

WOMEN'S BUSINESS DEVELOPMENT CENTER

**INDEPENDENT AUDITORS' REPORT AND
FINANCIAL STATEMENTS**

JUNE 30, 2015

Dated: September 24, 2015

WOMEN'S BUSINESS DEVELOPMENT CENTER
INDEPENDENT AUDITORS' REPORT AND
FINANCIAL STATEMENTS

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Women's Business Development Center

We have audited the accompanying financial statements of the Women's Business Development Center (an Illinois not-for-profit corporation) which comprise the statement of financial position as of June 30, 2015, and the related statements of activities and changes in net assets, functional expenses and cash flows for the fiscal 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 of America. 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 of Women's Business Development Center as of June 30, 2015, and the changes in its net assets and its cash flows, for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Women's Business Development Center's 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 3, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Kopczyk & Scott CPAs
Kopczyk & Scott CPAs

Chicago, Illinois
September 24, 2015

WOMEN'S BUSINESS DEVELOPMENT CENTER

EXHIBIT A

STATEMENT OF FINANCIAL POSITION

AS OF JUNE 30, 2015 AND JUNE 30, 2014

ASSETS

	<u>2015</u>	<u>2014</u>
Cash (Notes 1 and 4)	\$1,418,497	\$1,446,123
Contributions Receivable (net of reserve for bad debt \$ 20,000 and \$ 15,000 Note 6)	186,900	313,155
Government Receivables	171,793	420,539
Miscellaneous Receivables	11,018	16,686
Prepaid Expenses	14,200	57,945
Investments (Notes 1 and 5)	158,416	156,454
Investment-Restricted (net of reserve for collateral impairment of \$116,119 and \$186,000 Notes 5 and 11)	535,566	672,888
Notes Receivable (net of reserve for collateral impairment of \$ 45,460 and \$ 50,000 Notes 6 and 11)	133,546	151,135
Fixed Assets, Net of Accumulated Depreciation and Amortization (Notes 1 and 7)	109,801	26,530
Security Deposits	6,738	6,738
Total Assets	<u>\$2,746,475</u>	<u>\$3,268,193</u>

LIABILITIES AND NET ASSETS

	<u>2015</u>	<u>2014</u>
Accounts Payable	\$73,238	\$24,589
Accrued Payroll and Related Taxes	85,471	74,398
Accrued Expenses	30,041	28,591
Accrued Compensated Vacation	25,504	32,727
Deferred Compensation (Note 13)	0	218,418
Deferred Rent	10,948	12,697
	<u>225,202</u>	<u>391,420</u>
Net Assets (See Exhibit B):		
Unrestricted --		
Undesignated for General Activities	0	0
Board Designated (Note 10)	676,166	379,285
Invested in Fixed Assets	109,801	26,530
Total Unrestricted	<u>785,967</u>	<u>405,815</u>
Temporarily Restricted -- (Notes 1 and 11)		
Purpose	1,735,306	2,292,500
Future Periods	0	178,458
Total Temporarily Restricted	<u>1,735,306</u>	<u>2,470,958</u>
	<u>2,521,273</u>	<u>2,876,773</u>
Total Liabilities and Net Assets	<u>\$2,746,475</u>	<u>\$3,268,193</u>

The accompanying notes are an integral part of this statement.

