

**WOMEN FOR AFGHAN WOMEN, INC.
AND
WOMEN FOR AFGHAN WOMEN - AFGHANISTAN
COMBINED FINANCIAL STATEMENTS
AND
AUDITORS' REPORTS
DECEMBER 31, 2016**



WOMEN FOR AFGHAN WOMEN, INC.
WOMEN FOR AFGHAN WOMEN - AFGHANISTAN
DECEMBER 31, 2016

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INDEPENDENT AUDITORS' REPORT

To: The Board of Directors of
Women for Afghan Women, Inc.
Women for Afghan Women - Afghanistan

We have audited the accompanying combined financial statements of Women for Afghan Women, Inc. (a U.S. nonprofit organization) and Women for Afghan Women - Afghanistan (a foreign, Afghanistan nonprofit organization), which comprise the combined statement of financial position as of December 31, 2016, and the related combined statements of activities, cash flows and functional expenses for the ten months then ended, and the related notes to the combined financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these combined 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 combined 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 combined financial statements based on our audit. We did not audit the financial statements of Women for Afghan Women - Afghanistan, a foreign corporation, for which its activities and components are identified in the accompanied statements of financial position, activities and functional expenses under the column headings WAW Afghanistan. These statements were audited by another auditor, Grant Thornton Afghanistan, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Women for Afghan Women - Afghanistan, is based solely on their report. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined 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 combined 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 combined 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, based on our audit and the report of the other auditors, the combined financial statements referred to above present fairly, in all material respects, the combined financial position of Women for Afghan Women, Inc. and Women for Afghan Women - Afghanistan as of December 31, 2016, and the combined changes in their net assets and their cash flows for the ten months then ended in accordance with accounting principles generally accepted in the United States of America.

Skody Scot & Company, CPAs, P.C.

New York, NY
January 29, 2018



**WOMEN FOR AFGHAN WOMEN, INC.
WOMEN FOR AFGHAN WOMEN - AFGHANISTAN
COMBINED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2016**

	WAW U.S.	WAW Afghanistan	Combined
ASSETS			
Cash - unrestricted	\$ 592,375	\$ 1,433,404	\$ 2,025,779
Grants and contributions receivable - unrestricted	121,389	-	121,389
Grants and contributions receivable - temporarily restricted	228,611	-	228,611
Other receivables	-	154,248	154,248
Prepaid expenses and other assets	10,114	-	10,114
Property and equipment, net	4,637	-	4,637
Total assets	<u>\$ 957,126</u>	<u>\$ 1,587,652</u>	<u>\$ 2,544,778</u>

LIABILITIES AND NET ASSETS

Liabilities:			
Accounts payable & accrued expenses	\$ 3,519	\$ 162,255	\$ 165,774
Due to grantors	-	315,985	315,985
Total liabilities	<u>3,519</u>	<u>478,240</u>	<u>481,759</u>
Commitments and contingencies (see notes)			
Net Assets:			
Unrestricted	574,996	1,109,412	1,684,408
Temporarily restricted	378,611	-	378,611
Permanently restricted	-	-	-
Total net assets	<u>953,607</u>	<u>1,109,412</u>	<u>2,063,019</u>
Total liabilities and net assets	<u>\$ 957,126</u>	<u>\$ 1,587,652</u>	<u>\$ 2,544,778</u>

See accompanying notes to the combined financial statements.

WOMEN FOR AFGHAN WOMEN, INC.
WOMEN FOR AFGHAN WOMEN - AFGHANISTAN
COMBINED STATEMENT OF ACTIVITIES
TEN MONTHS ENDED DECEMBER 31, 2016

