

WOMEN'S SPORTS FOUNDATION

Financial Statements
(Together with Independent Auditors' Report)

Years Ended December 31, 2015 and 2014

M A R K S P A N E T H

ACCOUNTANTS & ADVISORS

WOMEN'S SPORTS FOUNDATION
FINANCIAL STATEMENTS
(Together with Independent Auditors' Report)
YEARS ENDED DECEMBER 31, 2015 AND 2014

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of the
Women's Sports Foundation

We have audited the accompanying financial statements of the Women's Sports Foundation (the "Foundation") which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities, 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.

Auditors' 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 the Women's Sports Foundation as of December 31, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Marks Paneth LLP

New York, NY
September 20, 2016



**WOMEN'S SPORTS FOUNDATION
STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2015 AND 2014**

	2015	2014
ASSETS		
Cash and cash equivalents (Notes 2D and 11)	\$ 2,050,756	\$ 1,267,257
Contributions receivable, net (Notes 2E and 3)	1,109,362	2,245,560
Investments (Notes 2G, 2N, 4, 6 and 9)	1,176,938	1,050,383
Prepaid expenses and other assets (Note 8)	161,199	119,713
Property and equipment, net (Notes 2H and 5)	20,648	24,127
TOTAL ASSETS	\$ 4,518,903	\$ 4,707,040
 LIABILITIES		
Accounts payable and accrued expenses	\$ 114,982	\$ 24,122
Grants payable (Note 2I)	143,500	35,833
Deferred rent (Note 2J)	2,534	-
Deferred compensation (Note 8)	-	16,951
TOTAL LIABILITIES	261,016	76,906
 COMMITMENTS AND CONTINGENCY (Note 12)		
 NET ASSETS (Note 2C)		
Unrestricted:		
Operations	1,390,577	797,087
Invested in property and equipment	20,648	24,127
Total unrestricted	1,411,225	821,214
Temporarily restricted (Note 7)	1,963,250	3,115,508
Permanently restricted (Note 10)	883,412	693,412
TOTAL NET ASSETS	4,257,887	4,630,134
TOTAL LIABILITIES AND NET ASSETS	\$ 4,518,903	\$ 4,707,040

**WOMEN'S SPORTS FOUNDATION
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

	For the Year Ended December 31, 2015				For the Year Ended December 31, 2014			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2015	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2014
PUBLIC SUPPORT AND REVENUE:								
Public Support:								
Special events	\$ 1,002,349	\$ -	\$ -	\$ 1,002,349	\$ 1,195,047	\$ -	\$ -	\$ 1,195,047
Less: costs of direct benefits to donor (Notes 2F and 2K)	(436,194)	-	-	(436,194)	(333,561)	-	-	(333,561)
Net special events income	566,155	-	-	566,155	861,486	-	-	861,486
Contributions and grants (Notes 2B and 2F)	526,899	681,295	190,000	1,398,194	743,083	2,229,502	-	2,972,585
Contributions in-kind (Note 2F)	161,465	-	-	161,465	129,515	-	-	129,515
Revenue:								
Investment activity, net (Note 4)	(22,061)	(1,297)	-	(23,358)	12,063	45,320	-	57,383
Other revenues	16,122	-	-	16,122	64,927	-	-	64,927
Net assets released from restrictions (Notes 7 and 10)	1,832,256	(1,832,256)	-	-	885,237	(885,237)	-	-
TOTAL PUBLIC SUPPORT AND REVENUE	3,080,836	(1,152,258)	190,000	2,118,578	2,696,311	1,389,585	-	4,085,896
EXPENSES (Note 2K):								
Program Services:								
Participation	462,993	-	-	462,993	326,593	-	-	326,593
Education	857,137	-	-	857,137	636,129	-	-	636,129
Advocacy	102,981	-	-	102,981	202,593	-	-	202,593
Research	94,756	-	-	94,756	170,185	-	-	170,185
Leadership	122,506	-	-	122,506	36,000	-	-	36,000
Total program services	1,640,373	-	-	1,640,373	1,371,500	-	-	1,371,500
Supporting Services:								
Management and general	456,656	-	-	456,656	476,290	-	-	476,290
Fundraising	393,796	-	-	393,796	443,650	-	-	443,650
Total supporting services	850,452	-	-	850,452	919,940	-	-	919,940
TOTAL EXPENSES	2,490,825	-	-	2,490,825	2,291,440	-	-	2,291,440
CHANGE IN NET ASSETS BEFORE WRITE-OFFS	590,011	(1,152,258)	190,000	(372,247)	404,871	1,389,585	-	1,794,456
Write-off of uncollectible contributions (Note 2E)	-	-	-	-	(2,600)	-	-	(2,600)
CHANGE IN NET ASSETS	590,011	(1,152,258)	190,000	(372,247)	402,271	1,389,585	-	1,791,856
Net assets - beginning of year	821,214	3,115,508	693,412	4,630,134	418,943	1,725,923	693,412	2,838,278
NET ASSETS - END OF YEAR	\$ 1,411,225	\$ 1,963,250	\$ 883,412	\$ 4,257,887	\$ 821,214	\$ 3,115,508	\$ 693,412	\$ 4,630,134