WOMEN'S BUSINESS DEVELOPMENT CENTER

EXHIBIT B

**STATEMENT OF ACTIVITIES
AND CHANGES IN NET ASSETS**

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	TOTALS			
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2015</u>	<u>2014 (Note 12)</u>
Revenue:				
Public Support:				
Contributions	\$1,550,389	\$670,220	\$2,220,609	\$2,579,101
Grants - Governmental Agencies	754,998	0	754,998	1,488,408
Total Public Support	<u>2,305,387</u>	<u>670,220</u>	<u>2,975,607</u>	<u>4,067,509</u>
Other Revenue:				
Seminars	46,242		46,242	46,447
Fees from Women Business Owners	831,575		831,575	810,710
Fee Income from National Certification Organization	147,827		147,827	106,957
Loan Fees	3,791		3,791	9,298
Interest and Dividends	4,816		4,816	4,385
Program Interest (Note 11)	23,911		23,911	31,013
Unrealized gain/(loss)on investment (Note 1)	1,136		1,136	493
Total Other Revenue	<u>1,059,298</u>	<u>0</u>	<u>1,059,298</u>	<u>1,009,303</u>
Net Assets Released from Restrictions:				
Satisfaction of Donor Restrictions	1,405,872	(1,405,872)	0	0
Total Revenue	<u>4,770,557</u>	<u>(735,652)</u>	<u>4,034,905</u>	<u>5,076,812</u>
Expenses: (See Exhibit C)				
Program Services:				
Program Services	3,607,265		3,607,265	3,333,537
Supporting Services:				
Management and General	479,988		479,988	458,168
Fundraising	303,152		303,152	306,102
	<u>783,140</u>		<u>783,140</u>	<u>764,270</u>
Total Expenses	<u>4,390,405</u>	<u>0</u>	<u>4,390,405</u>	<u>4,097,807</u>
Change in Net Assets before Extraordinary Item	380,152	(735,652)	(355,500)	979,005
Extraordinary Item - Deferred Compensation and related Payroll Taxes (Note 13)	0	0	0	(452,791)
Change in Net Assets	380,152	(735,652)	(355,500)	526,214
Net Assets, Beginning of Fiscal Year	405,815	2,470,958	2,876,773	2,350,559
Net Assets, End of Fiscal Year (To Exhibit A)	<u>\$785,967</u>	<u>\$1,735,306</u>	<u>\$2,521,273</u>	<u>\$2,876,773</u>

The accompanying notes are an integral part of this statement.

WOMEN'S BUSINESS DEVELOPMENT CENTER

EXHIBIT C

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	PROGRAM SERVICES	Management and General		Fundraising	Total	TOTALS	
		2015	2014			2015	(Note 12)
Salaries	\$1,355,907	\$214,690	\$165,465	\$380,155	\$1,736,062	\$1,594,509	
Group Benefits	121,152	19,183	14,784	33,967	155,119	116,968	
Safe Harbor 401(k) / Profit Sharing Plan (Note 8)	46,915	7,428	5,725	13,153	60,068	24,454	
Payroll Taxes	120,851	19,135	14,748	33,883	154,734	156,854	
Total Salaries and Related Expenses	1,644,825	260,436	200,722	461,158	2,105,983	1,892,785	
Advertising	289,575	536	413	949	290,524	183,354	
Amortization (Note 7)	0	3,950	0	3,950	3,950	0	
Bad Debt Provision	0	10,000	0	10,000	10,000	0	
Bank, Credit Card and Loan Fees	19,880	1,030	794	1,824	21,704	18,242	
Collateral Impairment Expense (Note 11)	138,000	0	0	0	138,000	147,000	
Conferences, Trainings and Meetings	363,725	22,649	17,149	39,798	403,523	328,201	
Depreciation (Note 7)	0	7,580	0	7,580	7,580	7,580	
Equipment Rental, Repair, & Maintenance	19,261	3,050	2,351	5,401	24,662	25,379	
Insurance	13,119	2,006	1,546	3,552	16,671	17,457	
Occupancy (Note 9)	220,525	27,158	19,612	46,770	267,295	203,459	
Office Expense	2,625	11,304	0	11,304	13,929	16,503	
Office Supplies	13,838	5,491	1,689	7,180	21,018	66,729	
Postage and Shipping	12,960	1,964	1,514	3,478	16,438	21,915	
Printing	49,735	1,504	1,159	2,663	52,398	77,385	
Professional Fees	109,921	68,915	13,414	82,329	192,250	192,979	
Program Supplies	22,292	0	0	0	22,292	21,001	
Services	578,757	29,746	22,925	52,671	631,428	720,720	
Subscription and Dues	6,452	1,021	787	1,808	8,260	9,730	
Telephone	20,617	3,265	2,516	5,781	26,398	22,276	
Travel	81,158	18,383	16,561	34,944	116,102	125,112	
Total Functional Expenses (To Exhibit B)	\$3,607,265	\$479,988	\$303,152	\$783,140	\$4,390,405	\$4,097,807	

The accompanying notes are an integral part of this statement.

