

WOMEN'S SPORTS FOUNDATION

**FINANCIAL STATEMENTS
AND AUDITOR'S REPORT**

DECEMBER 31, 2016

WOMEN'S SPORTS FOUNDATION

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**Board of Directors
Women's Sports Foundation**

Report on the Financial Statements

We have audited the accompanying financial statements of Women's Sports Foundation, which comprise the balance sheet as of December 31, 2016, 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 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 Sports Foundation as of December 31, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As more fully described in Note 12, Women's Sports Foundation restated its opening unrestricted net assets to correct the outstanding balance of grants payable as of December 31, 2015. Our opinion is not modified with respect to this matter.

Loeb & Troper LLP

June 6, 2017

WOMEN'S SPORTS FOUNDATION**BALANCE SHEET****DECEMBER 31, 2016****ASSETS**

Cash and cash equivalents	\$	2,019,051
Investments (Note 3)		1,902,253
Contributions receivable (Note 4)		1,441,035
Accrued interest receivable		3,719
Prepaid expenses and other assets		159,815
Property and equipment - net (Note 5)		<u>62,838</u>
Total assets	\$	<u><u>5,588,711</u></u>

LIABILITIES AND NET ASSETS

Accounts payable and accrued expenses	\$	83,442
Grants payable (Note 6)		288,115
Deferred rent (Note 9)		<u>29,135</u>
Total liabilities		<u>400,692</u>
Net assets (Exhibit B)		
Unrestricted		1,641,107
Temporarily restricted (Note 7)		2,663,500
Permanently restricted (Note 8)		<u>883,412</u>
Total net assets		<u>5,188,019</u>
Total liabilities and net assets	\$	<u><u>5,588,711</u></u>

See independent auditor's report.

The accompanying notes are an integral part of these statements.

WOMEN'S SPORTS FOUNDATION**EXHIBIT B****STATEMENT OF ACTIVITIES****YEAR ENDED DECEMBER 31, 2016**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenues and other support				
Contributions and grants	\$ 205,215	\$ 2,599,181		\$ 2,804,396
Contributions in-kind	406,204			406,204
Special event benefit	\$ 1,151,657			
Direct cost of special event	<u>(379,307)</u>	772,350		772,350
Investment loss - net (Note 3)		(2,075)		(2,433)
Miscellaneous income	54,344			54,344
Net assets released from restrictions (Note 7)	<u>1,896,856</u>	<u>(1,896,856)</u>		
Total revenues and other support	<u>3,334,611</u>	<u>700,250</u>		<u>4,034,861</u>
Expenses (Exhibit C)				
Program services				
Participation	410,672			410,672
Education	988,744			988,744
Advocacy	249,058			249,058
Research	120,975			120,975
Leadership	<u>179,223</u>			<u>179,223</u>
Total program services	<u>1,948,672</u>			<u>1,948,672</u>

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WOMEN'S SPORTS FOUNDATION**EXHIBIT B****-2-****STATEMENT OF ACTIVITIES****YEAR ENDED DECEMBER 31, 2016**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Expenses (Exhibit C) (continued)				
Supporting services				
Management and general	\$ 543,257			\$ 543,257
Fundraising	<u>292,185</u>			<u>292,185</u>
Total supporting services	<u>835,442</u>			<u>835,442</u>
Total expenses	<u>2,784,114</u>			<u>2,784,114</u>
Change in net assets (Exhibit D)	<u>550,497</u>	\$ <u>700,250</u>		<u>1,250,747</u>
Net assets - beginning of year, as previously stated	1,411,225	1,963,250	\$ 883,412	4,257,887
Restatement (Note 12)	<u>(320,615)</u>			<u>(320,615)</u>
Net assets - beginning of year, restated	<u>1,090,610</u>	<u>1,963,250</u>	<u>883,412</u>	<u>3,937,272</u>
Net assets - end of year (Exhibit A)	<u>\$ 1,641,107</u>	<u>\$ 2,663,500</u>	<u>\$ 883,412</u>	<u>\$ 5,188,019</u>

See independent auditor's report.

