

**FINANCIAL STATEMENTS**



**New Endeavors  
by Women**

**FOR THE YEARS ENDED  
JUNE 30, 2019 AND 2018**

## NEW ENDEAVORS BY WOMEN

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**CPAs & ADVISORS**

## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
New Endeavors by Women  
Washington, D.C.

We have audited the accompanying financial statements of New Endeavors by Women (NEW), which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits 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.

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MEMBER OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS' PRIVATE COMPANIES PRACTICE SECTION

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of NEW, as of June 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2019 on our consideration of NEW's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering NEW's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Gelman Rosenberg & Freedman".

December 9, 2019

**NEW ENDEAVORS BY WOMEN**  
**STATEMENTS OF FINANCIAL POSITION**  
**AS OF JUNE 30, 2019 AND 2018**

**ASSETS**

	<u>2019</u>	<u>2018</u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 422,767	\$ 279,466
Investments	424,303	400,156
Grants receivable	261,742	422,552
Contributions receivable	7,620	42,620
Prepaid expenses	<u>556</u>	<u>3,472</u>
Total current assets	<u>1,116,988</u>	<u>1,148,266</u>
<b>FIXED ASSETS</b>		
Land	233,472	233,472
Buildings	544,768	544,768
Equipment	134,411	90,721
Building improvements	<u>65,200</u>	<u>40,000</u>
	977,851	908,961
Less: Accumulated depreciation and amortization	<u>(142,689)</u>	<u>(122,412)</u>
Net fixed assets	<u>835,162</u>	<u>786,549</u>
<b>OTHER ASSETS</b>		
Deposits	<u>21,346</u>	<u>21,346</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 1,973,496</u></b>	<b><u>\$ 1,956,161</u></b>

**LIABILITIES AND NET ASSETS**

<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 14,977	\$ 8,988
Accrued salaries and related benefits	85,986	93,535
Funds held for residents	<u>54,424</u>	<u>50,185</u>
Total current liabilities	<u>155,387</u>	<u>152,708</u>
<b>NET ASSETS</b>		
Without donor restrictions	1,814,895	1,720,514
With donor restrictions	<u>3,214</u>	<u>82,939</u>
Total net assets	<u>1,818,109</u>	<u>1,803,453</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 1,973,496</u></b>	<b><u>\$ 1,956,161</u></b>

**NEW ENDEAVORS BY WOMEN**

**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018**

	<u>2019</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>REVENUE</b>			
Contributions	\$ 398,526	\$ 9,731	\$ 408,257
Federal and non-Federal grants	1,874,300	-	1,874,300
Investment income, net	24,847	-	24,847
Contributed rent and services	521,463	-	521,463
Rental income	65,152	-	65,152
Special events	136,299	-	136,299
Net assets released from donor restrictions	<u>89,456</u>	<u>(89,456)</u>	<u>-</u>
Total revenue	<u>3,110,043</u>	<u>(79,725)</u>	<u>3,030,318</u>
<b>EXPENSES</b>			
Program Services	<u>2,042,318</u>	<u>-</u>	<u>2,042,318</u>
Supporting Services:			
General and Administrative	816,410	-	816,410
Fundraising	<u>156,934</u>	<u>-</u>	<u>156,934</u>
Total supporting services	<u>973,344</u>	<u>-</u>	<u>973,344</u>
Total expenses	<u>3,015,662</u>	<u>-</u>	<u>3,015,662</u>
Changes in net assets before other item	94,381	(79,725)	14,656
<b>OTHER ITEM</b>			
Gain on sale of fixed assets	<u>-</u>	<u>-</u>	<u>-</u>
Changes in net assets	94,381	(79,725)	14,656
Net assets at beginning of year	<u>1,720,514</u>	<u>82,939</u>	<u>1,803,453</u>
<b>NET ASSETS AT END OF YEAR</b>	<b><u>\$ 1,814,895</u></b>	<b><u>\$ 3,214</u></b>	<b><u>\$ 1,818,109</u></b>