WOMEN'S BUSINESS DEVELOPMENT CENTER

EXHIBIT D

STATEMENT OF CASH FLOWS FOR THE FISCAL YEARS ENDED
JUNE 30, 2015 AND JUNE 30, 2014

	<u>2015</u>	<u>2014</u>
Cash Flows from Operating Activities:		
Increase/(Decrease) in net assets (See Exhibit B)	<u>(\$355,500)</u>	<u>\$526,214</u>
Adjustments to reconcile increase/(decrease) in net assets to net cash provided by/(used in) operating activities:		
Bad debt provision	10,000	0
Collateral impairment expense	138,000	147,000
Depreciation and Amortization	11,530	7,580
Unrealized (gain)/loss on investment	(1,962)	(493)
Changes in assets and liabilities:		
(Increase)/Decrease in contributions receivable	116,255	177,177
(Increase)/Decrease in government receivables	248,746	(254,214)
(Increase)/Decrease in miscellaneous receivables	5,668	(617)
(Increase)/Decrease in prepaid expenses	43,745	(1,525)
(Increase)/Decrease in notes receivables	(411)	(110,882)
Increase/(Decrease) in accounts payable and accrued expenses	53,949	13,944
Increase/(Decrease) in deferred compensation	(218,418)	218,418
Increase/(Decrease) in deferred rent	(1,749)	(3,460)
	<u>405,353</u>	<u>192,928</u>
Net cash provided by/(used in) operating activities	<u>49,853</u>	<u>719,142</u>
Cash Flows from Investing Activities:		
Investment - additions	(797)	(378,422)
Investment - withdrawals	18,120	0
Fixed Asset Additions	(94,802)	0
Net cash provided by/(used in) investing activities	<u>(77,479)</u>	<u>(378,422)</u>
Net increase/(decrease) in cash	(27,626)	340,720
Cash , Beginning of Fiscal Year	<u>1,446,123</u>	<u>1,105,403</u>
Cash , End of Fiscal Year (To Exhibit A)	<u>\$1,418,497</u>	<u>\$1,446,123</u>
Cash paid for interest	<u>\$0</u>	<u>\$0</u>

The accompanying notes are an integral part of this statement.

WOMEN'S BUSINESS DEVELOPMENT CENTER
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

Note 1--Summary of Significant Accounting Policies:

Basis of Accounting -- The accompanying financial statements have been prepared on the accrual basis of accounting and in accordance with United States generally accepted accounting principles applicable to nonprofit organizations.

Donated Services and Materials -- Donated services are recognized for those that improve or enhance property or equipment (as contributions and increases to the basis of equipment) or for those that require specialized skills (as contributions and expenses). During fiscal years 2015 and 2014, the organization estimated and recorded contributions for professional services, advertising, volunteer speakers, consulting and rent in the amount of \$419,800 and \$348,600, respectively.

A substantial number of volunteers have donated significant amounts of their time to the organization's programs and supporting services, but no amounts have been recorded for the value of their services, in accordance with provisions of Accounting Standards Codification ("ASC") 958-605-25-16 *Not for Profit Entities - Revenue Recognition - Contributions Received - Contributed Services*. During each of fiscal years 2015 and 2014, management estimates the organization received approximately 3,400 and 1,900 hours of volunteer services valued at \$136,000 and \$129,000, respectively.

During fiscal years 2015 and 2014, the organization estimated and recorded donated materials worth approximately \$59,200 and \$138,400, respectively.

Women's Business Development Center reports gifts of property and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used.

Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash and other assets that must be used to acquire long-lived assets would be reported as restricted support. Absent explicit donor stipulations about how those long-lived assets must be maintained, the organization would report expirations of donor restrictions when the donated or acquired long-lived assets were placed in service.

Cash -- Cash consists of immediately available funds (checking and savings accounts).

Investments -- The organization holds donated shares of common stock and certificates of deposit. These investments are reported in the financial statements at fair market value. Realized and unrealized gains and losses are reflected in the accompanying financial statements as increases or decreases in unrestricted net assets.

Fixed Assets -- Fixed assets are stated at cost. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets: computers, 3 years; equipment, 5 years; furniture, fixtures, 10 years and leasehold improvements over life of the lease -- 8 years.