The accompanying notes are an integral part of these statements.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2016

	Program Services						Supporting Services			Total
	Participation	Education	Advocacy	Research	Leadership	Total	Management and General	Fund-Raising	Total	
Salaries	\$ 49,614	\$ 297,655	\$ 70,182	\$ 35,707		\$ 453,158	\$ 107,450	\$ 94,720	\$ 202,170	\$ 655,328
Payroll taxes and employee benefits	8,665	51,694	12,165	6,125		78,649	18,599	16,313	34,912	113,561
Occupancy (Note 9)	10,842	64,596	15,126	7,522		98,086	27,986	20,730	48,716	146,802
Professional fees	84,855	59,544	56,605	60,883	\$ 45,980	307,867	230,162	98,365	328,527	636,394
Donated services		177,275	70,000		52,000	299,275	85,000	9,800	94,800	394,075
Investment expense							13,021		13,021	13,021
Production and printing	257	23,188	3,013	3,369	943	30,770	750	8,872	9,622	40,392
Communication and media	3,905	34,837	5,784	3,111	323	47,960	8,457	7,855	16,312	64,272
Grant expense	224,366	219,250			1,500	445,116				445,116
Insurance							21,539		21,539	21,539
Office supplies	282	2,426	4,116	203	129	7,156	682	7,405	8,087	15,243
Postage and shipping	431	8,160	551	366	124	9,632	775	1,535	2,310	11,942
Meeting and conferences		7,024				7,024				7,024
Travel and transportation	4,221	13,095	3,934		78,164	99,414	11,127	16,105	27,232	126,646
Telephone	1,816	10,991	2,718	1,307		16,832	4,406	4,016	8,422	25,254
Expensed equipment	2,320	13,903	3,267	1,653	60	21,203	5,004	4,420	9,424	30,627
Miscellaneous	18,290	321	530	253		19,394	19,664	528	20,192	39,586
Depreciation and amortization	808	4,785	1,067	476		7,136	1,656	1,521	3,177	10,313
Total expenses	410,672	988,744	249,058	120,975	179,223	1,948,672	556,278	292,185	848,463	2,797,135
Less expenses deducted directly on the statement of activities										
Investment expense							(13,021)		(13,021)	(13,021)
Total expenses reported by function on the statement of activities (Exhibit B)	\$ 410,672	\$ 988,744	\$ 249,058	\$ 120,975	\$ 179,223	\$ 1,948,672	\$ 543,257	\$ 292,185	\$ 835,442	\$ 2,784,114

See independent auditor's report.

The accompanying notes are an integral part of these statements.

WOMEN'S SPORTS FOUNDATION
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2016

Cash flows from operating activities	
Change in net assets (Exhibit B)	\$ 1,250,747
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation and amortization	10,313
Net realized and unrealized loss on investments	23,170
Decrease (increase) in assets	
Contributions receivable	(331,673)
Accrued interest receivable	(3,719)
Prepaid expenses and other assets	1,384
Increase (decrease) in liabilities	
Accounts payable and accrued expenses	(31,540)
Grants payable	(176,000)
Deferred rent	26,601
	<u>769,283</u>
Net cash provided by operating activities	<u>769,283</u>
Cash flows from investing activities	
Purchases of investments	(1,607,038)
Proceeds from sales of investments	858,553
Fixed asset acquisitions	(52,503)
	<u>(800,988)</u>
Net cash used by investing activities	<u>(800,988)</u>
Net change in cash and cash equivalents	(31,705)
Cash and cash equivalents - beginning of year	<u>2,050,756</u>
Cash and cash equivalents - end of year	<u><u>\$ 2,019,051</u></u>

See independent auditor's report.

The accompanying notes are an integral part of these statements.