<b>2018</b>		
<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
\$ 296,157	\$ 16,000	\$ 312,157
1,846,909	-	1,846,909
341	-	341
521,463	-	521,463
38,721	-	38,721
86,898	-	86,898
<u>37,708</u>	<u>(37,708)</u>	<u>-</u>
<u>2,828,197</u>	<u>(21,708)</u>	<u>2,806,489</u>
<u>2,030,898</u>	<u>-</u>	<u>2,030,898</u>
754,370	-	754,370
<u>141,658</u>	<u>-</u>	<u>141,658</u>
<u>896,028</u>	<u>-</u>	<u>896,028</u>
<u>2,926,926</u>	<u>-</u>	<u>2,926,926</u>
(98,729)	(21,708)	(120,437)
<u>132,851</u>	<u>-</u>	<u>132,851</u>
34,122	(21,708)	12,414
<u>1,686,392</u>	<u>104,647</u>	<u>1,791,039</u>
<b><u>\$ 1,720,514</u></b>	<b><u>\$ 82,939</u></b>	<b><u>\$ 1,803,453</u></b>

See accompanying notes to financial statements.

**NEW ENDEAVORS BY WOMEN**

**STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2019**

	<b>Program Services</b>				
	<b>New Hope</b>	<b>New Horizons</b>	<b>New Journeys</b>	<b>New Transitions</b>	<b>New Journeys II</b>
Salaries and related benefits	\$ 129,294	\$ 137,194	\$ 29,692	\$ 515,557	\$ 128,926
Occupancy	100,696	362,343	-	355	198,654
Professional fees	4,660	4,200	2,223	3,987	-
Insurance	6,322	6,322	1,976	11,140	6,322
Client costs	1,025	6,882	13,968	28,574	1,315
Communication	4,647	3,420	-	24,135	6,970
Office and household supplies	3,058	3,194	1,622	26,569	1,104
Repairs and maintenance	7,936	16,222	4,495	22,716	1,645
Travel and transportation	38	996	7	1,303	37
In-kind	-	-	-	-	-
Other	-	-	-	357	-
Staff expense	152	506	-	6,558	11
Bad debt expense	-	-	-	-	-
Depreciation	-	-	-	-	-
<b>TOTAL</b>	<b>\$ 257,828</b>	<b>\$ 541,279</b>	<b>\$ 53,983</b>	<b>\$ 641,251</b>	<b>\$ 344,984</b>



Rachel's House	Shelter Plus Care	Total Program Services	Supporting Services			Total Expenses
			General and Administrative	Fundraising	Total Supporting Services	
\$ 55,860	\$ 69,488	\$ 1,066,011	\$ 104,891	\$ 97,731	\$ 202,622	\$ 1,268,633
49,811	-	711,859	1,470	-	1,470	713,329
-	-	15,070	39,941	-	39,941	55,011
3,161	3,161	38,404	(9,346)	1,976	(7,370)	31,034
4,440	-	56,204	1,928	-	1,928	58,132
5,460	50	44,682	(2,642)	7,083	4,441	49,123
1,105	694	37,346	4,874	394	5,268	42,614
8,810	-	61,824	2,600	-	2,600	64,424
11	-	2,392	555	250	805	3,197
-	-	-	521,463	-	521,463	521,463
3	-	360	14,378	47,278	61,656	62,016
674	265	8,166	6,323	2,222	8,545	16,711
-	-	-	109,698	-	109,698	109,698
-	-	-	20,277	-	20,277	20,277
<b>\$ 129,335</b>	<b>\$ 73,658</b>	<b>\$ 2,042,318</b>	<b>\$ 816,410</b>	<b>\$ 156,934</b>	<b>\$ 973,344</b>	<b>\$ 3,015,662</b>

