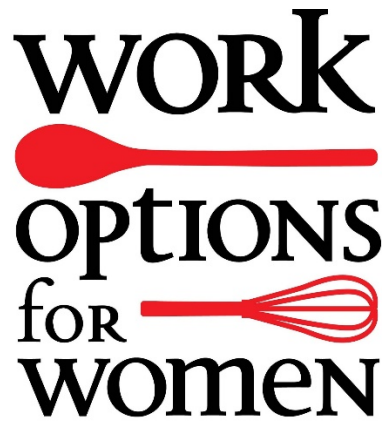


WORK OPTIONS FOR WOMEN

Financial Statements

December 31, 2018

(Together with Independent Auditors' Report)



WORK OPTIONS FOR WOMEN
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Work Options for Women
Denver, Colorado

We have audited the accompanying financial statements of Work Options for Women (a Colorado nonprofit organization), which comprise the statement of financial position as of December 31, 2018, 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; 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Work Options for Women, as of December 31, 2018, 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.

Report on Summarized Comparative Information

We have previously audited Work Options for Women's 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 29, 2018. In our opinion, the summarized comparative information, presented herein as of and for the year ended December 31, 2017 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Wipfli LLP

Wipfli LLP

April 2, 2019
Denver, Colorado

WORK OPTIONS FOR WOMEN

Statements of Financial Position December 31, 2018 (With Comparative Totals for December 31, 2017)

ASSETS

	<u>2018</u>	<u>2017</u>
Current Assets		
Cash and cash equivalents	\$ 335,916	\$ 219,104
Certificates of deposit, current portion	291,464	187,538
Government grants receivable	62,839	55,373
Contributions and grants receivable	39,515	85,945
Accounts receivable	16,193	9,769
Inventory	13,601	10,450
Prepaid expenses	27,962	21,617
Total Current Assets	<u>787,490</u>	<u>589,796</u>
Property and Equipment, net	<u>110,288</u>	<u>72,824</u>
Other Assets		
Certificates of deposit	15,251	117,633
Lease deposits	5,000	5,000
Total Other Assets	<u>20,251</u>	<u>122,633</u>
Total Assets	<u>\$ 918,029</u>	<u>\$ 785,253</u>

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts payable	\$ 54,397	\$ 37,433
Accrued payroll and benefits	51,908	30,340
Accrued sales tax	2,719	2,315
Deferred revenue	2,081	2,027
Total Current Liabilities	<u>111,105</u>	<u>72,115</u>
Net Assets		
Net assets without donor restrictions:		
Undesignated	173,115	127,193
Board designated	475,000	470,000
Total net assets without donor restrictions	648,115	597,193
Net assets with donor restrictions	<u>158,809</u>	<u>115,945</u>
Total Net Assets	<u>806,924</u>	<u>713,138</u>
Total Liabilities and Net Assets	<u>\$ 918,029</u>	<u>\$ 785,253</u>

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

WORK OPTIONS FOR WOMEN

Statements of Activities Year Ended December 31, 2018 (With Comparative Totals for the Year Ended December 31, 2017)