	WAW U.S.	WAW Afghanistan	Combined
Support and Revenues:			
Unrestricted:			
Individual & foundation contributions	\$ 517,061	\$ -	\$ 517,061
Government grants	16,617	5,072,769	5,089,386
Inter-organizational administration fee	224,975	(224,975)	-
Interest & other income/(losses)	111	(8,892)	(8,781)
Special events:			
Event related revenue & support	245,231	-	245,231
Less: related costs	(90,906)	-	(90,906)
Net special event income	<u>154,325</u>	<u>-</u>	<u>154,325</u>
Temporarily Restricted:			
Government grants and contributions	228,611	-	228,611
Total support and revenues	<u>1,141,700</u>	<u>4,838,902</u>	<u>5,980,602</u>
Expenses:			
Program Expenses:			
Community center & advocacy	490,388	-	490,388
Guidance/support centers and shelters	-	4,197,984	4,197,984
Total program expenses	<u>490,388</u>	<u>4,197,984</u>	<u>4,688,372</u>
Supporting Services:			
Management and general	306,866	453,667	760,533
Fundraising	117,934	-	117,934
Total expenses	<u>915,188</u>	<u>4,651,651</u>	<u>5,566,839</u>
Increase/(Decrease) In Net Assets:			
Unrestricted	(2,099)	187,251	185,152
Temporarily restricted	228,611	-	228,611
Permanently restricted	-	-	-
Increase/(decrease) in net assets	<u>226,512</u>	<u>187,251</u>	<u>413,763</u>
Net assets, beginning of year - restated	<u>727,095</u>	<u>606,176</u>	<u>1,333,271</u>
Net assets, end of year	<u>\$ 953,607</u>	<u>\$ 793,427</u>	<u>\$ 1,747,034</u>

See accompanying notes to the combined financial statements.

WOMEN FOR AFGHAN WOMEN, INC.
WOMEN FOR AFGHAN WOMEN - AFGHANISTAN
COMBINED STATEMENT OF FUNCTIONAL EXPENSES
TEN MONTHS ENDED DECEMBER 31, 2016

	Program Expenses			Support Services			Total Expenses
	WAW U.S.	WAW Afghanistan	Total Program	WAW U.S.	WAW Afghanistan	WAW U.S.	
Compensation and related expenses:							
Salaries	\$ 343,876	\$ 2,125,546	\$ 2,469,422	\$ 143,282	\$ 352,066	\$ 85,969	\$ 3,050,739
Payroll taxes & employee benefits	68,883	240,217	309,100	28,701	25,089	17,221	380,111
Total	<u>412,759</u>	<u>2,365,763</u>	<u>2,778,522</u>	<u>171,983</u>	<u>377,155</u>	<u>103,190</u>	<u>3,430,850</u>
Advertising & promotion	-	-	-	963	-	-	963
Bank charges & processing fees	-	-	-	2,214	487	-	2,701
Depreciation & amortization	-	-	-	3,151	-	-	3,151
Education and training	-	44,373	44,373	-	-	-	44,373
Food, clothing & medical expenses	-	541,715	541,715	-	-	-	541,715
Insurance	-	-	-	2,678	-	-	2,678
Local transportation	1,672	-	1,672	1,188	-	-	2,860
Office supplies and expenses	7,299	78,017	85,316	19,306	12,084	-	116,706
Printing, postage and delivery	-	-	-	3,478	-	6,249	9,727
Program expenses - other	32,986	-	32,986	-	-	-	32,986
Professional fees & outside contractors	-	-	-	72,237	17,996	-	90,233
Program supplies & equipment - other	-	61,092	61,092	-	-	-	61,092
Repairs and maintenance	-	19,445	19,445	751	-	-	20,196
Rent and utilities	33,979	600,174	634,153	14,157	40,349	8,495	697,154
Security	-	101,848	101,848	-	-	-	101,848
Telephone, internet & communications	1,591	74,168	75,759	3,285	1,045	-	80,089
Travel, hotels and related expenses	102	142,337	142,439	11,475	-	-	153,914
Vehicles & related expenses	-	169,052	169,052	-	4,551	-	173,603
Total expenses	<u>\$ 490,388</u>	<u>\$ 4,197,984</u>	<u>\$ 4,688,372</u>	<u>\$ 306,866</u>	<u>\$ 453,667</u>	<u>\$ 117,934</u>	<u>\$ 5,566,839</u>

See accompanying notes to the combined financial statements.