**NEW ENDEAVORS BY WOMEN**

**STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2018**

	<b>Program Services</b>					
	<b>New Hope</b>	<b>New Horizons</b>	<b>New Journeys</b>	<b>New Transitions</b>	<b>New Generations</b>	<b>New Journeys II</b>
Salaries and related benefits	\$ 140,356	\$ 148,984	\$ 78,359	\$ 490,772	\$ 34,560	\$ 89,975
Occupancy	82,807	345,660	-	-	42,778	138,277
Professional fees	5,960	1,163	84	575	-	280
Insurance	8,773	10,223	2,742	9,870	1,761	7,012
Client costs	295	6,842	12,309	19,482	1,241	10,479
Communication	4,930	3,776	-	20,189	2,969	4,400
Office and household supplies	1,181	2,911	1,777	18,749	466	1,087
Repairs and maintenance	60	11,363	4,420	23,800	3,996	600
Travel and transportation	-	700	161	1,548	26	-
In-kind	-	-	-	-	-	-
Other	-	5	-	757	-	-
Staff expense	44	121	-	1,550	-	22
Depreciation	-	-	-	-	-	-
<b>TOTAL</b>	<b>\$ 244,406</b>	<b>\$ 531,748</b>	<b>\$ 99,852</b>	<b>\$ 587,292</b>	<b>\$ 87,797</b>	<b>\$ 252,132</b>

		Supporting Services					
Rachel's House	Shelter Plus Care	Total Program Services	General and Administrative	Fundraising	Total Supporting Services	Total Expenses	
\$ 58,802	\$ 54,590	\$ 1,096,398	\$ 106,430	\$ 77,299	\$ 183,729	\$ 1,280,127	
42,706	2,811	655,039	3,085	-	3,085	658,124	
-	-	8,062	45,574	19,850	65,424	73,486	
4,387	4,387	49,155	5,094	2,717	7,811	56,966	
5,086	-	55,734	6,853	85	6,938	62,672	
7,279	-	43,543	5,562	10,791	16,353	59,896	
5,891	-	32,062	6,042	(34)	6,008	38,070	
38,350	1,187	83,776	2,600	-	2,600	86,376	
112	182	2,729	725	201	926	3,655	
-	-	-	521,463	-	521,463	521,463	
1,625	-	2,387	20,166	28,345	48,511	50,898	
108	168	2,013	4,288	2,404	6,692	8,705	
-	-	-	26,488	-	26,488	26,488	
<b>\$ 164,346</b>	<b>\$ 63,325</b>	<b>\$ 2,030,898</b>	<b>\$ 754,370</b>	<b>\$ 141,658</b>	<b>\$ 896,028</b>	<b>\$ 2,926,926</b>	

**NEW ENDEAVORS BY WOMEN**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Changes in net assets	\$ 14,656	\$ 12,414
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	20,277	26,488
Unrealized gain	(13,766)	(146)
Realized gain	(3,114)	-
Gain on sale of fixed assets	-	(132,851)
Decrease (increase) in:		
Grants receivable	160,810	(68,141)
Contributions receivable	35,000	20,000
Prepaid expenses	2,916	(2,316)
Deposits	-	(600)
Increase (decrease) in:		
Accounts payable and accrued liabilities	5,989	(9,151)
Accrued salaries and related benefits	(7,549)	4,531
Funds held for residents	<u>4,239</u>	<u>7,218</u>
Net cash provided (used) by operating activities	<u>219,458</u>	<u>(142,554)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(68,890)	(40,000)
Proceeds from sale of fixed assets	-	636,600
Purchase of investments	(553,214)	(400,010)
Proceeds from sale of investments	<u>545,947</u>	<u>-</u>
Net cash (used) provided by investing activities	<u>(76,157)</u>	<u>196,590</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Borrowings on line of credit	70,000	170,000
Payments on line of credit	<u>(70,000)</u>	<u>(170,000)</u>
Net cash used by financing activities	<u>-</u>	<u>-</u>
Net increase in cash and cash equivalents	143,301	54,036
Cash and cash equivalents at beginning of year	<u>279,466</u>	<u>225,430</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b><u>\$ 422,767</u></b>	<b><u>\$ 279,466</u></b>
<b>SUPPLEMENTAL INFORMATION:</b>		
Interest Paid	<b><u>\$ 578</u></b>	<b><u>\$ 3,433</u></b>