	Year Ended December 31, 2018			Total 2017
	Without Donor Restrictions	With Donor Restrictions	Total 2018	
Revenues, Support and Gains				
Support and Gains:				
Contributions and grants	\$ 592,250	\$ 354,691	\$ 946,941	\$ 634,145
Special events, net of \$72,445 and \$82,500 of direct expenses, respectively	78,592	-	78,592	94,351
Investment income	1,914	-	1,914	1,592
Net assets released from restrictions	311,827	(311,827)	-	-
Total Support and Gains	<u>984,583</u>	<u>42,864</u>	<u>1,027,447</u>	<u>730,088</u>
Operating Revenues:				
Fees for services - Government Contracts	292,807	-	292,807	213,534
WOW Café food service	379,386	-	379,386	325,022
Café United food service	139,209	-	139,209	128,588
Other revenues	4,186	-	4,186	4,739
Total Operating Revenues	<u>815,588</u>	<u>-</u>	<u>815,588</u>	<u>671,883</u>
Total Revenues, Support and Gains	<u>1,800,171</u>	<u>42,864</u>	<u>1,843,035</u>	<u>1,401,971</u>
Expenses				
Program services:				
Training/WOW Café	991,133	-	991,133	945,917
Café United	244,603	-	244,603	208,903
Mobile Culinary Classroom	238,937	-	238,937	-
Total Program Services	<u>1,474,673</u>	<u>-</u>	<u>1,474,673</u>	<u>1,154,820</u>
Supporting services:				
Management and general	64,036	-	64,036	88,549
Fundraising	155,968	-	155,968	152,510
Total Supporting Services	<u>220,004</u>	<u>-</u>	<u>220,004</u>	<u>241,059</u>
Total Expenses	<u>1,694,677</u>	<u>-</u>	<u>1,694,677</u>	<u>1,395,879</u>
Change in Net Assets before Depreciation and Loss on Disposal of Property and Equipment	105,494	42,864	148,358	6,092
Depreciation	(45,530)	-	(45,530)	(62,031)
Loss on Disposal of Property and Equipment	(9,042)	-	(9,042)	-
Change in Net Assets	<u>50,922</u>	<u>42,864</u>	<u>93,786</u>	<u>(55,939)</u>
NET ASSETS, Beginning of Year	<u>597,193</u>	<u>115,945</u>	<u>713,138</u>	<u>769,077</u>
NET ASSETS, End of Year	<u>\$ 648,115</u>	<u>\$ 158,809</u>	<u>\$ 806,924</u>	<u>\$ 713,138</u>

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

WORK OPTIONS FOR WOMEN

Statements of Functional Expenses Year Ended December 31, 2018 (With Comparative Totals for the Year Ended December 31, 2017)

	Program Services			Supporting Services		Total Year Ended December 31, 2018	Total Year Ended December 31, 2017	
	Training/ WOW Café	Café United	Mobile Culinary Classroom	Total Program	Management and General			Fund- Raising
Salaries and benefits								
Salaries and wages	\$ 467,077	\$ 110,950	\$ 141,740	\$ 719,767	\$ 23,992	\$ 89,669	\$ 833,428	\$ 621,580
Payroll taxes	37,474	8,902	11,372	57,748	1,923	7,194	66,865	51,762
Employee benefits	46,499	11,045	14,111	71,655	2,388	8,927	82,970	46,230
Total salaries and benefits	551,050	130,897	167,223	849,170	28,303	105,790	983,263	719,572
Food and beverage	165,645	49,095	914	215,654	-	-	215,654	182,807
Student incentive and expenses	88,912	146	21,308	110,366	218	-	110,584	94,458
Professional fees	30,487	14,503	14,012	59,002	8,816	26,148	93,966	152,362
Occupancy	42,829	18,674	3,323	64,826	5,624	5,624	76,074	76,769
Paper, disposables, uniforms and linens	50,736	12,429	6,255	69,420	-	-	69,420	73,029
Credit card processing fees	16,486	4,673	162	21,321	522	671	22,514	21,052
Equipment and repairs	11,341	3,880	3,245	18,466	1,489	1,408	21,363	10,758
Travel	4,137	799	12,159	17,095	4,104	57	21,256	9,678
Office supplies	5,526	1,576	2,627	9,729	2,888	2,914	15,531	11,308
Marketing	6,478	925	1,561	8,964	2,103	3,252	14,319	2,602
Insurance	3,709	1,888	1,578	7,175	3,034	3,034	13,243	9,202
Telephone and internet	2,519	962	3,608	7,089	1,486	1,465	10,040	8,081
Bad debt	3,354	148	-	3,502	2,500	3,985	9,987	-
Janitorial	5,063	3,198	177	8,438	-	-	8,438	8,757
Dues and subscriptions	2,369	549	637	3,555	1,225	1,365	6,145	7,498
Training and development	492	261	148	901	1,724	255	2,880	7,596
Miscellaneous	-	-	-	-	-	-	-	350
Total Expenses before Depreciation and Loss on Disposal of Property and Equipment	991,133	244,603	238,937	1,474,673	64,036	155,968	1,694,677	1,395,879
Depreciation	5,779	36,208	3,138	45,125	405	-	45,530	62,031
Loss on disposal of property and equipment	-	-	9,042	9,042	-	-	9,042	-
Total Expenses	996,912	280,811	251,117	1,528,840	64,441	155,968	1,749,249	1,457,910
Plus cost of direct benefit to donors netted with revenues on the statement of activities	-	-	-	-	-	72,445	72,445	82,500
Total Functional Expenses	<u>\$ 996,912</u>	<u>\$ 280,811</u>	<u>\$ 251,117</u>	<u>\$ 1,528,840</u>	<u>\$ 64,441</u>	<u>\$ 228,413</u>	<u>\$ 1,821,694</u>	<u>\$ 1,540,410</u>
Percentage of Total Expenses	<u>54.7%</u>	<u>15.4%</u>	<u>13.8%</u>	<u>83.9%</u>	<u>3.5%</u>	<u>12.5%</u>	<u>100.0%</u>	

