



**WOMEN FOR
AFGHAN WOMEN**

**WOMEN FOR AFGHAN WOMEN, INC US AND
AFFILIATE – WOMEN FOR AFGHAN WOMEN – AFGHANISTAN**

AND

**INDEPENDENT AUDITOR'S REPORT ON
COMBINED FINANCIAL STATEMENT**

YEAR ENDING DECEMBER 31, 2018

**WOMEN FOR AFGHAN WOMEN, INC.
COMBINED STATEMENT OF FINANCIAL POSITION**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Women for Afghan Women, Inc. and
Women for Afghan Women - Afghanistan
Fresh Meadows, New York

Report on the Financial Statements

We have audited the accompanying combined financial statements of Women for Afghan Women, Inc. (a Nonprofit Organization) and Women for Afghan Women - Afghanistan, which comprise the combined statement of financial position as of December 31, 2018, and the combined related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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, which statements reflect total assets of \$1,861,882, as of December 31, 2018, and total support and revenues of \$6,789,026, for the year then ended. Those statements were audited by other auditors, 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 the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain

reasonable assurance about whether the combined financial statements are free from 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, 2018, and the combined changes in their net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audits were conducted for the purpose of forming an opinion on the combined financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the combined 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 combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined 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 combined financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2019, on our consideration of Women for Afghan Women, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Women for Afghan Women, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Women for Afghan Women, Inc.'s internal control over financial reporting and compliance.

Jones + Company PC

Los Angeles, California
October 15, 2019

WOMEN FOR AFGHAN WOMEN, INC.
COMBINED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2018

| | WAW-US | WAW Afghanistan | Eliminating Entries | Consolidated |
|--|-------------------|---------------------|---------------------|---------------------|
| ASSETS | | | | |
| Current Assets | | | | |
| Cash and cash equivalents (Note 3) | \$ 269,543 | \$ 525,614 | | \$ 795,157 |
| Investments, at cost | 0 | 0 | | 0 |
| Accounts receivable, net | 0 | 0 | | 0 |
| Interagency receivable | 144,987 | 0 | (144,987) | 0 |
| Grant receivable (Note 4) | 458,222 | 1,298,092 | | 1,756,314 |
| Pledges receivable | 0 | 0 | | 0 |
| Prepaid expenses | 15,100 | 34,669 | | 49,769 |
| Deposit | 9,782 | 3,507 | | 13,289 |
| Total current assets | <u>\$ 897,634</u> | <u>\$ 1,861,882</u> | | <u>\$ 2,614,529</u> |
| Land, buildings and equipment, net (Note 5) | \$ 7,772 | \$ 0 | | \$ 7,772 |
| Investments, at fair market value | 0 | 0 | | 0 |
| Investments, at cost | 0 | 0 | | 0 |
| Cash and cash equivalents - restricted for endowment | 0 | 0 | | 0 |
| TOTAL ASSETS | <u>\$ 905,406</u> | <u>\$ 1,861,882</u> | | <u>\$ 2,622,301</u> |
| LIABILITIES AND NET ASSETS | | | | |
| Current Liabilities | | | | |
| Accounts payable (Note 6) | \$ 10,921 | \$ 154,352 | | \$ 165,273 |
| Due to SIDA Kabul | 1 | 144,987 | (144,987) | 1 |
| Accrued expenses and other liabilities (Note 7) | 1,128 | 1,678 | | 2,806 |
| Payroll, sales tax and related payables | 0 | 326,994 | | 326,994 |
| Deferred revenue | 0 | 234,388 | | 234,388 |
| Current portion of long-term debt | 0 | 0 | | 0 |
| Current portion of notes payable | 0 | 0 | | 0 |
| Total current liabilities | <u>\$ 12,050</u> | <u>\$ 862,399</u> | | <u>\$ 729,462</u> |
| Non-Current portion of long-term debt | \$ 0 | \$ 0 | | \$ 0 |
| Non-Current portion of notes payable | 0 | 0 | | (0) |
| Total liabilities | <u>\$ 12,050</u> | <u>\$ 862,399</u> | | <u>\$ 729,462</u> |
| Net Assets | | | | |
| Without donor restrictions (Note 8) | \$ 847,681 | \$ 999,483 | | \$ 1,847,164 |
| With donor restrictions (Note 9) | 45,676 | 0 | | 45,676 |
| Total net assets | <u>\$ 893,357</u> | <u>\$ 999,483</u> | | <u>\$ 1,892,840</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 905,406</u> | <u>\$ 1,861,882</u> | | <u>\$ 2,622,301</u> |