## NEW ENDEAVORS BY WOMEN

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019 AND 2018

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

##### Organization -

New Endeavors by Women (NEW) is a non-profit organization, incorporated in the District of Columbia. The purpose of NEW is to provide housing to homeless women and comprehensive care to assist these women in their efforts to move into independent living. These activities are funded primarily through Federal and non-Federal contract awards as well as public contributions from private foundations, corporations and individuals.

##### Basis of presentation -

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements for Not-for-Profit Entities*. The ASU was adopted during the year ended June 30, 2019 and applied retrospectively.

##### Cash and cash equivalents -

NEW considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.

NEW considers all cash and other highly liquid investments, including certificates of deposit, with maturities of three months or less to be cash equivalents, and excluding money market funds held by investment managers in the amount of \$21,332 and \$253,165 for the years ended June 30, 2019 and 2018, respectively. Bank deposit accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to a limit of \$250,000. At times during the year, NEW maintains cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal.

##### Investments -

Investments are recorded at their readily determinable fair value. Realized and unrealized gains and losses are included in investment income, which is presented net of investment expenses paid to external investment advisors in the accompanying Statements of Activities and Changes in Net Assets.

##### Grants and contributions receivable -

Grants and contributions receivable approximate fair value. Management considers all amounts to be fully collectible. Accordingly, an allowance for doubtful accounts has not been established.

##### Fixed assets -

Fixed assets in excess of \$1,000 are capitalized and stated at cost. Fixed assets are depreciated on a straight-line basis over the estimated useful lives of the related assets, generally three to five years (40 years for buildings). Building improvements are amortized over the life of the building. The cost of maintenance and repairs is recorded as expenses are incurred. Depreciation and amortization expense for the years ended June 30, 2019 and 2018 totaled \$20,277 and \$26,488, respectively.

##### Income taxes -

NEW is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and is only subject to tax on unrelated business income. Accordingly, no provision for income taxes has been made in the accompanying financial statements. NEW is not a private foundation.

## NEW ENDEAVORS BY WOMEN

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019 AND 2018

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

##### Uncertain tax positions -

For the years ended June 30, 2019 and 2018, NEW has documented its consideration of FASB ASC 740-10, *Income Taxes*, that provides guidance for reporting uncertainty in income taxes and has determined that no material uncertain tax positions qualify for either recognition or disclosure in the financial statements.

##### Funds held for residents -

As part of its comprehensive care and money management training, NEW requires residents who have obtained employment to deposit a portion of their earnings in a bank account maintained by NEW. Such funds are remitted to the resident upon the individual's departure from NEW's programs. As of June 30, 2019 and 2018, funds collected and maintained on behalf of NEW's residents totaled \$54,424 and \$50,185, respectively, and are reflected as funds held for residents in the accompanying Statements of Financial Position.

##### Net asset classification -

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

- **Net Assets Without Donor Restrictions** - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions are recorded as "net assets without donor restrictions". Assets restricted solely through the actions of the Board are referred to as Board designated and are also reported as net assets without donor restrictions.
- **Net Assets With Donor Restrictions** - Contributions restricted by donors (or certain grantors) are reported as increases in "net assets with donor restrictions", depending on the nature of the restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statements of Activities and Changes in Net Assets as net assets released from donor restrictions. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue without donor restrictions when the assets are placed in service.

##### Contributions and grants -

Contributions and grants are recorded as revenue in the year notification is received from the donor. Contributions and grants with donor restrictions are recognized as "without donor restrictions" only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions; such funds in excess of expenses incurred are shown as net assets with donor restrictions in the accompanying financial statements. Grant funding received in advance of incurring the related expenses is recorded as "net assets with donor restrictions".