The accompanying notes are an integral part of these financial statements.

WOMEN'S SPORTS FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2015
(With Comparative Totals for December 31, 2014)

	Program Services					Total Program Services	Supporting Services		Total 2015	Total 2014
	Participation	Education	Advocacy	Research	Leadership		Management and General	Fundraising		
Salaries	\$ 64,992	\$ 273,190	\$ 57,460	\$ 26,169	\$ -	\$ 421,811	\$ 138,194	\$ 146,596	\$ 706,601	\$ 732,577
Payroll taxes and related costs (Note 8)	12,340	51,981	11,860	5,234	-	81,415	27,390	27,429	136,234	137,531
Total Salaries and Related Costs	77,332	325,171	69,320	31,403	-	503,226	165,584	174,025	842,835	870,108
Occupancy (Note 12)	9,306	39,214	8,971	3,904	-	61,395	24,175	20,739	106,309	100,666
Professional services (Note 2F)	5,080	39,700	3,100	49,025	38,280	135,185	194,461	113,427	443,073	466,680
Investment expense (Note 4)	-	-	-	-	-	-	19,111	-	19,111	6,389
Production and printing	200	4,587	178	2,038	322	7,325	10,945	12,404	30,674	19,575
Communication and media	4,922	26,970	4,481	1,728	464	38,565	9,612	11,109	59,286	71,023
Grant expense	340,264	293,500	3,568	-	9,000	646,332	-	-	646,332	298,518
Insurance	-	-	-	-	-	-	18,517	-	18,517	32,536
Office supplies	467	93,759	398	153	52,090	146,867	883	23,257	171,007	18,670
Postage and shipping	518	5,116	319	206	13	6,172	2,031	3,997	12,200	14,507
Meetings and conferences	-	5,413	834	861	-	7,108	9,650	437,339	454,097	344,116
Travel and transportation	4,772	5,391	7,053	3,380	22,312	42,908	10,373	18,258	71,539	148,506
Telephone	2,486	8,847	2,715	848	25	14,921	5,720	6,267	26,908	48,169
Expensed equipment	992	4,264	936	703	-	6,895	2,226	5,503	14,624	23,068
Miscellaneous	15,516	410	99	23	-	16,048	-	1,049	17,097	118,776
Depreciation and amortization (Note 2H)	1,138	4,795	1,009	484	-	7,426	2,479	2,616	12,521	50,083
Subtotal	462,993	857,137	102,981	94,756	122,506	1,640,373	475,767	829,990	2,946,130	2,631,390
Less: direct benefit to donors	-	-	-	-	-	-	-	(436,194)	(436,194)	(333,561)
Less: investment expenses	-	-	-	-	-	-	(19,111)	-	(19,111)	(6,389)
TOTAL EXPENSES	\$ 462,993	\$ 857,137	\$ 102,981	\$ 94,756	\$ 122,506	\$ 1,640,373	\$ 456,656	\$ 393,796	\$ 2,490,825	\$ 2,291,440

The accompanying notes are an integral part of these financial statements.