See accompanying notes to the combined financial statements.

**WOMEN FOR AFGHAN WOMEN, INC.
COMBINED STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2018**

| | WAW-US | WAW Afghanistan | Eliminating Entries | Consolidated |
|---|---------------------|---------------------|---------------------|---------------------|
| Operating Activities: | | | | |
| Unrestricted | | | | |
| Contributions | \$ 253,069 | \$ 6,751,067 | | \$ 7,004,136 |
| Federal Grants - from Afghanistan Grants | 146,695 | 0 | | 146,695 |
| Federal Grants - US Specific Grants | 184,082 | 0 | | 184,082 |
| City Grants - New York Specific | 65,242 | 0 | | 65,242 |
| Honarium Income | 2,450 | 0 | | 2,450 |
| Fiscal Sponsor Income | 6,050 | 0 | | 6,050 |
| Junior Board Income | 370 | 0 | | 370 |
| Foundation Grants | 718,000 | 0 | | 718,000 |
| Special events: (Integral and Ongoing) | | 0 | | 0 |
| Gala 2018 | 169,313 | 0 | | 169,313 |
| Other fundraising Events - NONGALA | 0 | 0 | | 0 |
| Cost of direct benefits to donors | 0 | 0 | | 0 |
| Net fundraising revenue | 0 | 0 | | 0 |
| Fundraising event, net of expenses | 0 | 0 | | 0 |
| (Peripheral and Incidental) | 0 | 0 | | 0 |
| Administrative Fee - Revenue | 98,059 | 0 | | 98,059 |
| Development Institutions | 286,614 | 0 | | 286,614 |
| Foreign Exchange Loss | 0 | (5,611) | | (5,611) |
| Other revenue | 0 | 43,570 | | 43,570 |
| Temporarily Restricted | | | | |
| Government Grants and Contributions | \$ 0 | \$ 6,751,067 | | \$ 6,751,067 |
| Net assets released from restrictions | 0 | (6,751,067) | | (6,751,067) |
| Total revenue and support | \$ 1,929,943 | \$ 6,789,026 | | \$ 8,718,969 |
| Operating Expenses and losses: | | | | |
| Community Center & Advocacy | \$ 1,100,151 | \$ 0 | | \$ 1,100,151 |
| Guidance/Support Centers and Shelters | 0 | 5,989,388 | (129,434) | 5,859,954 |
| Management and general | 437,555 | 866,060 | (36,469) | 1,267,146 |
| Fundraising | 325,306 | 0 | | 325,306 |
| Total expenses | 1,863,011 | 6,855,448 | (165,904) | 8,718,459 |
| Change in net assets from operating activities | \$ 66,932 | \$ (66,422) | | \$ 510 |
| Nonoperating Activities: | | | | |
| Contributions | \$ 0 | \$ 0 | | \$ 0 |
| Interest income | 994 | 0 | | 994 |
| Interest expense | 0 | 0 | | 0 |
| Investment return, net | 0 | 0 | | 0 |
| Change in net assets from nonoperating activities | \$ 994 | \$ 0 | | \$ 994 |
| Change in Net Assets | \$ 67,926 | \$ (66,422) | | \$ 1,504 |
| Net Assets, December 31, 2017 | 825,430 | 1,065,905 | | 1,891,335 |
| Net Assets, December 31, 2018 | \$ 893,357 | \$ 999,483 | | \$ 1,892,840 |

See accompanying notes to the combined financial statements.