NEW receives funding under grants from the U.S. Government and other grantors for direct and indirect program costs. This funding is subject to contractual restrictions, which must be met through incurring qualifying expenses for particular programs.

## NEW ENDEAVORS BY WOMEN

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019 AND 2018

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

##### Contributions and grants (continued) -

Accordingly, such grants are considered exchange transactions and are recorded as unrestricted income to the extent that related expenses are incurred in compliance with the criteria stipulated in the grant agreements.

Grants receivable represents amounts due from funding organizations for reimbursable expenses incurred in accordance with the grant agreements. Grant funding received in advance of incurring the related expenses is recorded as a refundable advance.

##### Contributed rent and services -

Contributed rent and services consists of contributed rent, furniture, as well as buildings and land as further discussed in Note 6. Contributed rent and services are recorded at their fair market value as of the date of the gift. In addition, volunteers have donated significant amounts of their time to NEW; these donated services are not reflected in the financial statements since these services do not meet the criteria for recognition as contributed services.

##### Use of estimates -

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

##### Functional allocation of expenses -

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statements of Activities and Changes in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses directly attributed to a specific functional area of NEW are reported as direct expenses to the programmatic area and those expenses that benefit more than one function are allocated on a basis of estimated time and effort or other reasonable basis.

##### Risks and uncertainties -

NEW invests in various investment securities. Investment securities are exposed to various risks such as interest rates, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying financial statements.

##### Fair value measurement -

NEW adopted the provisions of FASB ASC 820, *Fair Value Measurement*. FASB ASC 820 defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs (assumptions that market participants would use in pricing assets and liabilities, including assumptions about risk) used to measure fair value, and enhances disclosure requirements for fair value measurements. NEW accounts for a significant portion of its financial instruments at fair value or considers fair value in their measurement.

## NEW ENDEAVORS BY WOMEN

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019 AND 2018

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

##### Reclassification -

Certain amounts in the prior year's financial statements have been reclassified to conform to the current year's presentation. The reclassifications are primarily due to the adoption of ASU 2016-14, as discussed above, which requires two classifications of net assets from the previously presented three classes. Net assets previously classified as of June 30, 2018 as unrestricted net assets in the amount of \$1,720,514 are now classified as "net assets without donor restrictions". Net assets previously classified as temporarily restricted net assets in the amount of \$82,939, are now classified as "net assets with donor restrictions".

##### New accounting pronouncements (not yet adopted) -

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606) (ASU 2014-09). The ASU establishes a comprehensive revenue recognition standard for virtually all industries under generally accepted accounting principles in the United States (U.S. GAAP) including those that previously followed industry-specific guidance. The guidance states that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The FASB issued ASU 2015-14 in August 2015 that deferred the effective date of ASU 2014-09 by a year; thus, the effective date is fiscal years beginning after December 15, 2018. Early adoption is permitted. NEW has not yet selected a transition method and is currently evaluating the effect that the updated standard will have on its financial statements.

In June 2018, the FASB issued ASU 2018-08, Not-for-Profit Entities (Topic 958): *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*, which is intended to clarify and improve current guidance about whether a transfer of assets is an exchange transaction or a contribution. The amendments in this ASU provide a more robust framework to determine when a transaction should be accounted for as a contribution under Subtopic 958-605 or as an exchange transaction accounted for under other guidance (for example, Topic 606). The amendments also provide additional guidance about how to determine whether a contribution is conditional or unconditional. The amendments in this ASU could result in more grants and contracts being accounted for as contributions than under previous GAAP. The ASU recommends application on a modified prospective basis; however, retrospective application is permitted. NEW has not yet decided on a transition method. The ASU is effective for fiscal years beginning after December 15, 2018.

NEW plans to adopt the new ASUs at the respective required implementation dates.