WOMEN'S BUSINESS DEVELOPMENT CENTER
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

Note 1--Summary of Significant Accounting Policies (continued):

Temporarily Restricted Net Assets -- The organization reports grants and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor 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 statements of activities as net assets released from restrictions, except that donor-restricted contributions received in the current year are recorded as unrestricted support where restrictions have been satisfied during the same year.

Restricted Revenue -- Restricted grants are segregated and shown separately on the report. The organization has established procedures to insure that grant provisions are complied with as is required by its various donors.

Estimates -- The preparation of financial statements in conformity with United States generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Functional Expenses -- Operating expenses directly identified with a functional area are charged to such area and, where such expenses affect more than one area, they are allocated to the respective areas on the basis of ratios, as estimated by management.

Subsequent Events -- The financial statements were available to be issued on September 24, 2015 with subsequent events being evaluated through this date.

Note 2--Nature of Activities:

The Women's Business Development Center (the "Organization") assists all prospective and current business owners with management, marketing, financial counseling, access to capital, and provides WBENC (Women's Business Enterprise National Council, Inc.) certification of WBEs (Women Business Enterprise).

Since its inception, the WBDC has been on the forefront of economic development policy and program development to accelerate the growth of women-owned businesses and business ownership within underrepresented populations, including veterans.

Note 3--Tax Status:

The Organization has been determined by the Internal Revenue Service to be exempt from Federal income tax under Section 501(a) as described under Section 501(c)(3) of the U. S. Internal Revenue Code and exempt from Illinois income tax under the comparable state law. Accordingly, no provision for income tax has been established, and contributions to it are deductible within the limitations as prescribed by the Internal Revenue Code.

The Organization files income tax returns in the U.S. federal jurisdiction and Illinois. With few exceptions, the Organization is no longer subject to U.S. federal, state and local, or non-U.S. income tax examinations by tax authorities prior to fiscal year ended June 30, 2012. The Organization does not expect a material net change in unrecognized tax benefits in the next twelve months.

WOMEN'S BUSINESS DEVELOPMENT CENTER
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

Note 4—Restricted Cash:

Cash includes restricted cash for the following purposes at June 30 (Note 11):

	<u>2015</u>	<u>2014</u>
Conference - Annual in September	\$94,420	\$281,070
Development of Online Business Education Classes	65,000	17,120
Access to Capital	90,000	0
Business Financial Literacy	0	50,000
Regional Development Workshops	80,500	18,450
Small Business Marketing E-Learning Series	16,000	73,600
Webinars and Training	0	78,000
Childcare Education	7,500	0
Business Risk Management	65,000	85,000
Vetprenuership Program	110,000	90,000
Training in low to moderate income areas 06/14/14- 06/13/15 (Future)	0	75,000
City of Chicago Microloans	<u>359,281</u>	<u>323,865</u>
Restricted Cash	887,701	1,092,105
Unrestricted Cash	<u>530,796</u>	<u>354,018</u>
	<u>\$1,418,497</u>	<u>\$1,446,123</u>

Note 5--Fair Value Measurements:

ASC Topic 820 *Fair Value Measurements and Disclosures* established a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under ASC Topic 820 are described as follows:

Level 1:

Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2:

Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

WOMEN'S BUSINESS DEVELOPMENT CENTER
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

Note 5 –Fair Value Measurements (continued):

Level 3:

Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value.

There have been no changes in the methodologies used at June 30, 2015 and 2014.

Investment-Restricted: Valued at the outstanding collectible balance. Management provides for probable uncollectible amounts through a provision for collateral impairment expenses and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off. (see Note 11 Revolving Loan Fund).

Certificate of Deposit: Valued at an estimated fair value as of June 30, 2015 and 2014 based on quoted prices for similar assets in an active market.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of June 30, 2015 and 2014.

