Investment return:				
Investment income	16,814	76	-	16,890
Net depreciation (realized and unrealized)	(16,264)	(74)	-	(16,338)
Total investment return	550	2	-	552
Return of unused scholarships	13,272	-	-	13,272
Endowment net assets, end of year	$ (54,512)	$ 474	$ 863,269	$ 809,231

12. 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.

Research

The Foundation collects, conducts, and analyzes research on issues affecting women in the workplace.

12. Descriptions of Program and Supporting Services (continued)

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.

13. 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 $13,645 and $7,431 to the plan for the years ended September 30, 2010 and 2009, respectively.

14. Income Taxes

The Foundation is recognized as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code 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 September 30, 2010 and 2009 as the Foundation had no net unrelated business income. The Foundation had no significant uncertain tax positions for the year ended September 30, 2010.

15. Subsequent Events

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through February 17, 2011, the date the financial statements were issued and have determined that there are no subsequent events that require disclosure.