**WOMEN'S SPORTS FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Program Services</u>					<u>Total Program Services</u>	<u>Supporting Services</u>		<u>Total 2014</u>
	<u>Participation</u>	<u>Education</u>	<u>Advocacy</u>	<u>Research</u>	<u>Leadership</u>		<u>Management and General</u>	<u>Fundraising</u>	
Salaries	\$ 64,184	\$ 301,311	\$ 63,594	\$ 28,187	\$ -	\$ 457,276	\$ 131,775	\$ 143,526	\$ 732,577
Payroll taxes and related costs (Note 8)	12,170	57,132	12,058	5,346	-	86,706	23,611	27,214	137,531
Total Salaries and Related Costs	76,354	358,443	75,652	33,533	-	543,982	155,386	170,740	870,108
Occupancy (Note 12)	8,341	39,158	8,265	3,663	-	59,427	22,586	18,653	100,666
Professional services (Note 2F)	150	27,255	91,006	47,000	36,000	201,411	205,544	59,725	466,680
Investment expense (Note 4)	-	-	-	-	-	-	6,389	-	6,389
Production and printing	463	2,617	459	204	-	3,743	952	14,880	19,575
Communication and media	5,749	31,391	5,697	2,825	-	45,662	11,804	13,557	71,023
Grant expense	219,268	79,250	-	-	-	298,518	-	-	298,518
Insurance	3,017	14,162	2,990	1,325	-	21,494	4,296	6,746	32,536
Office supplies	722	2,942	547	253	-	4,464	928	13,278	18,670
Postage and shipping	869	9,443	617	264	-	11,193	1,346	1,968	14,507
Meetings and conferences	-	2,500	660	1,925	-	5,085	4,895	334,136	344,116
Travel and transportation	-	14,147	5,048	2,619	-	21,814	26,719	99,973	148,506
Telephone	4,178	19,648	4,139	1,835	-	29,800	8,577	9,792	48,169
Expensed equipment	1,847	8,670	1,830	811	-	13,158	3,792	6,118	23,068
Miscellaneous	804	3,825	897	71,807	-	77,333	24,600	16,843	118,776
Depreciation and amortization (Note 2H)	4,831	22,678	4,786	2,121	-	34,416	4,865	10,802	50,083
Subtotal	326,593	636,129	202,593	170,185	36,000	1,371,500	482,679	777,211	2,631,390
Less: direct benefit to donors	-	-	-	-	-	-	-	(333,561)	(333,561)
Less: investment expenses	-	-	-	-	-	-	(6,389)	-	(6,389)
TOTAL EXPENSES	\$ 326,593	\$ 636,129	\$ 202,593	\$ 170,185	\$ 36,000	\$ 1,371,500	\$ 476,290	\$ 443,650	\$ 2,291,440

The accompanying notes are an integral part of these financial statements.

**WOMEN'S SPORTS FOUNDATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (372,247)	\$ 1,791,856
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization expense	12,521	50,083
Write-off of uncollectible contributions receivable	-	2,600
Amortization of discount on contributions	7,585	(1,271)
Realized and unrealized loss (gain) on investments	32,245	(45,696)
Subtotal	(319,896)	1,797,572
Changes in operating assets and liabilities:		
Decrease (increase) in assets:		
Contributions receivable	1,128,613	(903,940)
Prepaid expenses and other assets	(41,486)	14,251
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	90,860	(57,157)
Grants payable	107,667	24,122
Deferred rent	2,534	-
Deferred compensation	(16,951)	(29,338)
Net Cash Provided by Operating Activities	951,341	845,510
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(9,042)	-
Proceeds from sales of investments	405,190	104,969
Purchases of investments	(563,990)	(168,633)
Net Cash Used in Investing Activities	(167,842)	(63,664)
NET INCREASE IN CASH AND CASH EQUIVALENTS	783,499	781,846
Cash and cash equivalents - beginning of year	1,267,257	485,411
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 2,050,756	\$ 1,267,257

The accompanying notes are an integral part of these financial statements.

**WOMEN'S SPORTS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES

The Women's Sports Foundation (the "Foundation") is a national educational nonprofit organization with a mission of creating leaders by ensuring girls access to sports. Established in 1974 by Billie Jean King, the Foundation is dedicated to ensuring equal access for girls and women in sports and fitness through programs in participation, education, advocacy, research and leadership as described below. The Foundation is incorporated in the state of Delaware and is exempt from federal income taxes under Internal Revenue Code Section 501(c)(3) and similar provisions at the state and local level.