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

WORK OPTIONS FOR WOMEN

Statements of Cash Flows Year Ended December 31, 2018 (With Comparative Totals for the Year Ended December 31, 2017)

	2018	2017
Cash Flows From Operating Activities		
Change in net assets	\$ 93,786	\$ (55,939)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	45,530	62,031
Net loss on disposal of property and equipment	9,042	-
Donation of property and equipment	-	(7,500)
Change in operating assets and liabilities:		
Receivables	32,540	(92,252)
Inventory	(3,151)	845
Prepaid expenses	(6,345)	(13,603)
Accounts payable	16,964	(28,370)
Accrued payroll and benefits	21,568	3,361
Accrued sales tax	404	(284)
Deferred revenue	54	(811)
Net Cash Provided by (Used in) Operating Activities	210,392	(132,522)
Cash Flows From Investing Activities		
Purchase of property and equipment	(92,036)	(20,000)
Reinvested interest in certificates of deposit	(1,544)	(936)
Proceeds from sale of certificates of deposit	-	1,000
Net Cash (Used in) Investing Activities	(93,580)	(19,936)
Net Change in Cash and Cash Equivalents	116,812	(152,458)
CASH AND CASH EQUIVALENTS, beginning of year	219,104	371,562
CASH AND CASH EQUIVALENTS, end of year	\$ 335,916	\$ 219,104

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

1. Organization and Summary of Significant Accounting Policies

Organization

Work Options for Women (WOW) was incorporated on July 25, 1996, under the State of Colorado nonprofit statutes. The primary purpose of WOW is to help people with little or no work experience and extensive barriers to employment gain economic self-sufficiency through job training in the food service industry. Since inception, WOW has helped unemployed and low-skilled women and men gain employment by providing culinary training, job readiness classes, referrals, and support services. Participants gain onsite skills through participating in the operations of catering and cafeterias. WOW operates WOW Café within the Human Services Building owned by the City and County of Denver, Café United within the Mile High United Way Building in Downtown Denver, and the Mobile Culinary Classroom that began in 2018 - which provides training services on site to people living in halfway houses. All food service income is generated by these locations. In addition, WOW receives contributions and/or grants from governmental organizations and foundations.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

Classification of Net Assets

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of WOW 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 restrictions. The governing board has designated, from net assets without donor restrictions, funds to be held for an operating reserve.

Net assets with donor restrictions - Net assets subject to donor or certain grantor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other explicit donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

1. Organization and Summary of Significant Accounting Policies (continued)

Functional Allocation of Expenses

The costs of providing the various programs and supporting services have been summarized on a functional basis in the statements of functional expenses. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Salaries and fringes are allocated based on estimations of time and effort. Indirect costs such as occupancy and office related expenses have been allocated based upon that program or functions total salary cost percentage.

Income Taxes

WOW is a nonprofit corporation and is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, the accompanying financial statements contain no provision for income taxes. In addition, contributions to WOW qualify for the charitable contribution deduction under Section 170(b)(1)(A) and WOW has been classified as an organization that is not a private foundation under Section 509(a)(2).

WOW is required to assess whether it is more likely than not that a tax position will be sustained upon examination by the applicable taxing authority, based solely on the technical merits of the position. If the tax position does not meet the more likely than not recognition threshold, the benefit of that position is not recognized in the financial statements. During the years ended December 31, 2018 and 2017, WOW's management evaluated its tax positions to determine the existence of uncertainties, and did not note any matters that would require recognition or which may have an effect on its tax-exempt status.

Concentration of Credit Risk

WOW maintains several bank accounts at different institutions which are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. As of December 31, 2018 and 2017, WOW's cash deposits did not exceed the FDIC insurance limit.

