

Huirou Commission: Women Homes & Community

**Financial Statements
and
Independent Auditors' Report**

For the Fiscal Year Ending December 31, 2014

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 financial statements of Huairou Commission: Women Homes & Community (the "Organization"), which comprise the statement of financial position as of December 31, 2014, and the 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 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 in 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, 2014, 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 activities - detailed on page 11 is presented for purposes of additional analysis and is 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
July 29, 2015

Huairou Commission: Women Homes Community
Statement of Financial Position
December 31, 2014

ASSETS

ASSETS

Cash (Note 2)	\$	994,688
Grants Receivable (Note 3)		216,095
Due from Related Parties (Note 4)		722
Other Receivables		6,677
Prepaid Expenses		<u>2,131</u>
TOTAL ASSETS	\$	<u><u>1,220,313</u></u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts Payable and Accrued Expenses	\$	<u>192,844</u>
TOTAL LIABILITIES		<u>192,844</u>

NET ASSETS

Unrestricted		10,903
Temporarily Restricted		<u>1,016,566</u>
TOTAL NET ASSETS		<u>1,027,469</u>

TOTAL LIABILITIES AND NET ASSETS	\$	<u><u>1,220,313</u></u>
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Huairou Commission: Women Homes Community
Statement of Activities
For the Year Ended December 31, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
UNRESTRICTED PUBLIC SUPPORT AND REVENUE			
Public Support:			
Governmental, Corporate and Foundation Grants	\$ 54,826	\$ 1,630,618	\$ 1,685,444
Individual Contributions	54,534		54,534
Total Public Support	<u>109,360</u>	<u>1,630,618</u>	<u>1,739,978</u>
Other Revenues			
Interest & Dividends	2,702	-	2,702
Miscellaneous Income	3,960	-	3,960
Total Other Revenue	<u>6,662</u>	<u>-</u>	<u>6,662</u>
Net Assets Released From Restrictions	<u>1,566,231</u>	<u>(1,566,231)</u>	<u>-</u>
Total Public Support and Other Revenue	<u>1,682,253</u>	<u>64,387</u>	<u>1,746,640</u>
EXPENSES			
Program Services	1,586,561	-	1,586,561
Management and General	164,548	-	164,548
Fundraising	26,378	-	26,378
Total Expenses	<u>1,777,487</u>	<u>-</u>	<u>1,777,487</u>
Change in Unrestricted Net Assets	(95,234)	64,387	(30,847)
Net Assets, Beginning of Year	<u>106,137</u>	<u>952,179</u>	<u>1,058,316</u>
Net Assets, End of Year	<u>\$ 10,903</u>	<u>\$ 1,016,566</u>	<u>\$ 1,027,469</u>

Huairou Commission: Women Homes Community
Schedule of Functional Expenses
For the Year Ended December 31, 2014

	<u>Program Services</u>	<u>Management & General</u>	<u>Fund- Raising</u>	<u>TOTAL</u>
Staff Salaries & Consultants	\$ 471,436	\$ 84,227	\$ 15,361	\$ 571,024
Field Organizing: Pilots, Mapping, Monitoring	638,282	-	-	638,282
Advocacy and Alliance Building	98,018	-	-	98,018
External Resource Experts	12,785	-	-	12,785
Peer Learning	30,385	-	-	30,385
Documentation: Tool & Material Creation	49,602	-	-	49,602
Travel & Related Expenses	236,810	41,884	7,639	286,333
Professional/Admin. Fees & Expenses	22,747	30,652	1,958	55,357
Communication Expenses	10,707	3,824	764	15,295
Occupancy & Utilities	9,834	2,622	656	13,112
Equipment Purchase and Maintenance	5,955	1,339	-	7,294
TOTAL	<u>\$ 1,586,561</u>	<u>\$ 164,548</u>	<u>\$ 26,378</u>	<u>\$ 1,777,487</u>

Huairou Commission: Women Homes Community
Statement of Cash Flows
For the Year Ended December 31, 2014

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in Net Assets	\$ (30,847)
Changes in Assets and Liabilities:	
(Increase)/Decrease in Grants Receivable	(174,081)
(Increase)/Decrease in Accounts Receivable - Other	312
(Increase)/Decrease in Prepaid Expenses	(2,131)
Increase/(Decrease) in Accounts Payable	<u>(147,743)</u>
 TOTAL ADJUSTMENTS	 <u>(323,643)</u>
 NET CASH USED BY OPERATING ACTIVITIES	 <u>(354,490)</u>
 NET DECREASE IN CASH	 (354,490)
 CASH - BEGINNING OF YEAR	 <u>1,349,178</u>
 CASH - END OF YEAR	 <u><u>\$ 994,688</u></u>

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, 2014

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, 2014 , the Organization had a total of \$994,688 on deposit. Certain donor funds, per grant agreement requirements, are maintained in separate accounts.

General Operating	98,524
SIDA	624,158
Margaret A. Cargill Foundation	119,087
NORAD	152,919
	<u>\$ 994,688</u>

The Organization maintains its cash in bank deposits accounts which, at times, may exceed federally insured limits. 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 – GRANTS RECEIVABLE

At December 31, 2014, the Organization had grant receivables totaling \$216,095, as shown below.

NORAD	196,095
USAID	20,000
	<u>\$ 216,095</u>

NOTE 4 – DUE FROM (TO) RELATED PARTIES

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

Due from Groots	<u>\$ 722</u>
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Huairou Commission: Women Homes Community
Notes to the Financial Statements
For the year ended December 31, 2014

NOTE 5 – 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.

