

Huirou Commission: Women Homes & Community

**Financial Statements
and
Independent Auditors' Report**

For the Fiscal Year Ending December 31, 2012

Huairou Commission: Women Homes & Community

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Independent Auditors' Report

To the Board of Trustees of
Huairou Commission: Women Homes & Community
Brooklyn, New York

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Huairou Commission: Women Homes & Community (the "Organization"), which comprise of the consolidated statement of financial position as of December 31, 2012, and the related consolidated 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 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 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 financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 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, the financial statements referred to above present fairly, in all material respects, the financial position Huairou Commission: Women Homes & Community as of December 31, 2012, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the basic financial statements. The statement of functional expenses on page 10 and the statement of activities - detailed on page 11 are presented for purposes of additional analysis and are not a required part of the basic 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 basic financial statements as a whole.

A handwritten signature in blue ink that reads "Vargas & Rivera, LLP". The signature is written in a cursive, flowing style.

Vargas & Rivera, LLP
Certified Public Accountants
New City, New York
June 30, 2013

Huairou Commission: Women Homes Community
Statement of Financial Position
December 31, 2012

ASSETS

ASSETS

Cash (Note 2)	\$ 1,042,965
Due from Related Parties (Note 3)	23,256
Prepaid Expenses	<u>8,272</u>
TOTAL ASSETS	<u>\$ 1,074,493</u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts Payable and Accrued Expenses	<u>\$ 50,160</u>
TOTAL LIABILITIES	<u>50,160</u>

NET ASSETS

Unrestricted	157,900
Temporarily Restricted	<u>866,433</u>
TOTAL NET ASSETS	<u>1,024,333</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,074,493</u>

Huairou Commission: Women Homes Community
Statement of Activities
For the Year Ended December 31, 2012

	Unrestricted	Temporarily Restricted	Total
UNRESTRICTED PUBLIC SUPPORT AND REVENUE			
Public Support:			
Governmental, Corporate and Foundation Grants	\$ 865,316	\$ 1,062,707	\$ 1,928,023
Individual Contributions	11,712		11,712
Total Public Support	877,028	1,062,707	1,939,735
Other Revenues			
Interest & Dividends	2,531	-	2,531
Net Assets Released From Restrictions	346,274	(346,274)	-
Total Public Support and Other Revenue	1,225,833	716,433	1,942,266
EXPENSES			
Program Services	1,292,138	-	1,292,138
Management and General	148,854	-	148,854
Fundraising	40,410	-	40,410
Total Expenses	1,481,402	-	1,481,402
Change in Unrestricted Net Assets	(255,569)	716,433	460,864
Net Assets, Beginning of Year	413,469	150,000	563,469
Net Assets, End of Year	\$ 157,900	\$ 866,433	\$ 1,024,333

Huairou Commission: Women Homes Community
Statement of Cash Flows
For the Year Ended December 31, 2012

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in Net Assets	\$ 460,864
Changes in Assets and Liabilities:	
(Increase)/Decrease in Grants Receivable	99,941
(Increase)/Decrease in Prepaid Expenses	(6,758)
Increase/(Decrease) in Accounts Payable	7,318
Increase/(Decrease) in Due to Related Parties	<u>(36,608)</u>
TOTAL ADJUSTMENTS	<u>63,893</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>524,757</u>
NET INCREASE IN CASH	524,757
CASH - BEGINNING OF YEAR	<u>518,208</u>
CASH - END OF YEAR	<u><u>\$ 1,042,965</u></u>

Huairou Commission: Women Homes Community
Notes to the Financial Statements
For the year ended December 31, 2012

NOTE 1 – NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

The Huairou Commission: Women Homes & Community (the "Organization"), established in 1995 at the 4th World Conference on Women in Beijing, is a global coalition of networks, non-governmental and grassroots organizations, institutions and individual professionals that links grassroots women's community development organizations to partners for access to resources, information sharing and opportunities to participate in political spaces. On November 18, 2003, Huairou was incorporated in New York State and was granted 501(c)(3) status by the Internal Revenue Service in April, 2008. Grassroots Organizations Operating Together in Sisterhood, Inc. (Groots) acted as a financial conduit for Huairou until January, 2009.

Basis of Presentation

The financial statements have been prepared using the accrual basis of accounting. Additionally, the financial statement presentation follows the requirements of the Financial Accounting Standards Board Accounting Standards Codification (FASB ASC), which requires the Organization 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.

Unrestricted Net Assets, Temporarily Restricted Net assets and Permanently Restricted Net Assets

Unrestricted net assets represent those assets whose use by the Organization is not restricted by donors, even though their use may be limited on other respects, such as by contract or board designation. Current unrestricted funds and current restricted funds are reported in this classification.

Temporarily restricted net assets results from contributions and other inflows of net assets whose use by the Organization is limited by donor-imposed stipulations that either expire by the passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations.