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

Participation - Over the last 40 years, the majority of the more than \$50 million the Foundation has distributed in cash grants and materials has helped socio-economically disadvantaged girls play sports or become physically active. Grants have also been made to up-and-coming accomplished athletes from the Travel and Training funds of the Foundation, which enabled them to compete at the early stages of their careers before they became world champions.

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.

Advocacy – For four decades, the Foundation has educated people to ensure that the Title IX definition of "equal opportunity" in athletics remains unchanged and that regulations are enforced. The Foundation's website provides educational resources to inform parents, coaches, administrators and athletes of their rights in sports.

Research – Data is consistently requested of the Women's Sports Foundation by the media, funders, governmental agencies, and girl-serving organizations, which creates a major public education demand and a launching pad for the Foundation's initiatives. The Foundation research reports have extraordinary longevity in the public information system.

Leadership - The Foundation is the trusted voice of women's sports and physical activity because its work is anchored on fact-based research and 40 years of experience in the design and execution of award-winning education and public policy programs. The Foundation is the only national organization promoting all sports and physical activities for women of all ages and skill levels and is acknowledged by the media as the expert resource on women's sports issues.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- A. The financial statements have been prepared on the accrual basis of accounting. The Foundation adheres to accounting principles generally accepted in the United States of America.
- B. The Foundation reports contributions received as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions. All donor-restricted contributions are reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. 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. Restricted contributions are recorded as unrestricted revenues if the restrictions are fulfilled in the same time period in which the contribution is received.

The Foundation considers membership dues to be contributions because the dues collected are primarily used to support the Foundation's programs rather than to provide benefits to the members.

**WOMEN'S SPORTS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- C. The Foundation maintains its net assets under the following three classes:
- Unrestricted Net Assets – Net assets that are not subject to donor-imposed restrictions.
 - Temporarily Restricted Net Assets – Net assets subject to donor-imposed restrictions that expire by the passage of time, or restrictions by the donor for specific purposes.
 - Permanently Restricted Net Assets – Net assets subject to donor-imposed restrictions and maintained in perpetuity, allowing the Foundation to use up or expend part or all of the income (or other economic benefits) derived from the donated assets. Permanently restricted net assets are to provide permanent endowments, with investment income expendable to support various restricted grants and unrestricted activities. Investment income or loss (including gains and losses on investment, interest and dividends) is included in the statements of activities as increases in unrestricted net assets unless the income or loss is restricted by donor or law in which case it is recorded as an increase or decrease in temporarily restricted net assets.
- D. The Foundation considers all cash and money market funds held in banks to be cash and cash equivalents. The Foundation also considers cash and cash equivalents to be all highly liquid instruments purchased with maturities of 90 days or less. Cash equivalents held in broker accounts are classified as investments.
- E. 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. When material, the discount on these amounts is computed using risk-adjusted interest rates applicable to the years in which the promises are received. The Foundation considers contributions to be received in future periods to be implicitly time restricted. The Foundation bases its allowance for doubtful contributions on its historical loss experience considering the age of the receivables. The Foundation has determined that no allowance was necessary as of December 31, 2015 and 2014. There were no write offs of uncollected receivables for the year ended December 31, 2015, however, the Foundation wrote off \$2,600 in unrestricted contributions receivable considered to be uncollectible as of December 31, 2014.
- F. Donated services are recognized in the accompanying financial statements if the services enhance or create non-financial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased, if not provided by donation. The Foundation receives contributed goods and services that are valued at the standard market rates that would have been incurred by the Foundation to obtain such services. Contributed goods and services are reported as revenue and expense in the accompanying statements of activities, because they meet the criteria as prescribed by U.S. GAAP. Additionally, the Association received donated securities which are valued at fair market value at the date of donation. During the years ended December 31, 2015 and 2014, the approximate value of in-kind contributions included the following:

	2015	2014
Contributed goods and services	\$ 161,000	\$ 130,000
Donated securities	134,000	27,000
Total in-kind contributions	\$ 295,000	\$ 157,000

- G. Investments in equity securities with readily determinable fair values and all debt securities are reported at their fair values, with realized and unrealized gains and losses included in the accompanying statements of activities. Net investment income is recorded as either unrestricted or restricted, in accordance with donor intent.