**WOMEN FOR AFGHAN WOMEN, INC.
COMBINED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2018**

| | Program Activities | | | Supporting Activities | | | Total Operating Expenses |
|--|--------------------|--------------|-----------------|---------------------------------|------------|--------------------|--------------------------|
| | WAW-US | | WAW Afghanistan | WAW US General & Administrative | | WAW US Fundraising | |
| | | | | | | | |
| Compensation and related expenses: | | | | | | | |
| Salaries | \$ 588,387 | \$ 3,131,234 | \$ 3,719,621 | \$ 278,719 | \$ 531,339 | \$ 190,645 | \$ 4,720,324 |
| Payroll taxes & employee benefits | 170,334 | 288,928 | 459,262 | 94,253 | 83,993 | 33,145 | 670,652 |
| Total Compensation and related expenses: | \$ 758,721 | \$ 3,420,162 | \$ 4,178,883 | \$ 372,972 | \$ 615,332 | \$ 223,790 | \$ 5,390,977 |
| Other expenses | | | | | | | |
| Bank charges & processing fees | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 18,980 | \$ 0 | \$ 18,980 |
| Celebrating International Days | 0 | 12,282 | 12,282 | 0 | 0 | 0 | 12,282 |
| Consultant / Advisor | 0 | 0 | 0 | 0 | 57,582 | 0 | 57,582 |
| Depreciation & amortization | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Education and training | 0 | 193,088 | 193,088 | 0 | 6,204 | 0 | 199,292 |
| Food, clothing & medical expenses | 0 | 685,242 | 685,242 | 0 | 18,006 | 0 | 703,248 |
| Gala Event Expenses | 0 | 0 | 0 | 0 | 0 | 101,516 | 101,516 |
| Generator food and maintenance | 0 | 6,123 | 6,123 | 0 | 0 | 0 | 6,123 |
| Heating material | 0 | 76,278 | 76,278 | 0 | 3,181 | 0 | 79,459 |
| Insurance | 0 | 0 | 0 | 0 | 3,000 | 0 | 3,000 |
| Kitchen supplies | 0 | 9,601 | 9,601 | 0 | 0 | 0 | 9,601 |
| Less: inter-organizational charges | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Local transportation | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Miscellaneous | 14,100 | 30,174 | 44,274 | 0 | 17,918 | 0 | 62,192 |
| Office supplies and expenses | 49,825 | 60,684 | 110,509 | 10,774 | 9,467 | 0 | 130,749 |
| Other supplies pillow mattress | 0 | 26,750 | 26,750 | 0 | 0 | 0 | 26,750 |
| Personal hygiene | 0 | 40,617 | 40,617 | 0 | 0 | 0 | 40,617 |
| Printing, postage and delivery | 0 | 7,224 | 7,224 | 0 | 0 | 0 | 7,224 |
| Professional fees & outside contractors | 67,250 | 0 | 67,250 | 38,400 | 48,050 | 0 | 153,700 |
| Program expenses - other | 18,126 | 0 | 18,126 | 0 | 0 | 0 | 18,126 |
| Program supplies & equipment - other | 31,061 | 104,196 | 135,257 | 0 | 0 | 0 | 135,257 |
| Promotion | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Rent and utilities | 152,224 | 768,082 | 920,306 | 13,998 | 45,172 | 0 | 979,476 |
| Repairs and maintenance | 0 | 32,682 | 32,682 | 0 | 0 | 0 | 32,682 |
| Security | 0 | 93,878 | 93,878 | 0 | 0 | 0 | 93,878 |
| Telephone, internet & communications | 0 | 76,380 | 76,380 | 0 | 6,571 | 0 | 82,951 |
| Travel, hotels and related expenses | 8,845 | 53,066 | 61,911 | 1,411 | 884 | 0 | 64,206 |
| Vehicles & related expenses | 0 | 292,879 | 292,879 | 0 | 15,713 | 0 | 308,592 |
| | \$ 1,100,151 | \$ 5,989,388 | \$ 7,089,539 | \$ 437,555 | \$ 866,060 | \$ 325,306 | \$ 8,718,460 |

See accompanying notes to the combined financial statements.