#### 2. INVESTMENTS

Investments consisted of the following at June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
	<u>Fair Value</u>	<u>Fair Value</u>
Money market	\$ 21,332	\$ 253,165
Fixed income	-	50,004
Mutual funds	<u>402,971</u>	<u>96,987</u>
<b>TOTAL INVESTMENTS</b>	<b><u>\$ 424,303</u></b>	<b><u>\$ 400,156</u></b>



**NEW ENDEAVORS BY WOMEN**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018**

**2. INVESTMENTS (Continued)**

Included in investment income are the following:

	<u>2019</u>	<u>2018</u>
Interest and dividends	\$ 11,346	\$ 195
Unrealized gain	13,766	146
Realized gain	3,114	-
Management fees	<u>(3,379)</u>	<u>-</u>
<b>TOTAL INVESTMENT INCOME, NET</b>	<b><u>\$ 24,847</u></b>	<b><u>\$ 341</u></b>

**3. LINE OF CREDIT**

In June 2016, NEW opened a line of credit with Industrial Bank totaling \$200,000. As of June 30, 2019 and 2018, NEW did not carry a balance on the line of credit. Interest expense on the line of credit for the years ended June 30, 2019 and 2018 totaled \$578 and \$3,433, respectively.

**4. NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions consist of the following at June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Subject to expenditure for specified purpose:		
Program Services	\$ 3,214	\$ 64,754
Recoverable Grant	<u>-</u>	<u>18,185</u>
<b>TOTAL NET ASSETS WITH DONOR RESTRICTIONS</b>	<b><u>\$ 3,214</u></b>	<b><u>\$ 82,939</u></b>

The following net assets with donor restrictions were released from donor restrictions by incurring expenses (or through the passage of time) which satisfied the restricted purposes specified by the donors:

	<u>2019</u>	<u>2018</u>
<b>Purpose Restrictions Accomplished</b>	<b><u>\$ 89,456</u></b>	<b><u>\$ 37,708</u></b>

**5. LIQUIDITY AND AVAILABILITY**

Financial assets available for use for general expenditures within one year of the Statements of Financial Position date comprise the following:

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 422,767	\$ 279,466
Investments	424,303	400,156
Grants receivable	261,742	422,552
Contributions receivable	<u>7,620</u>	<u>42,620</u>
Subtotal financial assets available within one year	1,116,432	1,144,794
Less: Donor restricted funds	<u>(3,214)</u>	<u>(82,939)</u>
<b>FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR</b>	<b><u>\$ 1,113,218</u></b>	<b><u>\$ 1,061,855</u></b>

## NEW ENDEAVORS BY WOMEN

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019 AND 2018

#### 5. LIQUIDITY AND AVAILABILITY (Continued)

NEW has a policy to structure its financial assets to be available and liquid as its obligations become due. As of June 30, 2019, NEW has financial assets equal to approximately four months of operating expenses. In addition, NEW has a line of credit agreement (as further discussed in Note 3) which allows for additional available borrowings up to \$200,000.

#### 6. CONTRIBUTED RENT AND SERVICES

Beginning September 2012, the Government of the District of Columbia began a project to demolish the building that NEW had previously occupied, and construct in its place a larger building, the use of which was to be donated to NEW. NEW moved into the completed building in March 2014, and the estimated value of the contributed rent for the years ended June 30, 2019 and 2018 totaled \$521,463 in both periods. There is no formal agreement detailing the length of the current lease. With the use of the newly constructed building, NEW received various furniture and furnishings, which were not recognized because a fair value could not be determined.

In November 2015, NEW was the beneficiary of two buildings in Washington, D.C., which were donated by another non-profit. The buildings and land were valued based on the assessed property value by Washington, D.C. at the time of the contribution.

#### 7. LEASE COMMITMENTS

NEW leases multiple apartments throughout the Washington, D.C. area to carry out programmatic objectives. Rent expense for these apartments for the years ended June 30, 2019 and 2018 totaled \$656,264 and \$611,623, respectively, and is included in Occupancy on the accompanying Supplemental Schedule of Functional Expenses.