**WOMEN'S SPORTS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- H. Property and equipment is stated at cost less accumulated depreciation or amortization. These amounts do not purport to represent replacement or realizable values. Property and equipment is depreciated on a straight-line basis over the estimated useful lives of the assets. Leasehold improvements are amortized on a straight-line basis over the lesser of the useful lives or the remaining term of the respective lease. The Foundation capitalizes all owned equipment having a cost of \$1,000 or more and a useful life of at least two years.
- I. 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. Grants payable amounted to \$143,500 and \$35,833 as of December 31, 2015 and 2014, respectively, which are payable by the Foundation within the next year.
- J. The Foundation leases real property under operating leases. Since the scheduled rent payments increase over time, the Foundation records an adjustment to rent expense each year to reflect its straight-lining policy. Straight-lining of rent gives rise to a timing difference that is reflected as a deferred rent obligation in the accompanying statements of financial position.
- K. The direct costs of special events include expenses for the benefit of the donor. For example, meals and facilities rental are considered direct costs of special events. The costs of providing the various programs and other activities have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited.
- L. The Foundation accounts for and reports joint cost activities consistent with the purpose, content and audience guidelines detailed in Accounting Standards Codification (“ASC”) 958-720-15. During the years ended December 31, 2015 and 2014, there were no joint costs.
- M. 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 amount of 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.
- N. Fair value measurements are based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value hierarchy defines three levels as follows:

Level 1: Valuations based on quoted prices (unadjusted) in an active market that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2: Valuations based on observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in inactive markets; or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data.

Level 3: Valuations based on unobservable inputs are used when little or no market data is available. The fair value hierarchy gives lowest priority to Level 3 inputs.

In determining fair value, the Foundation utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible in its assessment of fair value. The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the end of the reporting period. For the years ended December 31, 2015 and 2014, there were no transfers.

**WOMEN'S SPORTS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 3 – CONTRIBUTIONS RECEIVABLE, NET

Contributions receivable, net, consist of the following as of December 31, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Amounts due in less than one year	\$ 971,910	\$ 1,416,995
Amounts due in one to five years	<u>155,806</u>	<u>839,334</u>
	1,127,716	2,256,329
Less: discount (at rates ranging from 0.71% to 4.63%)	<u>(18,354)</u>	<u>(10,769)</u>
	<u>\$ 1,109,362</u>	<u>\$ 2,245,560</u>

NOTE 4 – INVESTMENTS

Investments consist of the following as of December 31, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Cash held in broker accounts	\$ 10,416	\$ 21,863
Common stock:		
Domestic corporate equities	375,883	10,256
Fixed income securities:		
U.S. Treasury notes	233,279	286,631
Federal Home Loan Mortgage notes	39,543	45,538
Federal National Mortgage Association notes	93,495	132,000
Commercial and Residential Mortgage-Backed	66,356	87,664
Corporate bonds	241,061	310,960
Alternative investments:		
Hedge funds portfolio	45,053	70,140
Private equity funds portfolio	<u>71,852</u>	<u>85,331</u>
	<u>\$ 1,176,938</u>	<u>\$ 1,050,383</u>

Investments are subject to market volatility, which could substantially change the carrying value in the near term.

The following table summarizes investment (loss) income activity for the years ended December 31, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Interest and dividends	\$ 27,998	\$ 18,076
Realized and unrealized gain (loss) on investments	(32,245)	45,696
Investment expenses	<u>(19,111)</u>	<u>(6,389)</u>
	<u>\$ (23,358)</u>	<u>\$ 57,383</u>

**WOMEN'S SPORTS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following as of December 31, 2015 and 2014:

	<u>2015</u>	<u>2014</u>	<u>Estimated Useful Lives</u>
Equipment, computers, and software	\$ 580,144	\$ 580,144	2-5 Years
Furniture and fixtures	119,283	110,241	7-10 Years
Leasehold improvements	<u>338,463</u>	<u>338,463</u>	5-7 Years
 Total cost	 1,037,890	 1,028,848	
 Less: accumulated depreciation and amortization	 <u>(1,017,242)</u>	 <u>(1,004,721)</u>	
Net book value	<u>\$ 20,648</u>	<u>\$ 24,127</u>	

For the years ended December 31, 2015 and 2014, depreciation and amortization expense amounted to \$12,521 and \$50,083 respectively.