WOMEN FOR AFGHAN WOMEN, INC.
COMBINED STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2018

| | <u>WAW-US</u> | <u>WAW Afghanistan</u> | <u>Consolidated</u> |
|--|---------------------|------------------------|---------------------|
| Cash Flows from Operating Activities | | | |
| Change in Net Assets | \$ 67,926 | \$ (66,422) | \$ 1,504 |
| Adjustments to reconcile change in net assets to net cash from operating activities: | | | |
| Depreciation | 0 | 0 | 0 |
| Investment return | 0 | 0 | 0 |
| Changes in: | | | |
| Accounts receivable, net | \$ (0) | \$ 0 | 0 |
| Interagency receivable | (476,285) | 0 | (476,285) |
| Grant receivable | (358,222) | (965,597) | (1,323,819) |
| Prepaid expenses | (4,130) | 0 | (4,130) |
| Deposit | 6,967 | (28,920) | (21,953) |
| Accounts payable | (4,446) | 0 | (4,446) |
| Due to SIDA Kabul | 1 | 0 | 1 |
| Accrued expenses and other liabilities | 1,128 | 602,977 | 604,105 |
| Payroll, sales tax and related payables | (0) | 0 | 0 |
| Deferred revenue | (0) | 234,388 | 234,388 |
| Current portion of long-term debt | (0) | 0 | 0 |
| Current portion of notes payable | (0) | 0 | 0 |
| Net Cash Flows from Operating Activities | <u>\$ (767,061)</u> | <u>\$ (223,574)</u> | <u>\$ (990,635)</u> |
| Cash flows from investing activities: | | | |
| Acquisition of land, building and equipment | \$ (1,320) | \$ 0 | \$ (1,320) |
| Proceeds from sale of assets | 0 | 0 | 0 |
| Purchases of investments | 0 | 0 | 0 |
| Proceeds from sales of investments | 0 | 0 | 0 |
| Decrease (increase) in cash and cash equivalents- restricted to endowment | 0 | 0 | 0 |
| Net cash used for investing activities | <u>\$ (1,320)</u> | <u>\$ 0</u> | <u>\$ (1,320)</u> |
| Cash flows from financing activities: | | | |
| Noncontrolling ownership interest in subsidiary contribution | \$ 0 | \$ 0 | \$ 0 |
| Principal payments on long term debt and notes | 0 | 0 | 0 |
| New loan and notes payable borrowings | 0 | 0 | 0 |
| Restricted contributions | 0 | 0 | 0 |
| Net cash provided by financing activities | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> |
| Net increase (decrease) in cash and cash equivalents | \$ (768,381) | \$ (223,574) | \$ (991,955) |
| Cash and Cash Equivalents, December 31, 2017 | <u>\$ 1,037,924</u> | <u>\$ 749,187</u> | <u>\$ 1,787,111</u> |
| Cash and Cash Equivalents, December 31, 2018 | <u>\$ 269,543</u> | <u>\$ 525,613</u> | <u>\$ 795,156</u> |

See accompanying notes to the combined financial statements.

**WOMEN FOR AFGHAN WOMEN, INC.
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018**

1. Nature of Activities

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.

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.

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.

2. Summary of Significant Accounting Policies Organizations:

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.

The combined financial statements of the Organization have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America. The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 dated August 2016, and the provisions of the American Institute of Certified Public Accountants (AICPA) “Audit and Accounting Guide for Not-for-Profit Organizations” (the “Guide”). (ASC) 958-205 was effective January 1, 2018.

Under the provisions of the Guide, net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. The Organization’s board may designate assets without restrictions for specific operational purposes from time to time.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Contributions:

Unconditional contributions are recognized when pledged and recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Gifts of cash and other assets are reported with donor restricted support if they are received with donor stipulations that limit the use of the donated assets.