Due to the nature of NEW's business, all leases are currently under a month-to-month basis. There are no future minimum lease payments at year-end June 30, 2019.

#### 8. CONCENTRATION OF REVENUE

Approximately 75% and 76% of NEW's revenue (excluding contributed rent and services and donated land and buildings) for the years ended June 30, 2019 and 2018, respectively, was derived from grants awarded by one grantor. NEW has no reason to believe that relationships with this grantor will be discontinued in the foreseeable future. However, any interruption of these relationships (i.e., the failure to renew grant agreements or withholding of funds) would adversely affect NEW's ability to finance ongoing operations.

#### 9. CONTINGENCY

NEW receives grants from agencies of the United States Government. Such grants are subject to audit under the provisions of *Title 2 U.S. Code of Federal Regulations (CFR) Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. The ultimate determination of amounts received under the United States Government grants is based upon the allowance of costs reported to and accepted by the United States Government as a result of the audits.

## NEW ENDEAVORS BY WOMEN

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019 AND 2018

#### 9. CONTINGENCY (Continued)

Audits in accordance with the applicable provisions have been completed for all required fiscal years through 2019. Until such audits have been accepted by the United States Government, there exists a contingency to refund any amount received in excess of allowable costs. Management is of the opinion that no material liability will result from such audits.

#### 10. FAIR VALUE MEASUREMENT

In accordance with FASB ASC 820, *Fair Value Measurement*, NEW has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument. Investments recorded in the Statements of Financial Position are categorized based on the inputs to valuation techniques as follows:

**Level 1.** These are investments where values are based on unadjusted quoted prices for identical assets in an active market NEW has the ability to access.

**Level 2.** These are investments where values are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, or model-based valuation techniques that utilize inputs that are observable either directly or indirectly for substantially the full-term of the investments.

**Level 3.** These are investments where inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Following is a description of the valuation methodology used for investments measured at fair value. There have been no changes in the methodologies used at June 30, 2019 and 2018.

- *Money market funds* - The money market fund is an open-end mutual fund that is registered with the Securities and Exchange Commission and is deemed to be actively traded.
- *Mutual funds* - Valued at the daily closing price as reported by the fund. Mutual funds held by NEW are open-end mutual funds that are registered with the SEC. These funds are required to publish their daily value and to transact at that price. Mutual funds held by NEW are deemed to be actively traded.
- *Fixed income* - Fair value is based upon current yields available on comparable securities of issuers with similar ratings, the security's terms and conditions, and interest rate and credit risk.

The table below summarizes, by level within the fair value hierarchy, NEW's investments as of June 30, 2019:

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total June 30, 2019</b>
<b>Asset Class:</b>				
Money market funds	\$ 21,332	\$ -	\$ -	\$ 21,332
Mutual funds	402,971	-	-	402,971
<b>TOTAL</b>	<b>\$ 424,303</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 424,303</b>

**NEW ENDEAVORS BY WOMEN**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018**

**10. FAIR VALUE MEASUREMENT (Continued)**

The table below summarizes, by level within the fair value hierarchy, NEW's investments as of June 30, 2018:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total June 30, 2018</u>
<b>Asset Class:</b>				
Money market funds	\$ 253,165	\$ -	\$ -	\$ 253,165
Fixed income	-	50,004	-	50,004
Mutual funds	<u>96,987</u>	<u>-</u>	<u>-</u>	<u>96,987</u>
<b>TOTAL</b>	<b><u>\$ 350,152</u></b>	<b><u>\$ 50,004</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 400,156</u></b>

There were no transfers between levels in the fair value hierarchy during the years ended June 30, 2019 and 2018.

**11. SUBSEQUENT EVENTS**

In preparing these financial statements, NEW has evaluated events and transactions for potential recognition or disclosure through December 9, 2019, the date the financial statements were issued.