NOTE 6 – REVOLVING LINE-OF-CREDIT

The Foundation entered into a revolving line-of-credit arrangement (the "Line") with a financial institution. This arrangement allows the Foundation to borrow up to 85% of certain securities in its investment portfolio at the LIBOR (London Interbank Offered Rate) monthly rate plus 1.75%. Borrowings were collateralized by those certain investments of the Foundation's investment portfolio.

The line was closed as of March 26, 2015. There were no borrowings as of December 31, 2014

NOTE 7 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets as of December 31, 2015 and 2014 are available for the following purposes and time restrictions:

	<u>2015</u>	<u>2014</u>
Participation	\$ 600,420	\$ 720,491
Education	302,496	413,638
Advocacy	45,618	5,403
Research	66	66
Leadership	114,496	104,512
Time restrictions	<u>900,154</u>	<u>1,871,398</u>
	<u>\$ 1,963,250</u>	<u>\$ 3,115,508</u>

**WOMEN'S SPORTS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 7 – TEMPORARILY RESTRICTED NET ASSETS (Continued)

Temporarily restricted net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes, by occurrence of other events specified by the donors, or the passage of time during the years ended December 31, 2015 and 2014 as follows:

	<u>2015</u>	<u>2014</u>
Participation	\$ 352,420	\$ 220,268
Education	416,868	308,050
Advocacy	4,403	7,586
Leadership	74,815	36,000
Time restrictions	<u>983,750</u>	<u>313,333</u>
	<u>\$ 1,832,256</u>	<u>\$ 885,237</u>

NOTE 8 – DEFERRED COMPENSATION AND PENSION PLAN

The Foundation has a deferred compensation plan which is intended to be employee funded and is designed to attract and retain key management personnel by permitting them to enter into agreements with the Foundation and provide for a deferral of payment of a portion of their current compensation until death, disability, retirement, termination of employment, or other events as defined in the plan document.

The Foundation has recorded a liability as of December 31, 2015 and 2014 of \$0 and \$16,951, respectively, which represents the sum of salary deferrals plus allocations of investment income, losses, and payments. The related investments are recorded at fair value and included in prepaid expenses and other assets on the accompanying statements of financial position.

In addition, the Foundation has a defined contribution pension plan for the benefit of its employees. This plan is noncontributory by the employees and is administered by an insurance company. Under the plan, a predetermined contribution is made to the account of each individual employee based on annual compensation levels. Employees are 100% vested after two years in the plan. During the years ended December 31, 2015 and 2014, the Foundation contributed an amount equal to 5.33% of employees' compensation, which amounted to \$15,534 and \$30,431, respectively.

Lastly, the Foundation offers to its employees a voluntary tax deferred annuity plan under the Internal Revenue Code Section 403(b). The Foundation does not make contributions to the voluntary tax deferred annuity plan.

NOTE 9 – FAIR VALUE MEASUREMENTS

Investments in short-term instruments, common stock, U.S. Treasury notes and bonds, U.S. government securities and corporate bonds with readily determinable fair values are carried at market value based on the last reported sales price at the end of the fiscal year, or in the absence of a reported sales price, at the average of the bid and asked price or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data.

**WOMEN'S SPORTS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 9 – FAIR VALUE MEASUREMENTS (Continued)

Alternative investments that are “fund-of-funds,” which invest primarily in hedge funds and private equity funds, are stated at fair value in an unquoted market. Investment holdings within the alternative investments include primarily nonmarketable securities. Fair value, which represents net asset value, of the alternative investments is determined by the alternative investments’ management company. Values may be based on historical cost, appraisals, obtainable prices for similar assets, or other estimates. Because of the inherent uncertainty of valuation of the Foundation’s investment in the alternative investments and for certain underlying investments held by the alternative investment fund, values for those investments may differ significantly from values that would have been used had a ready market for the investments existed. The Foundation can only redeem its investment in the hedge fund portion of the alternative investments at the end of each calendar year with 90 days prior notice to the Fund’s administrator. These investments are classified as Level 2. Redemption is not permitted on the private equity fund portion of the alternative investments, which will therefore be shown as Level 3. The objective of the alternative investments is to generate a long-term growth rate in excess of 15% per annum with an annualized standard deviation below that of the S&P 500 index and low correlation to the U.S. public equity markets. All other investments are maintained and managed by an investment brokerage company.