Cash and Cash Equivalents

For purposes of the statements of cash flows, WOW considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Government Grants Receivables

Government grants receivable consist primarily of amounts billed under cost reimbursement contracts reduced by the estimated portion that is expected to be uncollectible. WOW uses the allowance method to record uncollectible government grants receivable. The allowance is based on prior years' experience and management's analysis of specific receivables. Management has determined that all amounts are collectible as of December 31, 2018 and 2017.

Accounts Receivable

Accounts receivable consists primarily of amounts due for program related services. Management has determined that all accounts receivable are collectible as of December 31, 2018 and 2017.

1. Organization and Summary of Significant Accounting Policies (continued)

Revenue Recognition

Contributions are recognized when the donor makes a promise to give WOW that is, in substance, unconditional. Contributions received are recorded as without donor restrictions or with donor restrictions, depending on the existence and nature of any donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. WOW's policy is to record contributions whose restrictions are met in the same reporting period as unrestricted contributions.

Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promise becomes unconditional.

Government grants are either recorded as contributions or exchange transactions based on criteria contained in the grant award.

- A. Government Grant Awards that are Contributions
Government grants that qualify as contributions are recorded as invoiced to the funding source. Revenue is recognized in the accounting period when the related allowable expenses are incurred.

- B. Government Grant Awards that are Exchange Transactions
Exchange transactions reimburse based on a predetermined rate for services performed. The revenue is recognized in the period the service is performed.

Contributions and Grants Receivable

Contributions and grants receivable are unconditional promises to give in future periods. WOW uses the allowance method to record uncollectible contributions and grants receivable. The allowance is based on prior years' experience and management's analysis of specific receivables. Management has determined that all amounts are collectible as of December 31, 2018 and 2017.

Property and Equipment

Property and equipment are stated at cost or at the estimated fair value at the date of donation. Equipment is depreciated using the straight-line method over the estimated useful lives of the assets, ranging from 3 to 7 years. Leasehold improvements are depreciated using the straight-line method over the term of the lease. All assets with a useful life of more than one year and a cost of more than \$1,000 are capitalized.

Maintenance, repairs and renewals, which neither materially add to the value of the property and equipment nor prolong its useful life, are charged to expense as incurred. Gains or losses on dispositions of property and equipment are included in income.

Inventory

Inventories are valued at the lower of cost or realizable value on the first-in, first-out basis.

1. Organization and Summary of Significant Accounting Policies (continued)

Deferred Revenues

Revenues collected prior to the year to which they apply are deferred and recognized in the period to which the revenues relate.

Donated Materials and Services

Donated materials and services are recorded as contributions at their estimated fair values at the date of donation. Contribution of services are recognized in the financial statements if the services enhance or create nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Summarized Financial Information

The financial statements include certain prior year summarized comparative information in total. Such information does not include sufficient details to constitute a presentation in conformity with accounting principles generally accepted in the United States. Accordingly, such information should be read in conjunction with WOW's financial statements for the year ended December 31, 2017, from which the summarized information was derived.

Change in Accounting Principle

In August 2016, the FASB issued Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities* (Topic 958). This ASU provides for certain improvements in financial reporting for not-for-profit organizations and requires changes to net asset classification, enhancements to liquidity presentation and disclosures, presentation of an analysis of expenses by function and by nature, and netting of investment expenses with return, among other changes. The guidance in this ASU is effective for the year ended December 31, 2018, and was applied retrospectively to these comparative financial statements with the exception of certain omissions permitted by the ASU.

Reclassifications

Certain amounts as previously reported in the 2017 financial statements have been reclassified to conform to the 2018 presentation. Such reclassifications have no effect on reported amounts of net assets or change in net assets.

Subsequent Events

In accordance with the *Subsequent Events* Topic of FASB ASC, management is required to evaluate, through the date the financial statements are issued or available to be issued, events or transactions that may require recognition or disclosure in the financial statements, and to disclose the date through which subsequent events were evaluated. WOW's financial statements were available to be issued on April 2, 2019, and this is the date through which subsequent events were evaluated.