Assets at Fair Value as of June 30, 2015

<u>Description</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Common Stock on Major Exchange (Cost \$2,288) and	\$ 7,589	\$ 0	\$ 0	\$ 7,589
Certificate of Deposit (Cost \$150,000)	0	150,827	0	150,827
Investment-Restricted Certificates of Deposit (Cost \$535,566)	<u>0</u>	<u>535,566</u>	<u>0</u>	<u>535,566</u>
Total Assets at fair value	<u>\$ 7,589</u>	<u>\$ 686,393</u>	<u>\$ 0</u>	<u>\$ 693,982</u>

WOMEN'S BUSINESS DEVELOPMENT CENTER
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

Note 5 –Fair Value Measurements (continued):

Assets at Fair Value as of June 30, 2014

<u>Description</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Common Stock on Major Exchange (Cost \$2,288) and	\$ 6,454	\$ 0	\$ 0	\$ 6,454
Certificate of Deposit (Cost \$150,000)	0	150,000	0	150,000
Investment-Restricted Certificates of Deposit (Cost \$672,888)	<u>0</u>	<u>672,888</u>	<u>0</u>	<u>672,888</u>
Total Assets at fair value	<u>\$ 6,454</u>	<u>\$ 822,888</u>	<u>\$ 0</u>	<u>\$ 829,342</u>

Note 6—Contributions and Notes Receivable:

Contributions - unconditional promises are included in the financial statements as contributions receivable and revenue of the appropriate net asset category. Contributions expected to be collected in one year or less are recorded at net realizable value because that amount, although not equivalent to the present value of estimated future cash flows, results in a reasonable estimate of fair value.

Unconditional promises are expected to be realized in the following period:

	<u>2015</u>	<u>2014</u>
In one year or less	\$206,900	\$328,155
Between one year and five years	0	0
More than five years	<u>0</u>	<u>0</u>
	206,900	328,155
Less Discount of \$0 and allowance of \$20,000	<u>20,000</u>	<u>15,000</u>
	<u>\$186,900</u>	<u>\$313,155</u>

Notes Receivable – The amount includes loan principal plus fees and consists of twenty one promissory notes ranging from \$3,200 to \$25,000. The interest rates range from 11% to 18% and loan life terms range from 12 to 24 months. Notes expected to be collected in one year up to five years are recorded at net realizable value because that amount, although not equivalent to the present value of estimated future cash flows, results in a reasonable estimate of fair value. (see Note 11 Revolving Loan Fund).

	<u>2015</u>	<u>2014</u>
In one year or less	\$59,333	\$ 114,810
Between one year and five years	119,673	86,325
More than five years	<u>0</u>	<u>0</u>
	179,006	201,135
Less Discount of \$0 and allowance of \$45,460	<u>45,460</u>	<u>50,000</u>
	<u>\$ 133,546</u>	<u>\$151,135</u>

WOMEN'S BUSINESS DEVELOPMENT CENTER
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

Note 7--Fixed Assets:

At June 30, 2015 and 2014, the cost and accumulated depreciation of fixed assets were as follows:

	<u>2015</u>	<u>2014</u>
Computers	\$ 37,000	\$ 37,000
Furniture and Fixtures	75,800	75,800
Equipment	12,091	12,091
Leasehold Improvements	<u>94,801</u>	<u>0</u>
	219,692	124,891
Less Accumulated Amortization	3,950	0
Less Accumulated Depreciation	<u>105,941</u>	<u>98,361</u>
	<u>\$ 109,801</u>	<u>\$ 26,530</u>

Depreciation expense charged to operations for the fiscal years ended June 30, 2015 and 2014 totaled \$7,580 and \$7,580 respectively. Amortization expense charged to operations for the fiscal years ended June 30, 2015 and 2014 totaled \$3,950 and \$0 respectively.

Note 8— Safe Harbor 401(k) Plan/ Profit Sharing Plan:

Women's Business Development Center had established a defined contribution profit sharing plan for the benefit of the Organization's employees. The Profit Sharing Plan was amended to a Safe Harbor 401(k) plan effective January 1, 2014. The plan is administered by a plan administrator. Eligibility requirements are defined by the plan. For the fiscal years ended June 30, 2015 and 2014, the organization contributed an amount based on participants' compensation and amount of compensation deferred, which totaled to \$60,068 and \$ 24,454, respectively.

Kopczyk & Scott, CPAs has not audited the contributions to the safe Harbor 401(k) and profit sharing plan, nor the plan itself.

Note 9--Lease Obligations:

Women's Business Development Center occupies office spaces at 8 South Michigan Avenue, Chicago, Illinois under a lease which expires February 28, 2023, at 250 South 2nd Avenue, Minneapolis, MN under a memorandum of understanding on month-to-month basis and at Aurora Regional Chamber of Commerce 43 W. Galena Blvd., Aurora, IL under a lease for period of one year, unless earlier terminated by either party within 90 days.. The office lease at 8 South Michigan Avenue provides for base rent with three percent annual increases. In addition, the lease includes operation and real estate tax increases over the base year, as defined.