During the years ended December 31, 2015 and 2014, the Foundation received scheduled cash payouts from its alternative investments portfolio, of approximately \$16,000 and \$48,000 (19% and 22% of its balance at the beginning of the year, respectively). Based on this redemption schedule, the hedge fund portion of the investments is shown as a Level 2 financial asset measured at fair value as of December 31, 2015 and 2014.

Financial assets and liabilities carried at fair value at December 31, 2015 are classified in the table as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
ASSETS CARRIED AT FAIR VALUE				
Cash held in broker accounts	\$ 10,416	\$ -	\$ -	\$ 10,416
Common stock:				
Domestic corporate equity	375,883	-	-	375,883
Fixed income securities:				
U.S. Treasury notes	-	233,279	-	233,279
Federal Home Loan Mortgage notes	-	39,543	-	39,543
Federal National Mortgage Association notes	-	93,495	-	93,495
Commercial and Residential Mortgaged-Backed	-	66,356	-	66,356
Corporate bonds		241,061		241,061
Alternative investments:				
Hedge funds portfolio	-	45,053	-	45,053
Private equity funds portfolio	<u>-</u>	<u>-</u>	<u>71,852</u>	<u>71,852</u>
TOTAL ASSETS AT FAIR VALUE	<u>\$ 386,299</u>	<u>\$ 718,787</u>	<u>\$ 71,852</u>	<u>\$ 1,176,938</u>

The reconciliation for the year ended December 31, 2015 of the alternative investments measured at estimated fair value is as follows:

	<u>Level 3</u>
Balance at January 1, 2015	\$ 85,331
Return of capital	(16,327)
Unrealized gain	<u>2,848</u>
Balance at December 31, 2015	<u>\$ 71,852</u>

**WOMEN'S SPORTS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 9 – FAIR VALUE MEASUREMENTS (Continued)

Financial assets and liabilities carried at fair value at December 31, 2014 are classified in the table as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
ASSETS CARRIED AT FAIR VALUE				
Cash held in broker accounts	\$ 21,863	\$ -	\$ -	\$ 21,863
Common stock:				
Basic materials	10,256	-	-	10,256
Fixed income securities:				
U.S. Treasury notes	-	286,631	-	286,631
Federal Home Loan Mortgage notes	-	45,538	-	45,538
Federal National Mortgage Association notes	-	132,000	-	132,000
Commercial and Residential Mortgaged-Backed	-	87,664	-	87,664
Corporate bonds	-	310,960	-	310,960
457(b) Plan – mutual funds	16,951	-	-	16,951
Alternative investments:				
Hedge funds portfolio	-	70,140	-	70,140
Private equity funds portfolio	-	-	85,331	85,331
TOTAL ASSETS AT FAIR VALUE	<u>\$ 49,070</u>	<u>\$ 932,933</u>	<u>\$ 85,331</u>	<u>\$ 1,067,334</u>
LIABILITIES CARRIED AT FAIR VALUE				
457(b) Plan – mutual funds	<u>\$ 16,951</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,951</u>

The reconciliation for the year ended December 31, 2014 of the alternative investments measured at estimated fair value is as follows:

	<u>Level 3</u>
Balance at January 1, 2014	\$ 132,395
Return of capital	(47,619)
Unrealized gain	<u>555</u>
Balance at December 31, 2014	<u>\$ 85,331</u>

**WOMEN'S SPORTS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 10 – ENDOWMENT NET ASSETS

Generally accepted accounting principles in the United States of America provide guidance on the net asset classifications of donor-restricted endowment funds for a not-for-profit organization that is subject to the Uniform Prudent Management of Institutional Funds Act (“UPMIFA”). These standards also dictate the disclosures necessary regarding the organization’s endowment funds, including board designated funds.