WOMEN'S SPORTS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 1 - NATURE OF ENTITY

The Women's Sports Foundation (the "Foundation") is a leading authority on the participation of women and girls in sports and is dedicated to creating leaders by ensuring girls safe and equitable access to sports. The Foundation conducts national, evidence-based research, advocates for equality, shapes public attitudes and policy about women's sports to ensure equal opportunity, cultivates leadership and builds support for grassroots organizations to promote active and healthy lifestyles for underserved girls. The Foundation seeks to achieve gender equality and inclusivity in physical activity and sport so that all can access the foundational benefits provided through athletics on and off the field. Over the past 43 years, the Foundation has produced 45 research studies, provided more than \$80 million in cash and curriculum grants to organizations nationally and served more than 1.8 million girls nationwide. The Foundation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Foundation is funded primarily by contributions, grants and special events.

The following is a summary of programs provided by the Foundation:

- **Participation** - Over the past 43 years, the Foundation has provided more than \$80 million in cash and curriculum grants to organizations nationally and served more than 1.8 million girls nationwide, with a focus on girls living in under-resourced communities. Through the Foundation's three signature participation programs, GoGirlGo! Education curriculum, Sports 4 Life's Program and Travel & Training Fund, the Foundation helps sedentary girls to become more active, provides increased access for girls to participate in quality youth developmental sports programs and helps elite athletes address financial obstacles that can impede their ability to complete.
- **Education** - The Foundation annually responds to thousands of requests for information from female athletes, parents, coaches, the media and the general public, and distributes educational information each year. Key to the Foundation's public education efforts includes the delivery of research-based facts and messages about the benefits of girls playing sports, and being active and the higher health risks they encounter when they do not.

WOMEN'S SPORTS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 1 - NATURE OF ENTITY (continued)

- **Advocacy** - The Foundation has been serving as the collective voice for girls and women since its inception. The Foundation's advocacy efforts focus on gender equity, access and opportunity for undeserved girls and leadership through sport for all women so that they can achieve their personal potential on the playing fields, in the classroom, in the community and in the workplace. The Foundation's annual blue ribbon conference of advocacy experts, Sports Advocacy Network ("SAN") works with policymakers, collegiate level coaches, administrators, national governing bodies, as well as community leaders. The Foundation is the founder of the annual National Girls and Women in Sport Day ("NGWSD") celebrating girls' and women's achievements in benefits from sport. Now in its 31st year, NGWSD is celebrated every February on Capitol Hill, with administration agencies and in all 50 states, with more than 400 local and school led events to commemorate this day.
- **Research** - The Foundation conducts research on issues related to gender equality and the benefit of sports/fitness for individuals of all abilities More than 40 research studies have been conducted over the past four decades. The Foundation is considered the leading expert and "go-to" resource in this arena, working with thousands of national and local organizations, from the public and private sectors, to fuel effective planning, advocacy and programming. Partners have included the National Women's Law Center, The Aspen Institute's Project Play, Laureus Foundation, Center for Research on Physical Activity, Sport & Health ("CRPASH") housed at D'Youville College, the University of Michigan, among others. The Foundation's latest report "Teen Sport in America: Health, Education, Social Engagement and Diversity" examines youth sports and the intersection of risk and protective factors that influence young people's health behaviors, social outcomes and educational achievement. The Foundation is also preparing to launch a new study funded by Dick's Sporting Goods Foundation, "Sports Participation and Positive Youth Development."
- **Leadership** - The Foundation's Athlete Leadership Connection ("ALC") is a day-long conference designed to foster leadership in collegiate and champion athletes and to help them successfully transition from active competition to their next professional career. With action-driven panels and dynamic workshops led by business and sports professionals, the Foundation is building on the leadership model already set in motion through athletic participation. Candid Conversations, an extension of the ALC, reaches hundreds of female student-athletes on college campuses around the country to empower and educate them on how to harness the power of their sport for career success.

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WOMEN'S SPORTS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting - The financial statements are prepared on the accrual basis of accounting.

Use of estimates - The preparation of 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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents - Cash equivalents include certain investments in highly liquid instruments with original maturities of three months or less.

Investments - Investments are recorded at fair value. Investment securities, in general, are exposed to various risks such as interest rate, credit, and overall market volatility 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, based on the markets' fluctuations, and that such changes could affect the amounts reported in the Foundation's financial statements.

