

**WOMEN FOR AFGHAN WOMEN, INC.  
AND  
WOMEN FOR AFGHAN WOMEN IN AFGHANISTAN  
COMBINED FINANCIAL STATEMENTS  
AND  
AUDITORS' REPORTS  
FEBRUARY 28, 2015**

**WOMEN FOR AFGHAN WOMEN, INC.**  
**WOMEN FOR AFGHAN WOMEN IN AFGHANISTAN**  
**FEBRUARY 28, 2015**

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## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying combined financial statements of Women for Afghan Women, Inc. (a U.S. nonprofit organization) and Woman for Afghan Woman in Afghanistan (a foreign, Afghanistan nonprofit organization), which comprise the combined statement of financial position as of February 28, 2015, and the related combined statements of activities, cash flows and functional expenses for the year 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 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 qualified opinion.

***Basis for Qualified Opinion***

Due to the current procedure of withdrawing funds from local banks in various Afghanistan provinces to pay for various local program related expenses, we were unable to obtain sufficient and appropriate audit evidence to corroborate balances reported as Expense Advances in the Organization's combined statement of financial position as of February 28, 2015. As such, we were unable to determine whether the balances were materially correct or whether any adjustments to those amounts were necessary.

***Qualified Opinion***

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the combined financial statements referred to above present fairly, in all material respects, the combined financial position of Women for Afghan Women, Inc. and Woman for Afghan Woman in Afghanistan as of February 28, 2015, and the combined changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Skody Scot & Company, CPAs, P.C.*

New York, NY  
September 29, 2016

**WOMEN FOR AFGHAN WOMEN, INC.**  
**WOMEN FOR AFGHAN WOMEN IN AFGHANISTAN**  
**COMBINED STATEMENT OF FINANCIAL POSITION**  
**FEBRUARY 28, 2015**

**ASSETS**

Cash - unrestricted	\$ 1,344,589
Cash - temporarily restricted	160,449
Grants and contributions receivable - unrestricted	119,569
Grants and contributions receivable - temporarily restricted	300,000
Expense advances	298,443
Prepaid expenses and other assets	57,928
Property and equipment, net	175,460
Total assets	<u><u>\$ 2,456,438</u></u>

**LIABILITIES AND NET ASSETS**

Liabilities:	
Accounts payable & accrued expenses	\$ 443,660
Due to grantors	617,232
Total liabilities	<u>1,060,892</u>
Commitments and contingencies (see notes)	
Net Assets/(Deficit)	
Unrestricted	935,097
Temporarily restricted	460,449
Permanently restricted	-
Total net assets/(deficit)	<u>1,395,546</u>
Total liabilities and net assets/(deficit)	<u><u>\$ 2,456,438</u></u>

**See accompanying notes to the combined financial statements.**

**WOMEN FOR AFGHAN WOMEN, INC.  
WOMEN FOR AFGHAN WOMEN IN AFGHANISTAN  
COMBINED STATEMENT OF ACTIVITIES  
YEAR ENDED FEBRUARY 28, 2015**

**Support and Revenues:**

Unrestricted:

Government grants	\$ 5,223,581
Individual & foundation contributions	554,395
Interest & other income	54,992
Release of restricted assets	1,607,184
Special events:	
Event related revenue & support	290,855
Less: related costs	(24,353)
Net special event income	<u>266,502</u>

Temporarily Restricted:

Contributions	300,000
Release of restricted assets	<u>(1,607,184)</u>
Total support and revenues	<u>6,399,470</u>

**Expenses:**

Program Expenses:

Community center & advocacy	726,611
Guidance/support centers and shelters	<u>5,928,754</u>
Total program expenses	<u>6,655,365</u>

Supporting Services:

Management and general	407,083
Fundraising	<u>132,302</u>
Total expenses	<u>7,194,750</u>

Increase/(Decrease) In Net Assets:

Unrestricted	511,904
Temporarily restricted	(1,307,184)
Permanently restricted	-
Increase/(decrease) in net assets	<u>(795,280)</u>

Net assets/(deficit), beginning of year - restated 2,190,826

Net assets/(deficit), end of year \$ 1,395,546

**See accompanying notes to the combined financial statements.**

**WOMEN FOR AFGHAN WOMEN, INC.**  
**WOMEN FOR AFGHAN WOMEN IN AFGHANISTAN**  
**COMBINED STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED FEBRUARY 28, 2015**