The Board of Trustees of the Foundation has interpreted UPMIFA as requiring the preservation of the historical dollar value of the original donor-restricted endowment gift absent explicit donor stipulations to the contrary. See Note 2C for how the Foundation maintains its net assets.

The Foundation’s endowment investment policy is to invest in fixed-income securities, equity securities and money market securities based on an asset allocation with the objective of capital appreciation. Annual spending from the endowment fund is established by the Board of Trustees prior to the beginning of each fiscal year. Unless authorized by the Board of Trustees, the appropriations from the endowment funds should not deplete the historical dollar value of the endowment fund.

For the years ended December 31, 2015 and 2014, there were no appropriations of investment earnings.

Changes in endowment net assets for the year ended December 31, 2015 are as follows:

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 53,218	\$ 693,412	\$ 746,630
Contribution to endowments	-	190,000	190,000
Investment activity:			
Interest and dividends	20,999	-	20,999
Unrealized loss on investments	<u>(22,296)</u>	<u>-</u>	<u>(22,296)</u>
Total investment activity	<u>(1,297)</u>	<u>-</u>	<u>(1,297)</u>
Endowment net assets, end of year	<u>\$ 51,921</u>	<u>\$ 883,412</u>	<u>\$ 935,333</u>

Changes in endowment net assets for the year ended December 31, 2014 are as follows:

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 7,898	\$ 693,412	\$ 701,310
Contribution to endowments	-	-	-
Investment activity:			
Interest and dividends	11,933	-	11,933
Unrealized gain on investments	<u>33,387</u>	<u>-</u>	<u>33,387</u>
Total investment activity	<u>45,320</u>	<u>-</u>	<u>45,320</u>
Endowment net assets, end of year	<u>\$ 53,218</u>	<u>\$ 693,412</u>	<u>\$ 746,630</u>

Endowment net assets of \$935,333 and \$746,630 are included with investments in the accompanying statements of financial position as of December 31, 2015 and 2014, respectively.

**WOMEN'S SPORTS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 10 – ENDOWMENT NET ASSETS (Continued)

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the Foundation to retain as a fund of perpetual duration. In accordance with the Foundation's policy noted at Note 2C, deficiencies of this nature are reported in either temporarily restricted or unrestricted net assets. As of December 31, 2015 and 2014, there were no such deficiencies.

NOTE 11 – CONCENTRATION OF CREDIT RISK

Cash and cash equivalents that potentially subject the Foundation to a concentration of credit risk include cash accounts with banks that exceed the Federal Deposit Insurance Corporation ("FDIC") insurance limits of up to \$250,000 per depositor. As of December 31, 2015 and 2014, there was approximately \$1,552,000 and \$642,000, respectively, of cash and cash equivalents held by banks that exceeded FDIC limits. Such excess includes outstanding checks.

NOTE 12 – COMMITMENTS AND CONTINGENCIES

- 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 the year 2018. This 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 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. Effective March 21, 2015, the Foundation entered into a five-year operating lease for office space in New York City.

In addition, the Foundation is obligated under various lease agreements for the use of equipment through 2019.

The following is a schedule by years of the future lease payments for the year ending after December 31, 2015:

	<u>Office Space</u>	<u>Equipment</u>	<u>Total</u>
2016	\$ 91,343	\$ 22,508	\$ 113,851
2017	101,968	22,508	124,476
2018	104,517	22,508	127,025
2019	107,130	21,471	128,601
2020	<u>26,947</u>	<u>15,948</u>	<u>42,895</u>
	<u>\$ 431,905</u>	<u>\$ 104,943</u>	<u>\$ 536,848</u>

Rent expense for the years ended December 31, 2015 and 2014 amounted to approximately \$106,000 and \$101,000, respectively, and is included in occupancy expense on the accompanying statements of functional expenses.

- C. The Foundation believes it has no uncertain tax positions as of December 31, 2015 and 2014 in accordance with Accounting Standards Codification ("ASC") Topic 740, which provides standards for establishing and classifying any tax provisions for uncertain tax positions.

NOTE 13 – SUBSEQUENT EVENTS

Management has evaluated, for potential recognition and disclosure, events subsequent to the date of the statement of financial position through September 20, 2016, the date the financial statements were available to be issued.