Contributions receivable - Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the present value of the discount is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.

Allowance for doubtful accounts - The Foundation determines whether an allowance for uncollectibles should be provided for contributions receivable. Such estimates are based on management's assessment of the aged basis of its receivables, current economic conditions, subsequent receipts and historical information. Contributions receivable are written off against the allowance for doubtful accounts when all reasonable collection efforts have been exhausted. No allowance for doubtful accounts was determined necessary as of December 31, 2016.

Fixed assets - Fixed assets are recorded at cost. Items with a cost of \$1,000 or greater and an estimated useful life of two years or greater are capitalized. Depreciation and amortization are provided on the straight-line basis over the estimated useful lives of the assets.

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WOMEN'S SPORTS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Unrestricted net assets - Unrestricted net assets include funds having no restriction as to use or purpose imposed by donors.

Temporarily and permanently restricted net assets - Temporarily restricted net assets are those whose use by the Foundation has been limited by donors to a specific time period or purpose. Permanently restricted net assets have been restricted by donors to be maintained by the Foundation in perpetuity.

Contributions and grants - Unconditional contributions and grants are reported at fair value at the date the contribution or grant is received. The gifts are reported as either temporarily or permanently 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 as unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Functional allocation of expenses - The costs of providing the Foundation's programs and other activities have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

In-kind contributions - In-kind contributions, including services and merchandise, are recorded at fair value at the date of donation. Donated services are recognized as revenue if the services create or enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, and typically need to be purchased if not provided by donation. Revenue and expenses include donated rent of \$4,562 and donated goods and services of \$401,642.

Rent expense - Operating lease expense has been recorded on the straight-line basis over the life of the lease. Deferred rent, when material, is recorded for the difference between the fixed payment and the rent expense.

Grants payable - Grants payable are recorded as a liability and related expense when the Board of Trustees approves the grant. Unless material, the Foundation does not discount commitments to be paid later than one year to present value.

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WOMEN'S SPORTS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair Value Measurements

Fair Value Measurements establishes a framework for measuring fair value. The 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 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below. Level 1 inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access. 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. 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.

The 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 December 31, 2016 as compared to those used at December 31, 2015.

Equities - Valued at the closing price reported on the active market on which the individual securities are traded.

Government obligations - Valued at the closing price reported on the active market on which the individual securities are traded or using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings. When quoted prices are not available for identical or similar securities, the security is valued under a discounted cash flows approach that maximizes observable inputs such as current yields of similar instruments but includes adjustments for certain risks that may not be observable, such as credit and liquidity risks or a broker quote if available.

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WOMEN'S SPORTS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair Value Measurements (continued)

Corporate bonds - Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings. When quoted prices are not available for identical or similar securities, the security is valued under a discounted cash flows approach that maximizes observable inputs such as current yields of similar instruments but includes adjustments for certain risks that may not be observable, such as credit and liquidity risks or a broker quote if available.

Closed-ended funds - Valued at the closing price reported on the active market on which the individual securities are traded.

Hedge funds portfolio - The investment is recorded at fair value based upon the cash liquidation value.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Foundation 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.

See Note 3 for the table which sets forth by level, within the fair value hierarchy, the assets at fair value as of December 31, 2016.

Uncertainty in income taxes - The Foundation has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements. Periods ending December 31, 2013 and subsequent remain subject to examination by applicable taxing authorities.

Subsequent events - Subsequent events have been evaluated through June 6, 2017, which is the date the financial statements were available to be issued.