SIDA	\$ 653,070
NORAD	447,548
Margaret A. Cargill Foundation	100,000
USAID	90,000
DAMPA/WRC	34,800
United Nations Development Programs	303,615
Human Impact	48,897
Various	7,514
	<u>\$ 1,685,444</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.

NOTE 6 – 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 - related to peer learning, program review and policy advocacy activities member groups participate in during the year as well as secretariat monitoring and consultancy travel expense.

NOTE 7 – SUBSEQUENT EVENTS

Management has evaluated all subsequent events and transactions through July 29, 2015 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
STATEMENT OF ACTIVITIES - DETAILED
FOR THE YEAR ENDED DECEMBER 31, 2014

	COMMUNITY RESILIENCE, LAND & HOUSING						UN AGENCIES & OTHER DONORS				SPECIAL PROJECTS - HUMAN IMPACT	SPECIAL PROJECTS/ EVENTS & GENERAL SUPPORT	TOTAL
	SIDA	NORAD	MARGARET A. CARGILL FOUNDATION	NORWEGIAN MFA	USAID	DAMPA/ WRC	DEMOCRATIZING DECISION MAKING			CORDAID: HIV AIDS			
							UNDP: ACCESS TO JUSTICE	UNDP: ANTI-CORRUPTION	UNOPS/GLTN				
Revenues and Support:													
Governmental, Corporate and Foundation Grants	\$ 653,070	\$ 447,548	\$ 100,000	\$ -	\$ 90,000	\$ 34,800	\$ -	\$ 100,000	\$ 205,200	\$ (1,585)	\$ 48,897	\$ 7,514	\$ 1,685,444
Donations and Contributions	-	-	-	-	-	-	-	-	-	-	46,750	7,784	54,534
Other Income/Interest	1,125	223	1,034	246	-	-	-	-	-	-	-	4,034	6,662
Total Revenues and Support:	<u>654,195</u>	<u>447,771</u>	<u>101,034</u>	<u>246</u>	<u>90,000</u>	<u>34,800</u>	<u>-</u>	<u>100,000</u>	<u>205,200</u>	<u>(1,585)</u>	<u>95,647</u>	<u>19,332</u>	<u>1,746,640</u>
Expenses:													
Staff Salaries & Consultants	271,222	75,872	75,538	26,838	19,283	-	2,250	16,112	-	7,878	62,450	13,581	571,024
Field Organizing: Pilots, Mapping, Monitoring	132,586	219,280	139,966	28,173	3,135	-	-	61,830	30,300	4,000	648	18,364	638,282
Advocacy and Alliance Building	13,918	-	-	-	69,600	-	-	-	14,500	-	-	-	98,018
External Resource Experts	2,000	-	-	10,785	-	-	-	-	-	-	-	-	12,785
Peer Learning	-	-	-	5,200	-	-	-	-	19,000	-	-	6,185	30,385
Documentation: Tool & Material Creation	7,788	-	5,476	5,478	-	-	-	-	12,400	-	100	18,360	49,602
Travel & Related Expenses	113,060	93	4,694	59,659	-	-	4	56,881	21,318	2,763	4,845	23,016	286,333
Professional/Admin. fees & expenses	16,749	1,635	3,800	6,808	2,127	-	1,860	595	4	692	11,163	9,924	55,357
Communication expenses	11,823	-	189	20	1,502	-	-	229	-	-	60	1,472	15,295
Occupancy & Utilities	5,800	-	2,320	-	1,232	-	-	-	-	-	-	3,760	13,112
Equipment purchase and maintenance	3,394	-	2,776	-	-	-	-	-	-	-	620	504	7,294
Total Expenses	<u>578,340</u>	<u>296,880</u>	<u>234,759</u>	<u>142,961</u>	<u>96,879</u>	<u>-</u>	<u>4,114</u>	<u>135,647</u>	<u>97,522</u>	<u>15,333</u>	<u>79,886</u>	<u>95,166</u>	<u>1,777,487</u>
Increase (Decrease) in Net Assets	<u>75,855</u>	<u>150,891</u>	<u>(133,725)</u>	<u>(142,715)</u>	<u>(6,879)</u>	<u>34,800</u>	<u>(4,114)</u>	<u>(35,647)</u>	<u>107,678</u>	<u>(16,918)</u>	<u>15,761</u>	<u>(75,834)</u>	<u>(30,847)</u>
Net Assets at Beginning of Year	492,518	-	268,273	133,750	6,652	-	3,693	50,986	4,937	16,370	767	80,370	1,058,316
Transfer of remaining (balance) deficit	-	-	-	8,965	227	-	421	-	-	548	-	(10,161)	-
Net Assets at End of Year	<u>\$ 568,373</u>	<u>\$ 150,891</u>	<u>\$ 134,548</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 34,800</u>	<u>\$ -</u>	<u>\$ 15,339</u>	<u>\$ 112,615</u>	<u>\$ -</u>	<u>\$ 16,528</u>	<u>\$ (5,625)</u>	<u>\$ 1,027,469</u>
UNRESTRICTED PORTION	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,528</u>	<u>\$ (5,625)</u>	<u>\$ 10,903</u>
TEMP. RESTRICTED PORTION	<u>\$ 568,373</u>	<u>\$ 150,891</u>	<u>\$ 134,548</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 34,800</u>	<u>\$ -</u>	<u>\$ 15,339</u>	<u>\$ 112,615</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,016,566</u>