Approximate aggregate minimum annual rental payments (excluding real estate tax and consumer price index increases) under such lease are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2016	\$177,600
2017	182,900
2018	191,300
2019	202,800
2020	208,900
Thereafter	<u>588,000</u>
	<u>\$1,551,500</u>

Total rent charges to operations for the fiscal years ended June 30, 2015 and 2014, amounted to \$176,041 and \$168,720, respectively.

WOMEN'S BUSINESS DEVELOPMENT CENTER
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

Note 10--Board Designated:

The Women's Business Development Center established a Board Designated Fund with excess resources from operations beginning with the fiscal year ended June 30, 2005. Approval of the Board is required for expenditure of the principal, the purpose of which is to create an operating reserve fund of at least nine months for the Organization. This fund is not restricted. The Net Assets Designated by the Board of Directors at June 30, 2015 and 2014 was \$676,166 and \$379,285, respectively.

Note 11--Temporarily Restricted Net Assets:

Temporarily restricted net assets were attributable to the following purposes as of June 30, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Conference - Annual in September	\$221,220	\$488,070
Development of Online Business Education Classes	65,000	17,120
Access to Capital	90,000	0
Business Financial Literacy	0	50,000
Regional Development Workshops	80,500	18,450
Small Business Marketing E-Learning Series	16,000	73,600
Webinars and Training	0	78,000
Childcare Education	7,500	0
Business Risk Management	85,000	85,000
Vetprenuership Program	120,000	105,000
State of Illinois Loan Funds	557,260	677,260
City of Chicago Microloan Funds	<u>492,826</u>	<u>700,000</u>
Total Purpose	1,735,306	2,292,500
Future Periods	<u>0</u>	<u>178,458</u>
Total Temporarily Restricted	<u>\$1,735,306</u>	<u>\$2,470,958</u>

State of Illinois Loan Fund

The Child Care Loan Fund was started with the amount of \$380,000 awarded and received as of June 30, 2001. From this award \$80,000 was allocated to the administration of the program. The remaining \$300,000 was restricted to collateralize the child care provider loans and recorded as temporarily restricted revenue. The \$300,000 was invested in a one year certificate of deposit, on August 8, 2002, renewing annually and held as collateral by the financial institution funding and administering the loans. The certificate of deposit is decreased for loan defaults. The interest rate is 0.20% for the term ending August 8, 2015 and 0.20% for the term ended August 8, 2014. As of June 30, 2015 and June 30, 2014 the balance is \$107,617 and \$130,466, respectively.

WOMEN'S BUSINESS DEVELOPMENT CENTER
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

Note 11--Temporarily Restricted Net Assets (continued):

An additional Grant in the amount of \$625,000 was awarded and received November 1, 2010. From this award \$125,000 was for the administration of the program. The remaining \$500,000 was restricted to collateralize loans to qualified small business owners and recorded as temporarily restricted revenue. The \$500,000 was invested in one year certificates of deposit, renewing annually and held as collateral by the financial institution funding and administering the loans. The certificates of deposit are decreased for loan defaults. The interest rate is 0.35% at June 30, 2015 and June 30, 2014. As of June 30, 2015 and June 30, 2014 the balance is \$347,626 and \$500,000, respectively.

An additional Loan Fund in the amount of \$278,422 was received August 26, 2013. From this award \$50,000 was for the administration of the program. The remaining \$228,422 was restricted to collateralize loans to qualified small business owners and recorded as temporarily restricted revenue. The \$228,422 was invested in one year certificate of deposit, renewing annually and held as collateral by the financial institution funding and administering the loans. The certificates of deposit are decreased for loan defaults. The interest rate is 0.35% at June 30, 2015 and June 30, 2014. As of June 30, 2015 and June 30, 2014 the balance is \$196,442 and \$228,422, respectively

The loans outstanding are collateralized by Women's Business Development Center in the amounts of \$296,264 and \$480,134 at June 30, 2015 and 2014, respectively. Loan commitments at June 30, 2015 and 2014 were approximately \$0 and \$0, respectively.