1. Organization and Summary of Significant Accounting Policies (continued)

New Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, Revenue from Contracts with Customers (Topic 606). This ASU, as amended, provides comprehensive guidance on the recognition of revenue from customers arising from the transfer of goods and services, guidance on accounting for certain contract costs, and new disclosures. The new standard supersedes current revenue recognition requirements in FASB Accounting Standards Codification (ASC) Topic 605 Revenue Recognition, and most industry specific guidance. When adopted, the amendments in the ASU must be applied using either a full or modified retrospective method. ASU No. 2014-09 is effective for nonpublic companies for fiscal years beginning after December 15, 2018. Management is currently evaluating the impact of the provisions of ASC 606 on WOW's financial statements.

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The amendments in this update will assist entities in evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions and determining whether a transaction is conditional. The amendments in this update are effective for annual financial statements issued for fiscal years beginning after December 15, 2018. Management is currently evaluating the potential impact of this ASU on WOW's financial statements.

2. Certificates of Deposit

At December 31, 2018 and 2017, WOW held four Certificates of Deposit totaling \$306,715 and \$305,171, respectively, with maturities through March 2021. Certificates of deposit are recorded at cost, and not subject to fair value reporting. Investment income totaled \$1,914 and \$1,592, respectively, for the years ended December 31, 2018 and 2017, and is the result of earnings on these certificates and other interest bearing cash deposits.

WORK OPTIONS FOR WOMEN
Notes to Financial Statements
December 31, 2018 and 2017

3. Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions or designations limiting their use, within twelve months of the statement of financial position date, are comprise of the following at December 31, 2018:

Cash and cash equivalents	\$ 335,916
Certificate of deposit, current portion	291,464
Government grants receivable	62,839
Contributions and grants receivable	39,515
Accounts receivable	<u>16,193</u>
Total financial assets	<u>745,927</u>
Less:	
Restricted contributions included in cash and cash equivalents	(119,294)
Fees received in advance	(2,081)
Board designations – amounts set aside for liquidity reserve	<u>(475,000)</u>
	<u>(596,375)</u>
Total financial assets available for general expenditure	<u>\$ 149,552</u>

WOW had board-designated funds totaling \$475,000 at December 31, 2018. Although WOW does not intend to spend from the board-designated funds other than for the designated purpose, these amounts could be made available if necessary.

WOW does not have a formal liquidity policy. According to the investment policy, cash is to be invested in a manner consistent with the concept of prudent money management. Seeking maximum returns within reasonable levels of risk.

4. Property and Equipment

Property and equipment consisted of the following at December 31st:

<u>Description</u>	<u>2018</u>	<u>2017</u>
Equipment	\$ 247,749	\$ 247,749
Leasehold improvements	99,635	99,635
Mobile Culinary Classroom and truck	98,322	20,000
Computers	<u>4,672</u>	<u>-</u>
Total	450,378	367,384
Less: Accumulated depreciation	<u>340,090</u>	<u>294,560</u>
Net property and equipment	<u>\$ 110,288</u>	<u>\$ 72,824</u>

5. Service – Government Contracts

WOW has been awarded a Temporary Aid for Needy Families (TANF) and an Employment Support Fund (ESF) fee for a service contract by the Denver Workforce Development Board. WOW provides food service training to TANF and ESF recipients and submits a monthly invoice for these services. The contract expires on June 30, 2019. For the years ended December 31, 2018 and 2017, TANF and ESF revenues totaled \$169,548 and \$195,879, respectively. Other Government contract revenues totaled \$123,259 and \$17,655, for the years ended December 31, 2018 and 2017, respectively.

Revenues from government contracts account for approximately 15% of total revenues for the years ended December 31, 2018 and 2017.

6. Donated Facilities

WOW Café - In August 2016, WOW entered into a Cafeteria Concession and Catering Services Agreement with the City and County of Denver to utilize the training site (cafeteria) through June 30, 2019. Beginning January 1, 2017, the agreement requires WOW to pay fees of 1% of gross revenues for annual revenues up to \$350,000, 2% for annual revenues between \$350,000 and \$400,000, 3% for annual revenues between \$400,000 and \$450,000, and 4% for annual revenues in excess of \$450,000.

Fees under the above agreements totaled \$7,588 and \$3,250, for the years ended December 31, 2018 and 2017, respectively. The remainder of the fair value of the agreements is recorded as an in-kind donation as discussed in Note 8.