	<u>Program Expenses</u>			<u>Support Services</u>		<u>Total Expenses</u>
	<u>Community Center &amp; Advisory</u>	<u>Guidance/ Support Centers &amp; Shelters</u>	<u>Total Program</u>	<u>Management &amp; General</u>	<u>Fundraising</u>	
Compensation and related expenses:						
Salaries	\$ 333,973	\$ 2,899,787	\$ 3,233,760	\$ 164,861	\$ 88,671	3,487,292
Payroll taxes & employee benefits	72,717	115,038	187,755	13,588	19,306	220,649
Total	<u>406,690</u>	<u>3,014,825</u>	<u>3,421,515</u>	<u>178,449</u>	<u>107,977</u>	<u>3,707,941</u>
Advertising & promotion	-	-	-	2,255	-	2,255
Bank charges & processing fees	-	-	-	4,056	-	4,056
Depreciation & amortization	236,373	-	236,373	-	-	236,373
Dues & membership fees	-	-	-	559	-	559
Education and training	15,933	37,321	53,254	-	-	53,254
Event expenses - other	-	-	-	-	5,114	5,114
Food, clothing & medical expenses	-	728,151	728,151	-	-	728,151
Insurance	-	-	-	724	-	724
Local transportation	-	-	-	1,265	-	1,265
Miscellaneous	-	-	-	3,989	870	4,859
Office supplies and expenses	-	-	-	103,427	-	103,427
Printing, postage and delivery	-	-	-	3,671	110	3,781
Professional fees & outside contractors	-	-	-	55,703	7,213	62,916
Program supplies & equipment - other	8,514	235,830	244,344	-	-	244,344
Repairs and maintenance	-	17,325	17,325	1,360	-	18,685
Rent and utilities	38,578	948,673	987,251	45,351	10,243	1,042,845
Telephone, internet & communications	2,919	93,086	96,005	6,274	775	103,054
Travel, hotels and related expenses	17,604	220,620	238,224	-	-	238,224
Vehicles & related expenses	-	331,676	331,676	-	-	331,676
Disallowed gov't expenses (SIGAR)	-	301,247	301,247	-	-	301,247
Total expenses	<u>\$ 726,611</u>	<u>\$ 5,928,754</u>	<u>\$ 6,655,365</u>	<u>\$ 407,083</u>	<u>\$ 132,302</u>	<u>\$ 7,194,750</u>

See accompanying notes to the combined financial statements.

**WOMEN FOR AFGHAN WOMEN, INC.  
WOMEN FOR AFGHAN WOMEN IN AFGHANISTAN  
COMBINED STATEMENT OF CASH FLOWS  
FEBRUARY 28, 2015**

Cash Flows From Operating Activities:

Increase/(decrease) in net assets \$ (795,280)

Adjustments for non-cash items included in operating activities:

Depreciation and amortization 236,373

Changes in assets and liabilities:

Grants and contributions receivable (419,569)

Expense advances 308,131

Prepaid expenses, other receivables and other assets (48,035)

Accounts payable & accrued expenses (81,050)

Due to grantor 617,232

Total adjustments 613,082

Net cash provided/(used) by operating activities (182,198)

Cash Flows From Investing Activities:

Purchase of property and equipment (129,350)

Retirement of property and equipment 128,839

Net cash provided/(used) by investing activities (511)

Cash Net cash provided/(used) by investing activities -

Net increase/(decrease) in cash (182,709)

Cash at beginning of year 1,687,747

Cash at end of year \$ 1,505,038

**See accompanying notes to the combined financial statements.**



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

**1. Nature of Activities and Summary of Significant Accounting Policies**

**Organization:** Women for Afghan Women, Inc. (hereafter referred to as WFAF) is a not-for-profit corporation, incorporated in the State of New York on January, 2002. The Women for Afghan Women in Afghanistan (hereafter referred to as WFAF-Afghan) is a non-governmental organization registered in Afghanistan on September, 2006. The primary purpose of WFAF is to provide numerous pro bono services to the expanding Afghani community through the operations of a bustling community center in Queens, New York. The primary purpose of WFAF-Afghan 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. WFAF 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 in 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:** WFAF is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and WFAF-Afghan is exempt from income taxes under a similar provision in Afghanistan. Accordingly, no provision for federal, state or local income taxes has been recorded. The Organization does not believe its financial statements include any uncertain tax positions.

**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 provides a number of pro bono programs and crisis services to entire Afghani 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 provided 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 IN 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.

**Expense advances:** Funds are withdrawn from local banks in various Afghanistan providences and used to pay for upcoming expenditures and recorded as expense advances until expenditures are made. Once made, expense advances are reduced and related expenditures are recorded in appropriate expenditure categories.

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

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

**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.

**Property and equipment:** Purchased property (consisting of vehicles, 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.

**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 year ended February 28, 2015 was \$2,255.

**3. Concentration of Support**

The Organization received approximately 20% of its total annual revenue from the U.S. Department of State and another 50% from 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 expense are translated at the average exchange rates. Gains from foreign currency translation are included in other income in the combined statement of activities in the amount of \$54,870.

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

**5. Property Equipment and Intangibles**

Property and equipment by major class consisted of the following at February 28, 2015:

Vehicles	\$ 737,712
Furniture and fixtures	147,741
Computer related equipment	61,837
Other equipment	104,837
Organizational costs	<u>500</u>
	1,052,627
Less: accumulated depreciation and amortization	<u>( 877,167)</u>
	<u>\$ 175,460</u>

**6. Restatement**

Unrestricted restricted net assets at March 1, 2014 was adjusted in the amount of (\$266,176). The unrestricted net assets adjustment relates to the erroneous recording of \$11,027 in cash, \$91,678 in accounts receivable and \$163,471 in property and equipment and accumulated depreciation in the WFAF books in the prior year .

**7. Subsequent Events**

Management has evaluated subsequent events through September 29, 2016, 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 February 28, 2015, contributions are restricted for the following activities:

Temporarily restricted:

Program services in Afghanistan	\$ 160,449
Time restricted	<u>300,000</u>
Total	<u>\$ 460,449</u>