**WOMEN FOR AFGHAN WOMEN, INC.
WOMEN FOR AFGHAN WOMEN - AFGHANISTAN
COMBINED STATEMENT OF CASH FLOWS
TEN MONTHS ENDED DECEMBER 31, 2016**

Cash Flows From Operating Activities:

Increase/(decrease) in net assets	\$ 413,763
Adjustments for non-cash items included in operating activities:	
Depreciation and amortization	3,151
Changes in assets and liabilities:	
Grants and contributions receivable	(25,000)
Other receivables	9,191
Due to grantor	(301,248)
Prepaid expenses and other assets	47,501
Accounts payable & accrued expenses	(294,715)
Total adjustments	<u>(561,120)</u>
Net cash provided/(used) by operating activities	<u>(147,357)</u>
Cash Flows From Investing Activities	<u>-</u>
Cash Flows From Financing Activities	<u>-</u>
Net increase/(decrease) in cash	(147,357)
Cash at beginning of year	<u>1,857,151</u>
Cash at end of year	<u><u>\$ 1,709,794</u></u>

See accompanying notes to the combined financial statements.



**WOMEN FOR AFGHAN WOMEN, INC.
WOMEN FOR AFGHAN WOMEN - AFGHANISTAN
NOTES TO COMBINED FINANCIAL STATEMENTS**

1. Nature of Activities and Summary of Significant Accounting Policies

Organization: Women for Afghan Women, Inc. (referred to as WAW) is a not-for-profit corporation, incorporated in the State of New York in January 2002. Women for Afghan Women - Afghanistan is a non-governmental organization registered in Afghanistan in September 2006. The primary purpose of WAW is to provide numerous pro bono services to the expanding Afghan community through the operations of a bustling community center in Queens, New York. The primary purpose of WAW-Afghanistan is to secure and protect the rights of disenfranchised Afghan women and girls through the operation of legal aid centers and emergency and long-term care shelters for women and children in 13 of Afghanistan's 34 provinces. WAW maintains an office in Queens, NY and a satellite office in Washington, DC.

Principles of combination: The accompanying financial statements reflect the combined financial statements of Women for Afghan Women, Inc. and The Women for Afghan Women - Afghanistan (hereafter referred to as the Organization, collectively). The individual entities have interrelated directors and management and share common personnel. All material inter-organizational accounts have been eliminated in combination.

Major source of income: The Organization primarily receives its support from a combination of the U.S. Department of State, foreign government grants, United Nations subdivisions, donations from individuals and foundations, and ticket sales and sponsorships to special events.

Tax exempt status: WAW is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and WAW - Afghanistan is exempt from income taxes under a similar provision in Afghanistan. Accordingly, no provision for federal, state or local income taxes has been recorded.

Programs and services provided: The Organization's two major program areas include the following: Community Center & Advocacy – A community center located in the heart of the Afghan community in Queens, NY that provides a number of pro bono programs and crisis services to entire Afghan families, women and children including immigration and employment support, domestic violence counseling and leadership training. The Organization also raises awareness that has an effect on policies as they relate to the rights and challenges that women face in Afghanistan; and Guidance/Support Centers and Shelters – The operation of *Family Guidance Centers* that provide counseling, mediation and legal aid to women, girls and families who have experienced human rights violations, *Children Support Centers* that house children who were previously living with their mothers in prison emergency and long-term *Shelters* for women and girls who have experienced human rights violations. The Centers and Shelters operate in 13 of Afghanistan's 34 provinces.

WOMEN FOR AFGHAN WOMEN, INC.
WOMEN FOR AFGHAN WOMEN - AFGHANISTAN
NOTES TO COMBINED FINANCIAL STATEMENTS

1. Nature of Activities and Summary of Significant Accounting Policies (continued)

Basis of accounting: The combined financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of presentation: In accordance with GAAP the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Organization is required to present a combined statement of cash flows.

Revenue recognition: All contributions are considered available for the Organization's general programs unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor are reported as temporarily or permanently restricted support and increases in the respective class of net assets. Contributions received with temporary restrictions that are met in the same reporting period are reported as unrestricted support and increase unrestricted net assets.