Café United – WOW rents space at no cost from Mile High United Way (MHUW) under a lease agreement through December 2020, for a space located at 711 Park Avenue West, Denver, for an additional training site. MHUW is one of WOW's donors. The lease includes an additional two year renewal option. If WOW elects to exercise the option to renew the lease, the rent amount will be renegotiated in good faith. WOW recorded an in-kind donation in the amount of \$16,200, for this space, as discussed in Note 8.

7. Commitments

Operating Lease

In December 2018, WOW amended its existing lease agreement with MHUW for its office space at the 711 Park Avenue West, Denver location, the same facility that houses Café United (Note 6) through December 2020. The office lease agreement is structured as a month-to-month lease and may be terminated by either party by providing written notice to the other party before 30 days prior to the expiration of the then current term.

Rent expense under this operating lease totaled \$24,473 and \$24,569, for 2018 and 2017, respectively.

WORK OPTIONS FOR WOMEN
Notes to Financial Statements
December 31, 2018 and 2017

8. In-Kind Contributions

Donated materials and services are important to WOW's operations and, accordingly, are reflected as contributions in the accompanying financial statements at their estimated fair values at date of receipt. Donated materials and services consist of the following for the years ended December 31st:

<u>Description</u>	<u>2018</u>	<u>2017</u>
WomenCook!:		
Silent auction items	\$ 15,676	\$ 30,956
Food and beverage	17,000	17,640
Other	<u>164</u>	<u>4,978</u>
Total WomenCook!	<u>32,840</u>	<u>53,574</u>
Rent:		
WOW Café	36,000	36,000
Less: Rent payable	<u>(4,088)</u>	<u>(3,250)</u>
Total WOW Café	31,912	32,750
Café United	<u>16,200</u>	<u>16,200</u>
Total Rent	<u>48,112</u>	<u>48,950</u>
Professional services	1,018	26,658
Property and equipment	<u>-</u>	<u>7,500</u>
Total Donated Materials and Services	<u>\$ 81,970</u>	<u>\$ 136,682</u>

The donated materials and services for the WomenCook! event are recorded as a donation and an expense within the special events line on the statements of activities. The donated rent is recorded as a contribution and occupancy expense on the statements of activities. The donated professional services are recorded as a contribution and professional fees on the statements of activities. The donated property and equipment is recorded as property and equipment on the statements of financial position and as a contribution on the statements of activities.

No amounts have been reflected in the statements for donated volunteer services because the criteria for recognition under generally accepted accounting principles have not been satisfied. However, a substantial number of volunteers have donated significant amounts of their time to develop WOW's programs and fundraising events.

WORK OPTIONS FOR WOMEN
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9. Net Assets Without Donor Restrictions – Board Designated

Net assets without donor restrictions have been designated by the Board of Directors with the following intent and purposes at December 31st:

	<u>2018</u>	<u>2017</u>
<u>Operating Reserve</u> : funds designated as a source of funding in the event of revenue shortfalls and/or unforeseen extraordinary occurrences. This reserve is approximately three months of operating expenditures.	\$ 360,000	\$ 350,000
<u>Fixed Asset Replacement Reserve</u> : funds designated for the replacement of equipment, software or leasehold improvements, as deemed necessary.	105,000	110,000
<u>Fixed Asset Acquisition Reserve</u> : funds designated to acquire equipment, software and leasehold improvements which are not replacements of existing equipment, software, or leasehold improvements.	<u>10,000</u>	<u>10,000</u>
Total Board Designated Net Assets	<u>\$ 475,000</u>	<u>\$ 470,000</u>

10. Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for the following at December 31st:

	<u>2018</u>	<u>2017</u>
Contributions receivable for subsequent year	\$ 39,515	\$ 85,945
Mobile Culinary Classroom and staff	117,484	30,000
Other programs	<u>1,810</u>	<u>-</u>
Total Net Assets With Donor Restrictions	<u>\$ 158,809</u>	<u>\$ 115,945</u>

11. Conditional Grant

In January 2018, WOW received a \$195,000 conditional grant from The Gateway Fund for the expansion of the Culinary Jobs Skills Training Program and the new Mobile Culinary Classroom. Payments on the grant are contingent upon The Gateway Fund's approval of WOW operations. WOW satisfied the conditions and recognized \$65,000 of the funding during the year ended December 31, 2018. The remaining \$130,000 will be recognized upon successful completion of future grant requirements.