When a restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Restricted contributions whose restrictions are met in the same reporting period are reported as net assets without donor restriction support. Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Contributions restricted for the acquisition of land, buildings, and equipment are reported as net assets without donor restriction upon acquisition of the assets and the assets are placed in service.

Investments:

Net appreciation (depreciation) in the fair value of investments, which consists of the realized gains or losses and the unrealized appreciation (depreciation) on those investments, is presented in the statement of activities in accordance with donor restrictions as investment

return. Investment return is presented net of investment fees. The average cost method is primarily used to determine the basis for computing realized gains or losses.

Measure of Operations:

The combined statements of activities report all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to Organization's ongoing activities. Non-operating activities are limited to resources that generate return from investments, endowment contributions, financing costs, and other activities considered to be of a more unusual or nonrecurring nature.

New Accounting Pronouncement:

On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

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.

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. accounts have been eliminated in combination.

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 with 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 has 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.

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.

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.

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.

3. Cash and Cash Equivalents

The Organization considers cash on hand, cash in banks, and other short-term securities with original maturities of three months or less to be cash and cash equivalents. From time to time, the Foundation maintains balances in various operating and money market accounts.

The total cash balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per commercial bank. As of December 31, 2018, WAW had approximately \$245,157 in these accounts in excess of the FDIC insurance limits. WAW periodically reviews the quality of the financial institutions it has deposits with to minimize risk of loss.

4. 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.

5. Property Equipment and Intangibles

Property and equipment by major class consisted of the following at:

| | | |
|--------------------------------|----|---------------------|
| Computer related equipment | \$ | 18,865 |
| Other equipment | | 9,927 |
| Furniture and fixtures | | <u>3,874</u> |
| | \$ | 32,666 |
| Less: accumulated depreciation | | <u>(24,894)</u> |
| | \$ | <u><u>7,772</u></u> |

6. Accounts Payable

Represents vendor invoices and credit card balances for normal operating expenses unpaid at year ending.

7. Accrued Expenses

Accrual of payroll salaries, wages, payroll taxes and other related expenses.

8. Net Assets – Without Donor Restriction

At December 31, 2018, all unrestricted net assets are undesignated as to their use.

9. Net Assets – With Donor Restriction

Net assets with donor restrictions are available for the following purposes for the years ended December 31, 2018, respectively.

| | | |
|--------------------------|----|----------------------|
| Booth Ferris | \$ | 45,676 |
| New York Community Trust | | <u>0</u> |
| | \$ | <u><u>45,676</u></u> |

10. Lease Obligations

The following is a schedule of the minimum future lease commitments for operating leases having initial or remaining non-cancelable lease terms greater than one year as of December 31, 2018

| <u>Years</u> | <u>Occupancy - NYCC</u> | <u>Occupancy - NYHQ</u> |
|--------------|-------------------------|-------------------------|
| 2019 | \$ 35,496 | \$ 26,400 |
| 2020 | \$ 36,206 | \$ 26,400 |
| 2021 | \$ 36,930 | \$ 26,400 |
| 2022 | \$ 37,669 | \$ 26,400 |

Rent expense, included in occupancy on the consolidated statement of functional expenses, amounted to \$166,222 for the years ended December 31, 2018.

11. Concentration 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.

12. 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/(losses) in the combined statement of activities in the amount of \$5,611.

13. Subsequent Events

Management has evaluated subsequent events through October 15, 2019, 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.



**INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Directors of
Women for Afghan Women, Inc. and
Women for Afghan Women - Afghanistan
Fresh Meadows, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Women for Afghan Women (a U.S. nonprofit organization), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 15, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Women for Afghan Women’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Women for Afghan Women’s internal control. Accordingly, we do not express an opinion on the effectiveness of Women for Afghan Women’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Women for Afghan Women 's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Los Angeles, California
October 15, 2019