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WOMEN'S SPORTS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 3 - INVESTMENTS

The following table sets forth by level, within the fair value hierarchy, the assets at fair value as of December 31, 2016:

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Equities			
Domestic	\$ <u>281,524</u>		\$ <u>281,524</u>
Fixed income			
Government obligations		\$ 552,508	552,508
Corporate bonds		<u>287,240</u>	<u>287,240</u>
Total fixed income		<u>839,748</u>	<u>839,748</u>
Closed-end funds	<u>565,624</u>		<u>565,624</u>
Alternative investments			
Hedge funds portfolio		<u>11,482</u>	<u>11,482</u>
Total investments reported on the fair value hierarchy	\$ <u>847,148</u>	\$ <u>851,230</u>	1,698,378
Cash and cash equivalents			<u>203,875</u>
Total investments			\$ <u>1,902,253</u>

Investment income (loss) for the year ended December 31, 2016 consisted of:

Interest and dividends	\$ 33,758
Realized gains	21,374
Unrealized losses	(44,544)
Investment fees	<u>(13,021)</u>
	\$ <u>(2,433)</u>

Level 3 Gains and Losses

The interest in the private equity funds portfolio was sold during the year ended December 31, 2016.

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WOMEN'S SPORTS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 3 - INVESTMENTS (continued)

The table below sets forth a summary of changes in the fair value of the level 3 assets for the year ended December 31, 2016:

	<u>Level 3</u>
Beginning balance	\$ 71,852
Realized gains	42,243
Sales	<u>(114,095)</u>
Ending balance	<u>\$ -</u>

NOTE 4 - CONTRIBUTIONS RECEIVABLE

Unconditional contributions receivable in more than one year are discounted to present value at various annual rates ranging from 0.1% to 4%.

Due in 1 year	\$ 550,236
Due in 2-5 years	900,806
Thereafter	<u>45,000</u>
	1,496,042
Less discount to present value	<u>(55,007)</u>
	<u>\$ 1,441,035</u>

NOTE 5 - FIXED ASSETS

		<u>Estimated Useful Lives</u>
Equipment	\$ 159,057	3-7 years
Furniture and fixtures	26,142	7 years
Leasehold improvement	<u>338,463</u>	Fully depreciated
	523,662	
Less accumulated depreciation and amortization	<u>(460,824)</u>	
	<u>\$ 62,838</u>	

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WOMEN'S SPORTS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 6 - GRANTS PAYABLE

Grants payable as of December 31, 2016 are payable as follows:

Due in 1 year	\$ 50,000
Due in 2-5 years	200,000
Thereafter	<u>67,500</u>
	317,500
Less discount to present value (4%)	<u>(29,385)</u>
	<u>\$ 288,115</u>

NOTE 7 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes:

Participation	\$ 822,920
Education	512,414
Advocacy	156,145
Research	66
Leadership	37,328
Time restrictions	<u>1,134,627</u>
	<u>\$ 2,663,500</u>

During 2016, net assets were released from donor restrictions by incurring expenses satisfying the following restricted purposes:

Participation	\$ 392,760
Education	548,975
Advocacy	136,851
Leadership	178,103
Time restrictions	<u>640,167</u>
	<u>\$ 1,896,856</u>

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WOMEN'S SPORTS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 8 - ENDOWMENT FUNDS

General

The Foundation's permanently restricted net assets consist of endowment fund assets to be held in perpetuity. The income from the assets can be used to support the purpose of the Foundation's participation, education, advocacy, and leadership programs.

Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Foundation has interpreted the New York Prudent Management of Institutional Funds Act ("NYPMIFA") as requiring the maintenance of the purchasing power of the endowment assets. NYPMIFA moves away from the "historic dollar value" standard, and permits charities to apply a spending policy to endowments based on certain specified standards of prudence. The Foundation is governed by the NYPMIFA spending policy, which establishes a standard maximum prudent spending limit of 7% of the average of its previous five years' balance. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standards of prudence prescribed by NYPMIFA.

The amounts appropriated for expenditure are based on the endowment spending rate. The spending rate is approved by the Board as part of the Foundation's operating budget. The Foundation did not appropriate any funds for the year ended December 31, 2016.

Return Objectives, Strategies Employed and Spending Policy

The objective of the Foundation is to maintain the principal endowment funds at the original amount designated by the donor while generating investment return to fund program objectives. The investment policy to achieve this objective is to invest in fixed-income securities, equity securities, and money market securities based on an asset allocation with the objective of capital appreciation.

Investment income in relation to the endowment funds is recorded as temporarily restricted income and released from restriction upon expenditure for the program for which the endowment fund was established.