Grants receivable/due to grantors: The Organization received several grants from the U.S. Department of State for program activities in Afghanistan. In accordance with the grant provisions, the Organization either receives grant funds following the disbursement of approved expenses or is authorized to receive funds in advance of anticipated expenditures. All unreimbursed expenses as of period-end are recorded as grant receivables and all advanced funds not expended are recorded as either refundable advances or deferred income.

Donated services: Some personal services are donated to the Organization by various individuals. The value of the contributed time is not reflected in the accompanying financial statements since the volunteers' time does not meet the criteria for recognition.

Functional expense allocation: The direct costs of providing various programs and other activities have been summarized on a functional basis in the combined statement of activities and in the combined statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Management and general expenses: The Organization classifies expenses, which are not directly related to a specific program, as Management and General expenses.

Estimates and assumptions: Management uses estimates and assumptions in preparing these combined financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

WOMEN FOR AFGHAN WOMEN, INC.
WOMEN FOR AFGHAN WOMEN - AFGHANISTAN
NOTES TO COMBINED FINANCIAL STATEMENTS

1. Nature of Activities and Summary of Significant Accounting Policies (continued)

Property and equipment: Purchased property (consisting of furniture and fixtures and equipment) are stated at cost, less accumulated depreciation. Donated property and equipment are stated at fair value on the date of donation, less accumulated depreciation. Depreciation is computed on the straight-line basis over the respective assets' estimated useful lives of three to five years. Expenditures for maintenance and repairs are charged to current operations. Property and equipment purchased with funds associated with, and in accordance the contractual provisions of domestic and foreign government agency grants, have been expensed and are included in expenses reported on the statement of functional expenses. All property and equipment whose value is deemed negligible or of little value have been written off.

Contribution receivables: Contribution receivables that are expected to be collected within one year are recorded at their net realizable value. Contribution receivables that are expected to be collected in future years are recorded at the present value of estimated future cash flows. All receivables are expected to be received within one year and as such have been stated at their net realizable value with no allowance for uncollectable contributions.

2. Advertising Costs

Direct advertising costs are charged to operations when incurred and are included in operating expenses. Direct advertising expense for the ten months ended December 31, 2016 was \$963.

3. Concentration of Support

The Organization received a majority of its total annual revenue from the U.S. Department of State and several foreign governmental or U.N. subdivisions. The grantors have indicated their desire to continue providing significant contributions to the Organization for the foreseeable future. However, a discontinuation of funding from any one or more of these U.S., U.N. or foreign governmental agencies could put the viability of the Organization at risk.

4. Foreign Currency Gains and Losses

Foreign currency assets (i.e. foreign bank accounts) are translated into U.S. dollar equivalents based on month-end exchange rates. Foreign generated support and revenue and expenses are translated at the average exchange rates. Losses from foreign currency translation are included in other income in the combined statement of activities in the amount of \$13,154.

**WOMEN FOR AFGHAN WOMEN, INC.
WOMEN FOR AFGHAN WOMEN - AFGHANISTAN
NOTES TO COMBINED FINANCIAL STATEMENTS**

5. Property Equipment and Intangibles

Property and equipment by major class consisted of the following at December 31, 2016:

Computer related equipment	\$ 11,767
Other equipment	9,857
Furniture and fixtures	<u>2,630</u>
	24,254
Less: accumulated depreciation	<u>(19,617)</u>
	<u>\$ 4,637</u>

6. Restatement

Unrestricted net assets at March 1, 2016 was adjusted in the amount of (\$13,777). The unrestricted net assets adjustment relates to the erroneous recording of expense and accounts payable instead of due to grantors in the books in the prior year.

7. Subsequent Events

Management has evaluated subsequent events through January 29, 2018, the date the combined financial statements were available to be issued, to evaluate whether any such events warrant adjustment to any reported amounts or inclusion of additional disclosures. No such adjustments or disclosures were judged to be necessary.

8. Restricted Assets

As of December 31, 2016, contributions are restricted for the following activities:

Temporarily restricted:

Restricted for 2017	\$ 350,000
Community Center	<u>28,611</u>
Total	<u>\$ 378,611</u>