City of Chicago Microloan Fund

A grant of \$300,000 was awarded on July 20, 2012. The organization received grant amounts to fund new properly approved microloans to small businesses in Chicago and is recorded as temporarily restricted revenue. After using the grants for microloans, the returned principal becomes unrestricted as of the expiration of agreement on October 31, 2013 with the expectation that repaid loans are to be used for additional loans (Note 6 Notes Receivable). As of June 30, 2015 the repayments of \$189,174 were released from the temporary restricted fund.

An additional Grant was awarded on March 25, 2014 in the amount of \$450,000. \$ 225,000 was received on May 29, 2014 and the balance of \$225,000 is recorded as a Government receivable as of June 30, 2014 and received on November 24, 2014. The \$450,000 is restricted to collateralize loans to qualified small business owners and recorded as temporarily restricted revenue until December 31, 2016. On January 01, 2017 all returned principal becomes unrestricted. (Note 6 Notes Receivable).

The Microloan Notes Receivable (Note 6 Notes Receivable) outstanding as of June 30, 2015 and 2014 are \$179,006 and \$201,135 and the remaining Microloan Funds of \$359,281 and \$323,865 respectively, are kept in a separate Bank Account as a requirement of the Grantor. Loan commitments at June 30, 2015 and 2014 were approximately \$0 and \$0, respectively.

WOMEN'S BUSINESS DEVELOPMENT CENTER
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

Note 11--Temporarily Restricted Net Assets (continued):

A reserve for collateral impairment has been established. The reserve for collateral impairment was estimated by management.

A summary of the activity is as follows.

	Investment (Loan Fund)	Notes Receivable (Microloan Fund)
Balance as of June 30, 2013	\$ 79,000	\$10,000
Reserve – Collateral Impairment Expense	<u>107,000</u>	<u>40,000</u>
Balance as of June 30, 2014	186,000	50,000
Reserve – Collateral Impairment Expense	120,000	18,000
Loan write offs	<u>(189,881)</u>	<u>(22,540)</u>
Balance as of June 30, 2015	<u>\$116,119</u>	<u>\$45,460</u>

Program Interest earned for fiscal years ended June 30, 2015 and 2014 in amounts of \$23,911 and \$31,013, respectively.

Note 12--Comparative Totals for Prior Year:

Amounts shown in the accompanying financial statements (Exhibits B and C) as comparative totals for the fiscal year ended June 30, 2014 are included only to provide a basis for comparison with the fiscal year ended June 30, 2015 and are not intended to present all information for the fiscal year ended June 30, 2014 necessary for a fair presentation in accordance with United States generally accepted accounting principles. Certain amounts from the prior year have been reclassified in order to provide a basis for comparison with the current year.

Note 13—Extraordinary Item – Deferred Compensation:

On July 31, 2013 the Organization founders (Co-presidents) retired and were provided deferred compensation and related payroll taxes totaling \$452,791 to be paid over twenty-four months beginning August 1, 2013.

At June 30, 2015 the deferred compensation liability was \$0.

ADDITIONAL INFORMATION



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INDEPENDENT AUDITOR'S REPORT
ON ADDITIONAL INFORMATION

To the Board of Directors
Women's Business Development Center

We have audited the financial statements of Women's Business Development Center as of and for the fiscal year ended June 30, 2015 and have issued our report thereon dated September 24, 2015, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Financial Position (Schedule A-1) and Schedule of Activities and Changes in Net Assets (Schedule B-1) for the for the fiscal years ended June 30, 2015 and June 30, 2014 is presented for purposes of additional analysis and is not a required part of the 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 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 financial statements as a whole.