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WOMEN'S SPORTS FOUNDATION
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

NOTE 8 - ENDOWMENT FUNDS (continued)

Funds with Deficiencies

The Foundation has no funds with deficiencies.

Endowment Net Asset Composition by Type of Fund as of December 31, 2016

The endowment net asset composition is:

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Participation	\$ 36,062	\$ 590,000	\$ 626,062
Education	3,056	15,000	18,056
Advocacy	9,558	156,382	165,940
Leadership	<u>5,320</u>	<u>122,030</u>	<u>127,350</u>
Total	<u>\$ 53,996</u>	<u>\$ 883,412</u>	<u>\$ 937,408</u>

Changes in Endowment Net Assets for the Year Ended December 31, 2016

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 51,921	\$ 883,412	\$ 935,333
Dividends and interest	17,027		17,027
Investment losses	(9,324)		(9,324)
Investment fees	<u>(5,628)</u>		<u>(5,628)</u>
Endowment net assets, end of year	<u>\$ 53,996</u>	<u>\$ 883,412</u>	<u>\$ 937,408</u>

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WOMEN'S SPORTS FOUNDATION
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NOTE 9 - LEASE COMMITMENTS

- A. The County of Nassau, New York has provided the Foundation with use of facilities owned by Nassau County for a period of twenty years (which expired in 2013). A rental agreement on a portion of these facilities was extended through 2018. The arrangement is cancellable, at any time, upon the mutual consent of Nassau County and the Foundation. In exchange for the use of the facility, the Foundation has agreed to provide, as its resources and the annual activities allow, promotional, developmental, interpretative and consulting services regarding sports fitness and athletics programs and events, in Nassau County, and to help develop and attract sports programs and sports organizations for the benefit of Nassau County, its residents and economy. As a result, contributed rent has not been recorded in the accompanying financial statements.
- B. The Foundation entered into a noncancelable lease agreement for their office space in New York City. The lease expires in March 2020. Rent is being expensed on the straight-line method over the term of the lease.

In addition, the Foundation is obligated under various lease agreements for the use of equipment through 2020.

Total rent expense in 2016 was \$129,376 and deferred rent at December 31, 2016 was \$29,135.

Future minimum lease payments are as follows:

	<u>Office Space</u>	<u>Equipment</u>	<u>Total</u>
2017	\$ 102,176	\$ 22,508	\$ 124,684
2018	104,731	22,508	127,239
2019	107,349	21,471	128,820
2020	<u>17,965</u>	<u>15,948</u>	<u>33,913</u>
	<u>\$ 332,221</u>	<u>\$ 82,435</u>	<u>\$ 414,656</u>

NOTE 10 - CONCENTRATIONS

Financial instruments which potentially subject the organization to a concentration of credit risk are cash accounts with financial institutions in excess of FDIC insurance limits.

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WOMEN'S SPORTS FOUNDATION
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NOTE 11 - PENSION PLAN

The Foundation have a defined contribution pension plan. The plan is non-contributory by the employees. The Foundation makes discretionary contributions to the plan. Employees are 100% vested into the plan after two years of services. The Foundation offers its employees a voluntary tax deferred annuity plan under Section 403(b) of the Internal Revenue Code. The Foundation does not make contributions to this plan. Pension expense for year ended December 31, 2016 was \$20,328.

NOTE 12 - RESTATEMENT

On October 9, 2012, the Foundation made a grant to an unrelated organization for \$500,000. The grant was not recorded as a payable in the year granted. The Foundation is restating their opening unrestricted net assets to properly reflect the liability of \$320,615 as of December 31, 2015.

NOTE 13 - RELATED PARTY TRANSACTIONS

- The Foundation received a speaker's fee of \$25,000 from an unrelated organization that was subsequently paid to a corporation owned by a Board member for services rendered by that Board member to the Foundation.
- The Foundation annually appoints a sport figure as the Board President. The Foundation provides the President a \$36,000 annual stipend for speaking, travel and other related services while promoting the Foundation.