Permanently restricted net assets result from contributions and inflows of net assets whose use by the Organization is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization.

Restricted and Unrestricted Revenue and Support

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor imposed restrictions.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a 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 Statement of Activities as net assets released from restrictions.

Property and Equipment

The Organization records office furniture, equipment and leasehold improvements at cost. Office furniture, equipment are depreciated using the straight-line method over the estimated useful lives of the assets, which range from 5 to 10 years. Leasehold improvements are amortized over the remaining life of the related lease agreements.

Huairou Commission: Women Homes Community
Notes to the Financial Statements
For the year ended December 31, 2012

NOTE 1 – NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

Huairou is exempt from federal income taxes under Section 501 (c) (3) of the Internal Revenue Code.

Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Organization considers all unrestricted highly liquid investments with a partial maturity of three months or less to be cash equivalents.

Functional Expenses

The costs of the Organization's programs and supporting services have been reported on a functional basis in the Statement of Functional Expenses. Expenses are charged to each donor project based on direct expenses incurred. A portion of all expenses are allocated to management and/or fundraising based on nature of the expense incurred.

NOTE 2 – CASH AND CASH EQUIVALENTS

At December 31, 2012, the Organization had a total of \$1,042,965 on deposit. Certain donor funds, per grant agreement requirements, are maintained in separate accounts.

General Operating	345,811
SIDA	553,974
Cordaid	45,411
Womens Land Link Africa Account	60,373
NORAD	34,709
Human Impact	1,731
Petty Cash	956
	<u>\$ 1,042,965</u>

The Organization maintains its cash in bank deposits accounts which, at times, may exceed federally insured limits. As of December 31, 2012, the Federal Depository Insurance Corporation (FDIC) has removed insured limits from non-interest bearing checking accounts through December 31, 2012. The Organization does have a policy of distributing bank balances when insured limits are reached. The Organization has not experienced any losses in any such accounts.

NOTE 3 – DUE FROM (TO) RELATED PARTIES

Huairou shares some operating and consultant costs with Grssroots Organizations Operating Together in Sisterhood, Inc. (Groots) for efficiency. Amounts due from related parties are as follows:

Due to Groots	<u>\$ 23,256</u>
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Huairou Commission: Women Homes Community
Notes to the Financial Statements
For the year ended December 31, 2012

NOTE 4 – GRANTS AND INCOME

Huairou receives major funding support from multi and bi-lateral government agencies, international nongovernmental organizations and foundations (private and corporate) which stipulate the extent to which funds are to be used to insure direct support to six developing regions and to promote global networking, institutional policy advocacy and coordinated communication.

During 2012, Huairou's major support, consisted of the following:

SIDA	\$ 741,825
Norwegian Ministry of Foreign Affairs	320,882
United Nations Development Program	206,000
United Nations International Strategy for Disaster Relief (UN - ISDR)	15,000
United Nations Habitat	126,720
NORAD	513,498
Human Impact	9,250
	<u>\$ 1,933,175</u>

Unrestricted funds are received based on project cycles that may be greater than one year in duration or vary from fiscal year reporting periods. This may result in a large carry-over of assets to provide for the approved grant projects. The significant decrease in expenses for 2012 was due to that a significant portion of the grant income was received in the latter part of 2012, and which are to be expended in 2013.

NOTE 5 – FUNCTIONAL EXPENSE DESCRIPTIONS

Huairou uses expense categories that describe their programmatic areas as follows:

Field Organizing - includes Pilots, Mapping and other types of participatory and/or field organizing activities that member groups conduct. Line items in this category could include coordination, travel (local, car hire, etc.) communication (phone cards, translation), meeting venue, food/meals, accommodation, facilitation consultants, and occasionally materials.

Peer Learning - includes Academies, Exchange and Training workshops conducted at the local, national or global level by member groups. Line items could include coordination/preparation, local, national and global travel, and communications.

Advocacy and Alliance Building - expenses related to participation in policy meetings and dialogues with government officials and policy makers. Expenses are primarily in travel and advocacy materials creation.

Tool and Material Creation - documentation, consulting, printing, layout and design, reproduction of material and translation.

Travel and related expenses as reported in the line item are related to Secretariat monitoring and consultancy travel expense.

NOTE 6 – SUBSEQUENT EVENTS

Management has evaluated all subsequent events and transactions through June 30, 2013, the date the financial statements were available to be issued. No events require recognition in the financial statements or disclosures of the Organization per the definitions and requirements of FASB ASC.