Kopczyk & Scott CPAs
Kopczyk & Scott CPAs

Chicago, Illinois
September 24, 2015

WOMEN'S BUSINESS DEVELOPMENT CENTER

SCHEDULE A-1

**SCHEDULE OF FINANCIAL POSITION
WITH SUPPLEMENTARY INFORMATION
AS OF JUNE 30, 2015 AND JUNE 30, 2014**

ASSETS

	<u>2015</u>	<u>2014</u>
Cash	\$1,059,216	\$1,122,258
Cash Restricted for Loans	359,281	323,865
	<u>1,418,497</u>	<u>1,446,123</u>
Contributions Receivable (net of reserve for bad debt \$ 20,000 and \$ 15,000)	186,900	313,155
Government Receivables	171,793	420,539
Miscellaneous Receivables	11,018	16,686
Prepaid Expenses	14,200	57,945
Investments	158,416	156,454
Investment-Restricted (net of reserve for collateral impairment of \$ 116,119 and \$ 186,000)	535,566	672,888
Notes Receivable (net of reserve for collateral impairment of \$ 45,460 and \$ 50,000)	133,546	151,135
Fixed Assets, Net of Accumulated Depreciation	109,801	26,530
Security Deposits	6,738	6,738
Total Assets	<u>\$2,746,475</u>	<u>\$3,268,193</u>

LIABILITIES AND NET ASSETS

	<u>2015</u>	<u>2014</u>
Accounts Payable	\$73,238	\$24,589
Accrued Payroll and Related Taxes	85,471	74,398
Accrued Expenses	30,041	28,591
Accrued Compensated Vacation	25,504	32,727
Deferred Compensation	0	218,418
Deferred Rent	10,948	12,697
	<u>225,202</u>	<u>391,420</u>
Net Assets (See Schedule B-1):		
Unrestricted –		
Undesignated for General Activities	0	0
Board Designated	486,992	379,285
Loan Fund Repayments	189,174	0
Invested in Fixed Assets	109,801	26,530
Total Unrestricted	<u>785,967</u>	<u>405,815</u>
Temporarily Restricted		
Purpose Other	464,000	427,170
Purpose Conference	221,220	488,070
Future Periods	0	178,458
Total Temporarily Restricted Other	<u>685,220</u>	<u>1,093,698</u>
Loan Fund	1,050,086	1,377,260
Total Temporarily Restricted	<u>1,735,306</u>	<u>2,470,958</u>
	<u>2,521,273</u>	<u>2,876,773</u>
Total Liabilities and Net Assets	<u>\$2,746,475</u>	<u>\$3,268,193</u>

WOMEN'S BUSINESS DEVELOPMENT CENTER

SCHEDULE B-1

**SCHEDULE OF ACTIVITIES
AND CHANGES IN NET ASSETS
WITH SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	Unrestricted	Temporarily Restricted Other	Temporarily Restricted Loan Fund	TOTALS	
				2015	2014
Revenue:					
Public Support:					
Contributions	\$1,550,389	\$670,220	\$0	\$2,220,609	\$2,483,727
WBENC Host	0			0	95,374
Grants - Governmental Agencies	754,998		0	754,998	1,488,408
Total Public Support	2,305,387	670,220	0	2,975,607	4,067,509
Other Revenue:					
Seminars	46,242			46,242	46,447
Fees from Women's Business Owners	831,575			831,575	810,710
Fee Income from National Certification Organization	147,827			147,827	106,957
Loan Fees	3,791			3,791	9,298
Interest and Dividends	4,816			4,816	4,385
Program Interest	23,911			23,911	31,013
Unrealized gain/(loss)on investment	1,136			1,136	493
Total Other Revenue	1,059,298	0	0	1,059,298	1,009,303
Net Assets Released from Restrictions:					
Satisfaction of Donor Restrictions	1,405,872	(1,078,698)	(327,174)	0	0
Total Revenue	4,770,557	(408,478)	(327,174)	4,034,905	5,076,812
Expenses:					
Program Services:					
Program Services	3,607,265			3,607,265	3,333,537
Supporting Services:					
Management and General	479,988			479,988	458,168
Fundraising	303,152			303,152	306,102
	783,140			783,140	764,270
Total Expenses	4,390,405	0	0	4,390,405	4,097,807
Change in Net Assets before Extraordinary Item	380,152	(408,478)	(327,174)	(355,500)	979,005
Extraordinary Item - Deferred Compensation and related Payroll Taxes	0	0	0	0	(452,791)
Change in Net Assets	380,152	(408,478)	(327,174)	(355,500)	526,214
Net Assets, Beginning of Fiscal Year	405,815	1,093,698	1,377,260	2,876,773	2,350,559
Net Assets, End of Fiscal Year (To Schedule A-1)	\$785,967	\$685,220	\$1,050,086	\$2,521,273	\$2,876,773