SUPPLEMENTARY INFORMATION

Huairou Commission: Women Homes Community
Schedule of Functional Expenses
For the Year Ended December 31, 2012

	<u>Program Services</u>	<u>Management & General</u>	<u>Fund- Raising</u>	<u>TOTAL</u>
Staff Salaries & Consultants	\$ 407,016	\$ 64,690	\$ 24,827	\$ 496,533
Field Organizing: Pilots, Mapping, Monitoring	559,667	-	-	559,667
Advocacy and Alliance Building	49,998	6,000	-	55,998
Peer Learning	46,800	-	-	46,800
Documentation: Tool & Material Creation	4,435	-	-	4,435
Travel & Related Expenses	194,391	36,448	12,149	242,988
Professional/Admin. Fees & Expenses	9,934	37,251	2,483	49,668
Communication Expenses	6,852	1,827	458	9,137
Occupancy & Utilities	7,395	1,972	493	9,860
Equipment Purchase and Maintenance	5,650	666	-	6,316
TOTAL	<u>\$ 1,292,138</u>	<u>\$ 148,854</u>	<u>\$ 40,410</u>	<u>\$ 1,481,402</u>

HUAIROU COMMISSION: WOMEN, HOMES & COMMUNITY
STATEMENT OF ACTIVITIES - DETAILED
FOR THE YEAR ENDED DECEMBER 31, 2012

	UN AGENCIES & OTHER DONORS											SPECIAL PROJECTS/ EVENTS & GENERAL SUPPORT	TOTAL
	COMMUNITY RESILIENCE, LAND & HOUSING					DEMOCRATIZING DECISION MAKING			SUSTAINABLE CITIES & HUMAN SETTLEMENTS				
	SIDA	NORAD	NORWEGIAN MFA	UNISDR	ANONYMOUS DONOR	UNDP: ACCESS TO JUSTICE	UNDP: ANTI-CORRUPTION	UNDP: TOOLS TO CHANGE	CORDAID: URBAN MATTERS	CORDAID: HIV AIDS	UN HABITAT		
Revenues and Support:													
Governmental, Corporate and Foundation Grants	\$ 741,825	\$ 513,498	\$ 320,882	\$ 15,000		\$ 75,000	\$ 60,000	\$ 65,000	\$ -	\$ -	\$ 126,720	\$ 15,250	\$ 1,933,175
Donations and Contributions	-	-	-	-	-	-	-	-	-	-	-	6,560	6,560
Other Income/Interest	1,313	283	88		257	-	-	-	22	568	-	-	2,531
Total Revenues and Support:	743,138	513,781	320,970	15,000	257	75,000	60,000	65,000	22	568	126,720	21,810	1,942,266
Expenses:													
Staff Salaries & Consultants	110,607	105,401	9,035	10,300	35,350	39,267	19,691	5,911	36,794	36,695	35,373	52,109	496,533
Field Organizing: Pilots, Mapping, Monitoring	44,043	370,563	-	2,400	11,595	18,773	13,729	36,000	6,694	22,969	31,710	1,191	559,667
Advocacy and Alliance Building	4,000	5,653	-	9,850	15,000	-	-	-	7,495	14,000	-	-	55,998
Peer Learning	-	1,380	-	1,182	30,000	-	-	-	-	1,422	12,816	-	46,800
Documentation: Tool & Material Creation	-	-	-	-	2,000	-	108	2,227	-	-	100	-	4,435
Travel & Related Expenses	21,263	15,991	-	3,549	18,536	4,086	28,632	178	15,827	42,707	85,720	6,499	242,988
Professional/Admin. fees & expenses	4,232	8,883	2,530	701	4,256	160	2,441	7,589	554	5,237	6,672	6,413	49,668
Communication expenses	125	510	-	467	3,325	-	445	352	155	1,088	2,175	495	9,137
Occupancy & Utilities	-	5,400	-	-	-	-	-	-	2,700	-	-	1,760	9,860
Equipment purchase and maintenance	1,840	-	-	1,251	-	-	-	-	-	-	2,559	666	6,316
Total Expenses:	186,110	513,781	11,565	29,700	120,062	62,286	65,046	52,257	70,219	124,118	177,125	69,133	1,481,402
Increase (Decrease) in Net Assets	557,028	-	309,405	(14,700)	(119,805)	12,714	(5,046)	12,743	(70,197)	(123,550)	(50,405)	(47,323)	460,864
Net Assets at Beginning of Year	-	-	-	-	150,000	-	70,959	-	71,162	175,074	22,093	74,181	413,469
Transfer of remaining (balance) deficit	-	-	-	14,700	(30,195)	-	-	-	(965)	-	28,312	(11,852)	-
Net Assets at End of Year	557,028	-	309,405	-	-	12,714	65,913	12,743	-	51,524	-	15,006	1,024,333
UNRESTRICTED PORTION	-	-	-	-	-	12,714	65,913	12,743	-	51,524	-	15,006	157,900
TEMP. RESTRICTED PORTION	557,028	-	309,405	-	-	-	-	-	-	-	-	-	866,433